

October 19, 2007

Sithe Global Comments on the IESO's certification forms for MOD-024 and MOD-025 and the IESO response.

*Please note that Sithe Global comments are in **Black** and IESO responses are in **Blue**.*

The proposed IESO requirements for implementation of NERC MOD-024 & 025 appear somewhat confusing. On first reading they seemed to be onerous additions, but on second reading they seem for the most part to reflect existing requirements and the ability of these to be verified. Please advise which of the requirements you understand to be new or modified from those already in place, and why these requirements are needed to fulfill the NERC standard. Please advise how you envisage participants would fulfill these additional requirements.

[IESO] Our intent is to not be duplicative but ensure that all current requirements and process are captured on our certification forms. If they are indeed supported by existing procedures and processes in place, then they will be appropriately referenced and undue burden will not be placed on market participants.

You will see two themes to my detailed comments.

- a) The first theme is that this document largely duplicates existing obligations under market rules and market manuals. This is inappropriate. The IESO's documentation should state each obligation clearly in one place. Duplication should be avoided. The information contained in this document should instead be part of the compliance requirement matrix that relates the NERC & NPCC requirements to the IESO documentation.
- b) The second theme relates to the use of capacity in the IESO system. MW capacity information provided for registration becomes a cap on the MW capacity that can be offered into the market. It is by design the maximum ever achievable. This will only be verifiable under rare conditions or by using temperature correction curves, particularly for ambient-sensitive gas turbine equipment. This is by its nature different from the expected monthly capability data provided in connection with the 18 month assessments, which will

presumably be based on expected average ambient conditions and is more readily verifiable. The IESO needs to clarify the relationship between registration “capacity”, 18 month assessment monthly “capacity”, NERC declared “capacity” and NERC verifiable “capacity” in a way that does not increase the number of parameters required and is consistent with the use of the data for reliability and market purposes.

Particular comments follow:

MOD-024 R2.1

This is surely an existing requirement of the Market Rules and of Market manual 1.2. R 2.1 should make reference to that market manual as providing for fulfillment of this requirement.

[IESO] Correct. We will make a reference to the market rules and manuals - Gross MW capability is captured through form 1004, as part of the existing facility registration process and provision of seasonal Net MW will be satisfied by providing required data on form 1230, as specified in MM 2.11.

How does the IESO define “seasons”? Do you work with winter/summer, or four calendar quarters, or what

[IESO] Summer season is from April 1st to October 31st, while winter season is from November 1st to March 31st. These are defined in some public IESO documents, but we agree that we should reiterate the definitions when we implement the procedure changes¹ for compliance with these standards.

MOD-024 R2.2

Much of this data is already included in MM 1.2. This standard should make reference to that manual and not duplicate those requirements. The additional requirement is

¹ The IESO plans to produce a procedures document which will provide detailed explanation of what is expected from Ontario Market Participants in order to be compliant with these standards. The document could be either added to an existing Market Manual or as an attachment to the certification forms.

the verification date and methodology. Why would this not just be included in MM 1.2?

[IESO] What's new is the process and tools for providing the verified values. This will be included in the appropriate procedures.

MOD-024 R2.3

Given the reference in MOD-024 R3 to Facility Registration Maintenance, I am assuming that the data provided under MOD-024 & MOD-025 includes or overlaps with the facility registration data. I hope we are not being asked to provide three sets of data (registration, declared, and verified). The only reasonable interpretation I can put on this is that the registration data and the declared data will be synonymous. Please confirm or advise otherwise.

[IESO] We will ask for only one new set of data: verified values. Declared values are captured in MM 1.2 and MM 2.11.

Recognise that the MW data provided for registration purposes (the declared capacity?) is of necessity the highest possible output, and will not be verifiable under many conditions, particularly for temperature-sensitive gas turbines. Any Market Participant who declares capacity data below the "maximum ever" capability of its equipment would appear to limit its ability to offer its full capability into the market. Capacity verifiable under any reasonable range of conditions will therefore differ by intent from the declared maximum. R 2.3 would not therefore apply. Indeed, Market Participants need confirmation that verifiable capacity as notified to the IESO would not become a cap on the capacity that can be offered.

[IESO] Verifiable capacity will not be a cap on the capacity that can be offered in the energy markets.

MOD-024 R2.4

Seems to be already covered in MM 2.11. This standard should make reference to that manual and not duplicate those requirements. Is the IESO now requiring that the MCR data provided for the 18 month outlook reflect the verifiable capacity (presumably after ambient correction to average conditions)?

[IESO] We agree that this is already covered in MM 2.11 and we are inclining towards removing this requirement from the certification form.

MOD-024 R2.5

Without detailed review, I would expect that this is largely or entirely covered in MM 2.11. This standard should make reference to that manual and not duplicate those requirements. If station service loads need to be treated in some way differently, then the treatment of common station service would need to be clarified, preferably in the manual.

[IESO] Actually this is covered in MM 1.2. Station load is provided via form 1004 in the existing facility registration process.

MOD-024 R3 / R4

Should surely state “fulfilled through MM 1.2” (note your text refers to MM 2.1 which is dispute resolution) and not duplicate the requirement.

[IESO] This was a typo and should have read 1.2. Our intent is not to duplicate but ensure that all current requirements and processes are captured on our certification forms

MOD-024 R5

See introductory comment under (b) above.

[IESO] We hope that we have provided enough clarification in the previous comments to address this issue.

MOD-024 M1 & M2

These are really obligations on the IESO to provide receipts for the information.

[IESO] We disagree. This is a self-certification process and the generator must maintain evidence that it has complied with all its obligations including submission of

all required data and documents. All standards have reporting requirements and the measure of such a requirement is ensuring that there is sufficient proof that the market participant has submitted all reports/information that has been requested.

General

Market Participants also need to know for their understanding of the system whether SAAs and SSRs will be based on declared capacity or verifiable capacity, and how the facility outage management system will operate (will it assume equal de-rates of both declared and verifiable capacity?)

[IESO] We Agree. An explanation will be included in the procedures.