

# Market Rules

---

## Chapter 1

# Introduction And Interpretation Of The Market Rules

<b>Library Record No.</b>	MDP_RUL_0002_01
<b>Document Name</b>	Market Rules for the Ontario Electricity Market
<b>Issue</b>	Issue 5.0
<b>Reason for Issue</b>	Baseline 22.0
<b>Effective Date</b>	September 9, 2009

## Document Change History

<b>Issue/Draft</b>	<b>Reason for Issue</b>	<b>Date</b>
Issue 1.0	Baseline 8.0	September 25, 2002
Issue 2.0	Baseline 9.1	June 4, 2003
Issue 3.0	Baseline 13.0	March 9, 2005
Issue 4.0	Baseline 20.1	December 10, 2008
Issue 5.0	Baseline 22.0	September 9, 2009

## Related Documents

<b>Library Record No.</b>	<b>Document Title</b>	<b>Version</b>
MDP_RUL_0002	Market Rules for the Ontario Electricity Market	34.0

## Document Control

### *Authorities*

<b>Prepared by</b>
Market Evolution

<b>Reviewed by</b>
Technical Panel
Legal Affairs
IESO Change Management

<b>Approved by</b>
IESO Board

### *Distribution List*

Name	Organization

# Table of Contents

<b>1. Definitions .....</b>	<b>1</b>
1.1 Market Rules .....	1
1.2 Italicized Expressions.....	1
<b>2. Background and Legislative Authority .....</b>	<b>1</b>
2.1 White Paper .....	1
2.2 Market Design Committee.....	1
2.3 Legislative Authority .....	2
<b>3. Market Objective .....</b>	<b>2</b>
<b>4. Objectives and Status of Market Rules.....</b>	<b>2</b>
4.1 Objectives and Status of Market Rules .....	2
4.2 Purposes of Market Rules.....	3
4.3 Contractual Force .....	4
4.4 Coming into Force and Transitional Provisions.....	4
4.4A Deferral of Capacity Reserve Market and Energy Forward Market and Consequential Interpretation Provisions.....	6
4.4B Transitional Scheduling Generator.....	8
4.5 Market Testing and Operational Dry Run.....	9
<b>5. The IESO.....</b>	<b>15</b>
5.1 Responsibility for Market Rules.....	15
5.2 Objects of the IESO .....	15
5.3 Functions of the IESO .....	15
5.4 Compliance with Market Rules.....	16
<b>6. Market Participants.....</b>	<b>16</b>
6.1 Classes of Market Participants.....	16
6.2 Third Party Rights or Benefits .....	17
6.3 Compliance with Market Rules.....	17

<b>7.</b>	<b>Interpretation and Rules of Construction .....</b>	<b>17</b>
7.1	General .....	17
7.2	Headings .....	19
7.3	Shall, Must and May.....	19
7.4	Explanatory Notes.....	19
7.5	Computation of Time.....	20
7.6	IESO Delegates .....	20
7.6A	Forms, Policies, Guidelines and Other Documents.....	20
7.7	Other Documents.....	21
7.8	Currency .....	22
<b>8.</b>	<b>Notice, Notification, Service and Filing .....</b>	<b>22</b>
8.1	Provision of Notice .....	22
8.2	Time of Notice .....	23
8.3	Notice of Directions and Orders .....	24
<b>9.</b>	<b>Publication .....</b>	<b>24</b>
<b>10.</b>	<b>[Intentionally left blank].....</b>	<b>25</b>
<b>11.</b>	<b>Information Disclosure.....</b>	<b>25</b>
11.1	Disclosure Must be Made Where Required by Market Rules.....	25
11.2	No Misleading or Deceptive Information .....	25
11.3	Correction of Incorrect Information.....	26
11.4	Use of Information by the IESO .....	26
<b>12.</b>	<b>Interpretation Bulletins .....</b>	<b>26</b>
<b>13.</b>	<b>Liability and Indemnification .....</b>	<b>27</b>
13.1	Liability of IESO .....	27
13.2	Liability of Market Participants .....	28
13.3	Force Majeure.....	30
13.4	Contractual Liability.....	33
<b>14.</b>	<b>Exemptions .....</b>	<b>33</b>
14.1	Scope of Exemptions .....	33
14.2	Application Process.....	34

14.3	Effect of Exemption and Monitoring .....	34
14.4	Reconsideration, Removal or Transfer of Exemptions .....	34
14.5	Costs.....	34
14.6	Need for Rule Amendment.....	36

# 1

# 1. Definitions

## 1.1 Market Rules

- 1.1.1 The rules set forth in Chapters 1 to 11 are called the Market Rules for the Ontario Electricity Market (the “*market rules*”) and constitute the *market rules* made under the authority and for the purposes of the *Electricity Act, 1998*.

## 1.2 Italicized Expressions

- 1.2.1 Italicized expressions used in the *market rules* have the meanings ascribed thereto in the definitions set forth in Chapter 11. Words and phrases defined in the *Electricity Act, 1998* have the same meaning when used in the *market rules*.

# 2. Background and Legislative Authority

## 2.1 White Paper

- 2.1.1 In November, 1997, the Government of Ontario issued a White Paper entitled “Direction for Change: Charting a Course for Competitive Electricity and Jobs in Ontario”, which set forth the broad framework for electricity sector reform with a view to the establishment of a competitive electricity market in Ontario.

## 2.2 Market Design Committee

- 2.2.1 During the course of 1998 and early 1999, the Market Design Committee, a committee created by Order in Council 2156/97 and comprised of representatives of stakeholders and consumers within the electricity industry, in its four quarterly reports made recommendations to the Government of Ontario on the design of the competitive electricity market for Ontario. As part of its responsibilities, the Market Design Committee was tasked with the preparation of initial draft rules governing the Ontario wholesale electricity market for submission to the *Minister*.

In late January, 1999, the Market Design Committee submitted a set of draft initial rules to the *Minister*, with such further development of and revisions to the draft initial rules as may be necessary or appropriate being contemplated to be made prior to opening of the competitive markets.

## 2.3 Legislative Authority

- 2.3.1 The legislative authority for the *market rules* is contained in the *Electricity Act, 1998*, enacted as Schedule A to the *Energy Competition Act, 1998*, which received Royal Assent on October 30, 1998. Specifically, subsection 32(1) of the *Electricity Act, 1998*, which was proclaimed into force on November 7, 1998, contemplates that there will be made rules governing the *IESO-controlled grid* and establishing and governing the *IESO-administered markets* related to electricity and *ancillary services*.

## 3. Market Objective

- 3.1.1 The objective of the *IESO-administered markets* is to promote an efficient, competitive and reliable market for the wholesale sale and purchase of electricity and *ancillary services* in Ontario.

## 4. Objectives and Status of Market Rules

### 4.1 Objectives and Status of Market Rules

- 4.1.1 The objectives of the *market rules* are to govern the *IESO-controlled grid* and to establish and govern efficient, competitive and reliable markets for the wholesale sale and purchase of electricity and *ancillary services* in Ontario.

## 4.2 Purposes of Market Rules

4.2.1 Accordingly, the *market rules* include provisions:

- 4.2.1.1 governing the making, *amendment* and *publication* of the *market rules*;
- 4.2.1.2 governing the conveying of electricity into, through or out of the *IESO-controlled grid* and the provision of *ancillary services*;
- 4.2.1.3 governing the terms and conditions pursuant to which persons may be authorized by the *IESO* to participate in the *IESO-administered markets* or to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid*;
- 4.2.1.4 governing the manner in which electricity and *ancillary services* are sold, purchased and *dispatched* in the *IESO-administered markets*;
- 4.2.1.5 governing standards and procedures to be observed in system *emergencies*;
- 4.2.1.6 authorizing and governing the giving of directions by the *IESO*;
- 4.2.1.7 authorizing and governing the making of orders by the *IESO*;
- 4.2.1.8 providing a mechanism for the resolution of certain disputes arising under the *market rules*;
- 4.2.1.9 providing mechanisms for monitoring, surveillance and investigation of activities in the *IESO-administered markets* and the conduct of *market participants*; and
- 4.2.1.10 providing generally for the exercise by the *IESO* of such powers and authority as may be necessary or desirable for the purpose of carrying out its objects in relation to the *IESO-administered markets* and the *IESO-controlled grid*.

### 4.3 Contractual Force

- 4.3.1 The *market rules* have the effect of a contract between each *market participant* and the *IESO* by virtue of the execution by the *IESO* and each *market participant* of the *participation agreement* under which each *market participant* and the *IESO* agree to perform and observe the *market rules* so far as they are applicable to each *market participant* and the *IESO* as provided for in the *market rules*, their respective *licences* and *applicable law*.

### 4.4 Coming into Force and Transitional Provisions

- 4.4.1 Subject to subsection 32(7) of the *Electricity Act, 1998*, the sections of the *market rules* identified in Appendix 1.1 come into force on the dates specified in Appendix 1.1 and, except as otherwise provided in section 4.4A, the remaining sections of the *market rules* come into force on the date on which subsection 26(1) of the *Electricity Act, 1998* is proclaimed into force.
- 4.4.2 Unless repealed earlier by means of an *amendment* to the *market rules*, all of this section 4.4, other than section 4.4.1, shall cease to have effect on the date on which subsection 26(1) of the *Electricity Act, 1998* is proclaimed into force.
- 4.4.3 Notwithstanding the coming into force of the whole of Chapter 4 on the date referred to in Appendix 1.1, it is understood that Chapter 4 is, with the exception of sections 3.2.1, 6.1.2 and 6.1.8 of that Chapter, being brought into force primarily to support the process to be conducted prior to the *market commencement date* for the registration of *registered facilities* referred to in section 2 of Chapter 7, as such process pertains to *connection agreements*, and no person shall be required to comply with any provision of Chapter 4, other than sections 3.2.1, 6.1.2 and 6.1.8 of that Chapter, that is not reasonably required for such purpose if such compliance would be inconsistent with the manner in which that person lawfully and in accordance with any applicable contractual obligations operates its *facilities* on such date.
- 4.4.4 Notwithstanding the coming into force of portions of section 4 of Chapter 5 on the date referred to in Appendix 1.1, it is understood that those portions of section 4 of Chapter 5 are being brought into force primarily to support the processes to be conducted prior to the *market commencement date* for the registration of *registered facilities* for the provision of *ancillary services* and *reliability must-run resources* referred to in section 2 of Chapter 7 and for the procurement of *ancillary services* and *reliability must-run resources* under contracts that will have effect on and after the *market commencement date*. Accordingly:

- 4.4.4.1 the *IESO* shall continue to procure *ancillary services* and *reliability must-run resources* in the manner in which *ancillary services* and *reliability must-run resources* are procured on the date of coming into force of portions of section 4 of Chapter 5 referred to in Appendix 1.1; and
- 4.4.4.2 no person providing *ancillary services* or *reliability must-run resources* to the *IESO* shall be required to comply with any provision of section 4 of Chapter 5 that is inconsistent with the manner in which that person lawfully and in accordance with any applicable contractual provisions provides *ancillary services* or *reliability must-run resources* to the *IESO* on the date referred to in section 4.4.4.1.
- 4.4.5 Notwithstanding the coming into force of section 2 of Chapter 7 on the date referred to in Appendix 1.1, it is understood that section 2 of Chapter 7 is being brought into force to support the registration of *registered facilities* referred to in that section prior to the *market commencement date*, and no person shall be required to be a *registered market participant* nor to have registered a *facility* as a *registered facility* in order to cause or permit electricity or any *physical service* to be conveyed into, through or out of the *IESO-controlled grid*.
- 4.4.6 Notwithstanding the coming into force of portions of Chapter 6 on the dates referred to in Appendix 1.1, it is understood that those portions of Chapter 6 are being brought into force to support the registration of metering service providers and of metering installations prior to the market commencement date, and no person shall be required to comply with any provision of Chapter 6 that is not reasonably required for the purposes described in this section 4.4.6 if such compliance would be inconsistent with the manner in which that person lawfully and in accordance with any applicable contractual obligations operates its metering installations on such dates.
- 4.4.7 For the purposes of those sections of Chapter 6 that, in accordance with Appendix 1.1, come into force prior to the *market commencement date*, the person that would, if Chapter 9 were in force, be:
- 4.4.7.1 the person with respect to whom a *settlement* credit would be assessed for the supply of electricity; or
- 4.4.7.2 the person with respect to whom a *settlement* debit would be assessed for the withdrawal of electricity,
- measured and recorded by a *metering installation* shall be deemed to be the *metered market participant* for that *metering installation* until such time as a

person is designated as the *metered market participant* for that *metering installation* in accordance with the provisions of Chapter 9.

- 4.4.8 Where, by virtue of the application of section 4.4.7, more than one person would be deemed to be the *metered market participant* in respect of a *metering installation*, such persons shall select from amongst themselves one person to be the *metered market participant* and shall so notify the *IESO*. In the absence of such selection and notification, the *IESO* shall nominate one of such persons to act as the *metered market participant* until such time as a person is designated as the *metered market participant* for that *metering installation* in accordance with the provisions of Chapter 9.
- 4.4.9 Notwithstanding the coming into force of section 11 of Chapter 5 on the date referred to in Appendix 1.1, it is understood that section 11 of Chapter 5 is being brought into force to support the preparation and, where applicable, the filing of the *Ontario electricity emergency plan*, the *Ontario power system restoration plan*, and the *emergency preparedness plans* and *restoration participant attachments* referred to and in accordance with that section, and no person shall be required to comply with any provision of section 11 of Chapter 5 that is not reasonably required for such purpose if such compliance would be inconsistent with the manner in which that person lawfully and in accordance with any applicable contractual obligations operates its *facilities* on such date.

#### **4.4A Deferral of Capacity Reserve Market and Energy Forward Market and Consequential Interpretation Provisions**

- 4.4A.1 Implementation of the *capacity reserve market* shall be deferred beyond the date referred to in section 4.4.1 and, accordingly, section 10 of Chapter 7 shall not come into force until such date as may be determined by the *IESO Board*.
- 4.4A.2 Until such time as section 10 of Chapter 7 comes into force in accordance with section 4.4A.1, the *market rules* and all policies, guidelines or other documents referred to in section 7.7.1 or 7.7.3 shall be construed and applied:
- 4.4A.2.1 in a manner consistent with the deferred coming into force provided for in section 4.4A.1;
- 4.4A.2.2 without regard to references to:

- a. the capacity reserve market, capacity reserve, capacity reserve price, capacity reserve quantity, capacity reserve ratio or maximum capacity reserve price or MCRP;
- b.  $AQCR_{k,h}^{m,t}$ ,  $CAPRSC_{k,h}$ ,  $CRSSD_{k,h}$ ,  $QCAPR_{k,h}^m$ ,  $PCAPR_h^m$ ,  $CROSF_{k,h}^{m,t}$ ,  $CCRO_{k,h}^{m,t}$ ,  $ACRO_{k,h}^{m,t}$ ,  $TCRSC_{k,r,H}^T$  or to the narrative descriptions of any such terms; or
- c. any other term or phrase of a like nature to those referred to in section 4.4A.2.2(a) or 4.4A.2.2(b) and the application of which is contingent on the coming into force of the section referred to in section 4.4A.1; and

4.4A.2.3 with such grammatical changes, including but not limited to the continued application of the words “and”, “or” or “and/or” at the end of any given section, as may be required to give effect to the provisions of sections 4.4A.2.1 and 4.4A.2.2.

4.4A.3 Implementation of the *energy forward market* shall be deferred beyond the date referred to in section 4.4.1 and, accordingly, section 3 of Chapter 8 shall not come into force until such date as may be determined by the *IESO Board* and *published* by the *IESO* which date shall not be earlier than the first day of the thirteenth calendar month following the *market commencement date*, calculated from the first day of the calendar month immediately following the month in which the *market commencement date* occurs.

4.4A.4 Until such time as section 3 of Chapter 8 comes into force in accordance with section 4.4A.3, the *market rules* and all policies, guidelines or other documents referred to in section 7.7.1 or 7.7.3 shall be construed and applied:

4.4A.4.1 in a manner consistent with the deferred coming into force provided for in section 4.4A.3;

4.4A.4.2 without regard to references to:

- a. the energy forward market;
- b.  $FMQS_{k,h}$ ,  $FMP_h$ ,  $NFMSC_{k,h}$  or to the narrative descriptions of any such terms; or
- c. any other term or phrase of a like nature to those referred to in section 4.4A.4.2(a) or 4.4A.4.2(b) and the application of which is contingent on the coming into force of the section referred to in section 4.4A.3; and

- 4.4A.4.3 with such grammatical changes, including but not limited to the continued application of the words “and”, “or” and “and/or” at the end of any given section, as may be required to give effect to the provisions of sections 4.4A.4.1 and 4.4A.4.2 without otherwise altering the scope or interpretation of the relevant section.
- 4.4A.5 Notwithstanding sections 5.4.1, 6.3.1, 7.7.2 and 7.7.3, no person shall be required to comply with the *market rules* or with any policies, guidelines or other documents referred to in section 7.7.1 or 7.7.3 to the extent that such compliance would be inconsistent with section 4.4A.2 or 4.4A.4.
- 4.4A.6 Nothing in this section 4.4A shall be interpreted as affecting:
- 4.4A.6.1 the obligation of a person that wishes to participate in the *capacity reserve market* or the *energy forward market*, once implemented, to obtain authorization to so participate, to obtain the registration of all applicable *facilities*, or both, in accordance with all applicable provisions of these *market rules* and of all policies, guidelines or other documents referred to in section 7.7.1 or 7.7.3; or
- 4.4A.6.2 the obligation of the *IESO* to process any applications for such authorization to participate, for such registration of *facilities*, or both, in accordance with all applicable provisions of these *market rules* and of all such policies, guidelines or other documents as and from:
- a. the date *published* by the *IESO* as being the date on which it will commence receiving any such applications in respect of participation in the *capacity reserve market*; and
  - b. the date *published* by the *IESO* as being the date on which it will commence receiving any such applications in respect of participation in the *energy forward market*.

## 4.4B Transitional Scheduling Generator

Participation in the *IESO-administered market* of a *transitional scheduling generator* is temporary and shall expire when its registration is changed pursuant to Chapter 7, section 2.2.23.

## 4.5 Market Testing and Operational Dry Run

- 4.5.1 The *IESO* shall prior to the *market commencement date* conduct, in accordance with the procedures referred to in section 4.5.2, such *market testing* and operational dry run activities as the *IESO* determines appropriate for the purposes of testing the systems and procedures of the *IESO* and of *commissioning participants* with a view to assessing:
- 4.5.1.1 the interoperability of the systems and procedures of the *IESO* and those of *commissioning participants*;
  - 4.5.1.2 whether such systems and procedures will enable the *IESO* to operate the *IESO-administered markets* and to direct the operations of the *IESO-controlled grid* in the manner contemplated by these *market rules* on and after the *market commencement date*; and
  - 4.5.1.3 deficiencies revealed during the *market testing* and operational dry run activities and the extent to which they require rectification to permit the *IESO-administered markets* to commence operation.
- 4.5.2 The *IESO* shall establish procedures for the conduct of the *market testing* and operational dry run activities referred to in section 4.5.1, which procedures shall include but not be limited to, the following:
- 4.5.2.1 the manner in which a person may apply to participate in *market testing* and operational dry run activities;
  - 4.5.2.2 the conditions under which a person is eligible to be selected as a *commissioning participant* in respect of each of the *market testing* and operational dry run activities;
  - 4.5.2.3 the manner in which the *IESO* will select persons as *commissioning participants* in the event that not all persons applying to participate in *market testing* or operational dry run activities can be accommodated in such activities;
  - 4.5.2.4 the conditions under which the *IESO* may suspend or expel a *commissioning participant* from participation in further *market testing* or operational dry run activities, the conditions under which the *IESO* may allow a suspended *commissioning participant* to resume participation in such activities and the conditions under which a *commissioning participant* may withdraw, on a temporary or permanent basis, from participation in such activities;

- 4.5.2.5 the manner in which the *IESO* shall direct and conduct each of the *market testing* and operational dry run activities in accordance with procedures referred to in this section 4.5.2 and the manner and time within which each *commissioning participant* must take action or cease to act in the context of the conduct of such *market testing* and operational dry run activities;
- 4.5.2.6 the manner in which the *IESO* may direct a *commissioning participant* to perform a test or participate in an operational dry run activity in accordance with the procedures referred to in this section 4.5.2 and the time within which such *commissioning participant* must comply with such direction;
- 4.5.2.7 the conditions under and the manner in which the *IESO* may direct a *commissioning participant* to perform a test or participate in an operational dry run activity in a manner that deviates from the procedures referred to in this section 4.5.2 and the time within which such *commissioning participant* must comply with such direction;
- 4.5.2.8 the manner and time within which the *IESO* and *commissioning participants* shall report the results of each *market testing* and operational dry run activity, both during and following completion of each such activity;
- 4.5.2.9 the manner and time within which the *IESO* and *commissioning participants* shall in consultation with one another assess whether a *market testing* or operational dry run activity has revealed the existence of a deficiency in one or more of their respective systems or procedures;
- 4.5.2.10 the manner and time within which the *IESO* and *commissioning participants* shall in consultation with one another assess the manner in which any deficiency referred to in section 4.5.2.9 may be addressed;
- 4.5.2.11 the manner and time within which a *commissioning participant* shall notify the *IESO* of a change in its systems or procedures effected, for any reason whatsoever, during the course of *market testing* and operational dry run activities to the extent that such systems or procedures are involved in or may impact on such activities;

- 4.5.2.12 the manner and time within which a *commissioning participant* may dispute a direction given to it by the *IESO* pursuant to the procedures referred to in section 4.5.2.5 to 4.5.2.7 in lieu of the process referred to in sections 2.4 to 2.9 of Chapter 3;
- 4.5.2.13 the manner in which disputes relating to:
- a. the suspension or expulsion of a *commissioning participant* referred to in section 4.5.2.4;
  - b. the assessments referred to in section 4.5.2.9; and
  - c. any other provision of the procedures established pursuant to this section 4.5.2,
- shall be investigated and resolved in lieu of the process referred to in sections 2.4 to 2.9 of Chapter 3;
- 4.5.2.14 the manner in which the *IESO* shall monitor the activities of *commissioning participants* during the conduct of *market testing* and operational dry run activities and shall investigate conduct that does not comply with the procedures referred to in this section 4.5.2, including a direction referred to in section 4.5.2.5 to 4.5.2.7;
- 4.5.2.15 the manner and time within which the *IESO* shall report to the *Ontario Energy Board*, the *Minister* or any staff, committee, agent or advisor of the *Ontario Energy Board* or the *Minister* the results of each *market testing* and operational dry run activity;
- 4.5.2.16 the content of the reports referred to in section 4.5.2.15, which may include but shall not be limited to the elements referred to in section 4.5.6;
- 4.5.2.17 subject to sections 4.5.6 to 4.5.8, the manner in which the *IESO* and each *commissioning participant* shall identify and protect any *confidential information* generated or exchanged during the conduct of the *market testing* and operational dry run activities;
- 4.5.2.18 the establishment and composition of a task force to advise and assist the *IESO* and *commissioning participants* in fulfilling their respective responsibilities relating to *market testing* and operational dry run, the manner in which persons will be appointed to and removed from such task force from time to time, the functions and responsibilities of such task force and the manner in which decisions will be taken by such task force; and

- 4.5.2.19 the manner in which costs, other than those referred to in section 4.5.10, incurred for the purposes of, during or as a result of participation in *market testing* and operational dry run activities, shall be borne by or allocated amongst the *IESO* and *commissioning participants*.
- 4.5.3 Each *commissioning participant* shall:
- 4.5.3.1 subject to section 4.5.5, comply with a direction issued to it pursuant to the procedures referred to in section 4.5.2.6 or 4.5.2.7 in the manner and within the time specified in the procedures referred to in section 4.5.2 or at the time of communication of the direction, as the case may be; and
- 4.5.3.2 if suspended or expelled pursuant to the procedures referred to in section 4.5.2.4, cease participation in *market testing* or operational dry run activities immediately upon receipt of notice from the *IESO* of such suspension.
- 4.5.4 Nothing in this section 4.5 is intended to prevent a *commissioning participant* from acting to protect its assets from physical damage or to protect the safety of its employees, the public or the environment provided that any such actions that may impact on the conduct of *market testing* and operational dry run activities shall be coordinated with the *IESO* to the fullest extent practicable and shall, in any event, be reported or notified to the *IESO* as soon as practicable.
- 4.5.5 A *commissioning participant* may refuse to comply with, or delay compliance with, a direction referred to in section 4.5.3.1 only where and to the extent necessitated by concerns for the safety of its assets and employees or for the safety of the public or the environment. Any such refusal or delay shall be reported or notified to the *IESO* as soon as practicable.
- 4.5.6 Notwithstanding any other provision of these *market rules*, the *IESO* shall be entitled to disclose to the *Ontario Energy Board*, to the *Minister* and to any staff, committee, agent or advisor of the *Ontario Energy Board* or the *Minister confidential information*, including *confidential information* pertaining to a *commissioning participant*, relating to:
- 4.5.6.1 the conduct and progress of *market testing* and operational dry run activities;
- 4.5.6.2 the deficiencies referred to in section 4.5.2.9 and the manner in which such deficiencies have been or are proposed to be remedied;

- 4.5.6.3 whether *market testing* and operational dry run activities have revealed a deficiency that requires rectification to permit the *IESO-administered markets* to commence operation;
- 4.5.6.4 the market-readiness and competence of *commissioning participants* as revealed during *market testing* and operational dry run activities; and
- 4.5.6.5 a description of the *IESO's* compliance monitoring activities referred to in section 4.5.2.14 including, but not limited to, a description of the activities and actions of, and instances of non-compliance by, *commissioning participants*.

Any disclosure by the *IESO* of *confidential information* pertaining to a *commissioning participant* to any committee, agent or advisor of the *Ontario Energy Board* or of the *Minister* pursuant to this section 4.5.6 shall be effected in accordance with the procedures referred to in section 4.5.2.17.

- 4.5.7 Except as otherwise permitted by these *market rules*, the *IESO* shall not disclose to a *commissioning participant confidential information*, including *confidential information* pertaining to another *commissioning participant*, relating to the elements referred to in sections 4.5.6.1 to 4.5.6.3, save and except to the extent that such disclosure is:
  - 4.5.7.1 in the *IESO's* opinion, necessary for the efficient, timely and fair conduct of such activities and for the timely rectification of any deficiencies revealed during the course of *market testing* and operational dry run activities; and
  - 4.5.7.2 effected in accordance with the procedures referred to in section 4.5.2.17.
- 4.5.8 Except as otherwise permitted by these *market rules*, where the *IESO* makes any disclosure pursuant to section 4.5.7, the *commissioning participant* to whom the disclosure is made shall use the *confidential information* so disclosed solely for the purposes of the *commissioning participant's* participation in *market testing* and operational dry run activities and of the rectification of deficiencies revealed during such activities and shall not use or disclose such *confidential information* for any purpose:
  - 4.5.8.1 while the *commissioning participant's* participation in such activities has been suspended in accordance with the procedures referred to in section 4.5.2.4;

- 4.5.8.2 following the *commissioning participant's* expulsion from participation in such activities in accordance with the procedures referred to in section 4.5.2.4; or
- 4.5.8.3 following completion of such activities.
- 4.5.9 For the purposes of this section 4.5:
  - 4.5.9.1 all references in sections 5.1, 5.2 and 5.3 of Chapter 3 to a *market participant* shall be deemed to include a reference to a *commissioning participant*; and
  - 4.5.9.2 sections 5.4 to 5.8 of Chapter 3 shall not apply in respect of *confidential information* generated or exchanged during the conduct of the *market testing* and operational dry run activities until such time as all such activities, including the preparation of any reports relating thereto, have been completed.
- 4.5.10 The *IESO* and each *commissioning participant* shall bear:
  - 4.5.10.1 its own administrative, staffing and logistical support costs relating to its participation in the *market testing* and operational dry run activities referred to in this section 4.5 as well as its own costs relating to the provision of equipment and facilities required to support its participation in such activities; and
  - 4.5.10.2 its own costs relating to the rectification by it of deficiencies revealed during such activities.
- 4.5.11 The liability and indemnification provisions of section 13 shall apply in respect of any act or omission of *commissioning participants* and the *IESO* during the conduct of *market testing* and operational dry run activities and, for such purpose, all references in section 13 of this Chapter to a *market participant* shall be deemed to include a reference to a *commissioning participant*.
- 4.5.12 Bids, offers and other information provided by *market participants* or the *IESO* during *market testing* and operational dry run that apply to the operation of the *IESO-administered markets* on and following the *market commencement date* shall bind the *market participants* and *IESO* in the same manner as if all the applicable *market rules* were in force when such information was provided.

## 5. The IESO

### 5.1 Responsibility for Market Rules

- 5.1.1 The body corporate responsible for the administration and supervision of the *market rules* is the *IESO*.

### 5.2 Objects of the IESO

- 5.2.1 The objects of the *IESO* are specified in subsection 5(1) of the *Electricity Act, 1998*.
- 5.2.1.1 [Intentionally left blank – section deleted]
- 5.2.1.2 [Intentionally left blank – section deleted]
- 5.2.1.3 [Intentionally left blank – section deleted]
- 5.2.1.4 [Intentionally left blank – section deleted]
- 5.2.1.5 [Intentionally left blank – section deleted]
- 5.2.1.6 [Intentionally left blank – section deleted]
- 5.2.1.7 [Intentionally left blank – section deleted]

### 5.3 Functions of the IESO

- 5.3.1 The functions, powers and authority of the *IESO* in relation to the administration and supervision of the *market rules* include:
- 5.3.1.1 supervising, administering and enforcing the *market rules*;
- 5.3.1.2 operating the markets related to electricity and *ancillary services* established under the *market rules*;
- 5.3.1.3 instituting and ensuring through the administration, supervision and enforcement of the *market rules* the effective and efficient implementation of the rules and standards contained in the *market rules*;

- 5.3.1.4 collecting information and statistics and publishing reports and information relating to the performance of the *IESO-administered markets*;
- 5.3.1.5 administering the ongoing development of, and amendments to, the *market rules*;
- 5.3.1.6 establishing power system *reliability standards* and maintaining power system *reliability*;
- 5.3.1.7 undertaking its coordination of power system planning responsibilities;
- 5.3.1.8 authorizing persons to participate in the *IESO-administered markets* and to cause or permit electricity to be conveyed into, through or out of the *IESO-controlled grid*;
- 5.3.1.9 undertaking monitoring, surveillance and investigation of activities in the *IESO-administered markets* and the conduct of *market participants*; and
- 5.3.1.10 liaising with other bodies having regulatory functions with respect to the *IESO-administered markets* and the *IESO-controlled grid*, such as the Ontario Energy Board and the federal Competition Bureau,

the whole of which in accordance with the *market rules*, the by-laws and *licence* of the *IESO* and *applicable law*.

## 5.4 Compliance with Market Rules

- 5.4.1 The *IESO* is bound to comply with, observe and perform any duties and obligations imposed on the *IESO* by the *market rules*.

# 6. Market Participants

## 6.1 Classes of Market Participants

- 6.1.1 The classes of *market participants* are described in section 2 of Chapter 2.

## 6.2 Third Party Rights or Benefits

- 6.2.1 Unless otherwise expressly stated in the *market rules* or the *Electricity Act, 1998*, a person other than the *IESO* who is not a *market participant* is not entitled to any rights or benefits under the *market rules*.

## 6.3 Compliance with Market Rules

- 6.3.1 Subject to the terms of its *licence* and to the *Electricity Act, 1998*, the *Ontario Energy Board, 1998* and to any regulations enacted under those *Acts*, each *market participant* is bound to comply with, observe and perform any duties and obligations imposed on the *market participant* by the *market rules*.

- 6.3.2 Except as otherwise provided in these *market rules* or in any standard, policy, guideline, procedure or other document established by the *IESO* pursuant to these *market rules*, a *market participant* may use such information systems, communication systems, business processes, personnel, service providers or other agents as the *market participant*, in its sole discretion, considers appropriate for the purpose of assisting in the performance of its obligations under these *market rules* and under such standard, policy, guideline, procedure or other document provided that, as between the *IESO* and the *market participant*:

6.3.2.1 the *market participant* shall be bound by and fully responsible for all acts or omissions of its personnel, service providers or other agents; and

6.3.2.2 the *market participant* shall remain solely responsible and liable to the *IESO* for the due performance of such obligations.

# 7. Interpretation and Rules of Construction

## 7.1 General

- 7.1.1 In the *market rules*, unless the context otherwise requires:

7.1.1.1 words importing the singular include the plural and vice versa;

- 7.1.1.2 words importing a gender include any gender;
- 7.1.1.3 when italicized, other parts of speech and grammatical forms of a word or phrase defined in the *market rules* have a corresponding meaning;
- 7.1.1.4 an expression importing a natural person includes any company, partnership, trust, joint venture, association, corporation or other private or public body corporate, any government agency or body politic or collegiate, and any other entity or body or class of entity or body designated by regulation made pursuant to the *Electricity Act, 1998* as coming within the definition of the word “person”;
- 7.1.1.5 a reference to a thing includes a part of that thing;
- 7.1.1.6 a reference to a Chapter, section, provision, condition, part or appendix is to a Chapter, section, provision, condition, part or appendix of the *market rules*;
- 7.1.1.7 a reference in a Chapter of the *market rules* to a section is to a section of that Chapter;
- 7.1.1.8 a reference to any statute, regulation, proclamation, order in council, ordinance, by-law, resolution, rule, order or directive includes all statutes, regulations, proclamations, orders in council, ordinances, by-laws or resolutions, rules, orders or directives varying, consolidating, re-enacting, extending or replacing it and a reference to a statute includes all regulations, proclamations, orders in council, rules and by-laws of a legislative nature issued under that statute;
- 7.1.1.9 a reference to a document or provision of a document, including the *market rules* or a provision of the *market rules*, includes an amendment or supplement to, or replacement or novation of, that document or that provision of that document, as well as any exhibit, schedule, appendix or other annexure thereto;
- 7.1.1.10 a reference to a person includes that person’s executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and permitted assigns;
- 7.1.1.11 a reference to a body (including, without limitation, an institute, association or authority), whether statutory or not, which ceases to exist or whose functions are transferred to another body is a reference to the body which replaces it or which substantially succeeds to its powers or functions;

- 7.1.1.12 a reference to sections of the *market rules* separated by the word “to” (i.e., “sections 1.1 to 1.4”) shall be a reference to the sections inclusively;
- 7.1.1.13 a reference to a time:
- a. without the qualification “EST” is a reference to eastern time, which is the prevailing eastern standard or eastern daylight time in the Province of Ontario;
  - b. followed by the qualification “EST” is a reference to eastern standard time in the Province of Ontario;
  - c. without the qualification “am”, “a.m.”, “pm” or “p.m.” is a reference to time based on a 24-hour clock; and
- 7.1.1.14 a reference to a month, calendar month, year or calendar year shall mean the period that commences the first hour of the first *trading day* that starts in such month or year and terminates the last hour of the last *trading day* that commences in such month or year.
- 7.1.1.15 [Intentionally left blank – section deleted]

## 7.2 Headings

- 7.2.1 Headings in the *market rules* are inserted for convenience of reference only and shall not affect the interpretation of the *market rules*, nor shall they be construed as indicating that all of the provisions of the *market rules* relating to any particular topic are to be found in any particular Chapter, sub-Chapter, section, subsection, clause, provision, part or appendix.

## 7.3 Shall, Must and May

- 7.3.1 The words “shall” and “must” shall be construed as imperative and the word “may” shall be construed as permissive.

## 7.4 Explanatory Notes

- 7.4.1 Any provision in this document which is indicated as being an “explanatory note” or a “rule note” shall be deemed not to form a part of the *market rules*. Such explanatory notes or rule notes are inserted for convenience only and shall not

affect the interpretation of the *market rules* nor be binding on the *IESO* or on any *market participant*.

## **7.5 Computation of Time**

- 7.5.1 In the computation of time under these *market rules*, unless a contrary intention appears, if there is a reference to a number of days between two events, they are counted by excluding the day on which the first event happens and including the day on which the second event happens.
- 7.5.2 In the computation of time under Chapters 2, 3, 6 and 10, unless a contrary intention appears, if the time for doing any act or thing expires on a day which is not a *business day*, the act or thing may be done on the next day that is a *business day*.

## **7.6 IESO Delegates**

- 7.6.1 Delegation by the *IESO* of its powers and duties under these *market rules* shall be governed by the provisions of the *Governance and Structure By-law*.

## **7.6A Forms, Policies, Guidelines and Other Documents**

- 7.6A.1 Forms, policies, guidelines and other documents, including but not limited to *market manuals* designed, created, developed, established or implemented by the *IESO* or a panel established by the *IESO* shall be interpreted in accordance with the *market rules* and the *Electricity Act, 1998*. Where there is any inconsistency between the *market rules* and a form, policy, guideline or other document, including but not limited to a *market manual*, the *market rules* shall prevail to the extent of the inconsistency.

## 7.7 Other Documents

- 7.7.1 Subject to section 7.7.4 and to sections 3.3.5 to 3.3.7 of Chapter 3, and unless the context otherwise requires, where reference is made in the *market rules* to the design, creation, development, establishment or implementation of policies, guidelines and other documents by the *IESO* or a panel established by the *IESO*, such policies, guidelines and other documents shall not come into force until adopted by the *IESO Board*, *published* and notice thereof provided in accordance with section 7.7.2. The *IESO Board* may enter into such consultations, seek such advice and assistance and request such input from one or more persons as the *IESO Board* determines appropriate prior to adopting such policies, guidelines and other documents provided that the *IESO Board* retains the sole discretion to adopt such policies, guidelines and other documents in such form as the *IESO Board* determines appropriate. For certainty, any reference to “other documents” in section 7.7 shall not include forms or *market manuals*.
- 7.7.2 The policies, guidelines and other documents referred to in section 7.7.1 once adopted by the *IESO Board*, and forms and *market manuals* once prepared by the *IESO* shall be *published* by the *IESO* and notice thereof shall be provided to all *market participants*. The *IESO* and each *market participant* shall thereafter be bound to comply with the provisions of any such policies, guidelines, other documents and the *market manuals*.
- 7.7.2A The *IESO* shall establish a procedure which shall include but not be limited to processes for the stakeholding of *market manuals* when the *market manuals* are created and for any subsequent amendments.
- 7.7.3 The *IESO Board* or a committee of the *IESO Board* established for that purpose may, from time to time, amend, and the *IESO Board* may from time to time replace or repeal, any policies, guidelines and other documents referred to in section 7.7.1. The procedures set forth in sections 7.7.1 and 7.7.2 shall apply equally to any amendment, replacement or repeal of such policies, guidelines and other documents and any reference in such sections to the *IESO Board* shall, with respect to the amendment of such policies, guidelines and other documents be deemed to include a reference to a committee of the *IESO Board* established for that purpose.
- 7.7.4 Any policy, guideline and other document required by the *market rules* to be implemented as an *amendment* to the *market rules* shall be implemented in accordance with the procedures set forth in section 4 of Chapter 3. Any policy, guideline and other document referred to in section 7.7.1 or in the *market manuals* which, by virtue of its prohibitive or mandatory character or its importance to the

efficient operation of the *IESO-administered markets* or the *reliable* operation of the *IESO-controlled grid*, should have a legislative character shall be implemented by the *IESO* as an *amendment* to the *market rules*.

## 7.8 Currency

7.8.1 All references in:

7.8.1.1 the *market rules*;

7.8.1.2 any form, policy, guideline or other document referred to in section 7.7.1 or 7.7.3, including but not limited to all *market manuals*;

7.8.1.3 a *settlement statement*; or

7.8.1.4 an *invoice*,

to a monetary amount are expressed in Canadian dollars.

7.8.2 Any payment required to be made by or to the *IESO* or by or to a *market participant* pursuant to any of the documents referred to in sections 7.8.1.1 to 7.8.1.4 shall be made in Canadian dollars.

# 8. Notice, Notification, Service and Filing

## 8.1 Provision of Notice

8.1.1 Subject to section 8.3, and unless a contrary intention appears, notice is properly given, notification is properly made and service, filing, issuance and submission is properly effected under the *market rules*:

8.1.1.1 by courier or other form of personal delivery;

8.1.1.2 by prepaid first class mail addressed to the person at the address for service (if any) supplied by the person to the sender or, where the person is a *market participant*, to the address shown for that person in the list of *market participants* maintained by the *IESO* pursuant to

section 3.1.10 of Chapter 2 or, where the person is the *IESO*, to the registered office of the *IESO*; or

- 8.1.1.3 by facsimile or electronic mail to a number or reference which corresponds with the address referred to in section 8.1.1.2.

## 8.2 Time of Notice

8.2.1 Subject to section 8.3, and unless a contrary intention appears, notice, notification, service, filing, issuance or submission shall be treated as having been duly given, made or effected to a person by the sender:

- 8.2.1.1 where given, made or effected by mail in accordance with section 8.1.1.2 to an address in the Province of Ontario, on the fourth *business day* after the day on which it is mailed;
- 8.2.1.2 where given, made or effected by mail in accordance with section 8.1.1.2 to an address in Canada outside the Province of Ontario or to an address in the United States, on the sixth *business day* after the day on which it is mailed;
- 8.2.1.3 where given, made or effected by mail in accordance with section 8.1.1.2 to an address outside Canada or the United States, on the twentieth *business day* after the day on which it is mailed;
- 8.2.1.4 where given, made or effected by facsimile in accordance with section 8.1.1.3 and a complete transmission report is issued from the sender's facsimile transmission equipment:
- a. where notice, notification, service, filing or submission is of the type in relation to which the addressee is obliged to monitor the receipt by facsimile outside of, as well as during, business hours, on the day and at the time of transmission as indicated on the sender's facsimile transmission report; and
  - b. in all other cases, on the day and at the time of transmission as indicated on the sender's facsimile transmission report, if a *business day* or, if the transmission is on a day which is not a *business day* or is after 5:00 pm (addressee's time), at 9:00 am on the following *business day*;
- 8.2.1.5 Where given, made or effected by electronic mail in accordance with section 8.1.1.3:

- a. where notice, notification, service, filing or submission is of a type in relation to which the addressee is obliged to monitor receipt by electronic mail outside of, as well as during, business hours, on the day and at the time when the notice or notification is recorded by the sender's electronic communication system as having been first received at the electronic mail destination; and
  - b. in all other cases, on the day and at the time when the notice, notification or document or other material served, filed or submitted is recorded by the sender's electronic communications system as having been first received at the electronic mail destination, if a *business day*, or if that time is after 5:00 pm (addressee's time) or the day is not a *business day*, at 9:00 am on the following *business day*; or
- 8.2.1.6 in any other case, when the person actually receives the notice, notification or document or other material served, filed or submitted.

### 8.3 Notice of Directions and Orders

- 8.3.1 Unless a contrary intention appears, instructions, directions and orders of the *IESO* may be given or issued to *market participants*:
- 8.3.1.1 in accordance with sections 8.1 or 8.2;
  - 8.3.1.2 by voice communication, in which case the instruction, direction or order shall be deemed validly given or issued at the time of communication.

## 9. Publication

- 9.1.1 Subject to section 9.1.2, where any document or information is required by the *market rules*, *applicable law* or the by-laws or *licence* of the *IESO* to be *published* by the *IESO* or, in the case of the *market rules*, to be published by the *Minister*, *publication* shall be effected by placing the document or information on the public *IESO* web site. The document or information shall be deemed to be *published* when the document or information has been so placed.
- 9.1.2 Where the *market rules*, *applicable law* or the by-laws or *licence* of the *IESO* prescribe a mode of publication other than that described in section 9.1.1 in respect of a specified document or information, the *IESO* shall, in addition to

complying with section 9.1.1 comply with the publication requirement applicable to such document or information as is so prescribed. In such a case, the document or information shall be deemed to be published on the date on which the prescribed publication requirement has been satisfied.

## 10. [Intentionally left blank]

10.1.1 [Intentionally left blank]

10.1.2 [Intentionally left blank]

## 11. Information Disclosure

### 11.1 Disclosure Must be Made Where Required by Market Rules

11.1.1 *Market participants* shall disclose or provide to the *IESO* and/or to other *market participants*, and the *IESO* shall disclose or provide to *market participants*, such information as is required to be disclosed or provided pursuant to the *market rules*. Such information shall be disclosed or provided within the time specified in, and in the form and manner required by, the relevant provisions of the *market rules*. Where no time is specified in relation to the disclosure or provision of specific information, the information shall be disclosed or provided within a reasonable time.

### 11.2 No Misleading or Deceptive Information

11.2.1 Information disclosed or provided by a *market participant* to the *IESO* and/or to other *market participants* or by the *IESO* to *market participants* pursuant to the *market rules* shall be, to the best of the disclosing person's knowledge, true, correct and complete at the time at which such disclosure or provision is made. Neither the *IESO* nor *market participants* shall knowingly or recklessly disclose or provide information pursuant to the *market rules* that, at the time and in light of the circumstances in which such disclosure or provision is made, is misleading or deceptive or does not state a fact that is required to be stated or that is necessary to make the statement not misleading or deceptive.

## 11.3 Correction of Incorrect Information

11.3.1 Where a *market participant* or the *IESO* discovers that any information previously disclosed or provided by it to any person pursuant to the *market rules* was, at the time at which it was disclosed or provided, or becomes untrue, incorrect, incomplete, misleading or deceptive, the disclosing person shall immediately rectify the situation and disclose or provide the true, correct, complete, not misleading or not deceptive information to the person to whom the original or currently untrue, incorrect, incomplete, misleading or deceptive information had been disclosed or provided.

## 11.4 Use of Information by the IESO

11.4.1 Subject to the provisions of sections 3 and 5 of Chapter 3, the *IESO* and any panel established by the *IESO* is entitled to use any data or information obtained in pursuance of the *IESO*'s or the panel's powers, functions or duties under the *market rules*, *applicable law* or the by-laws or *licence* of the *IESO*. The *IESO* may use such information in connection with or to initiate processes provided for in the *market rules* including, but not limited to:

11.4.1.1 a process to *amend* the *market rules* pursuant to section 4 of Chapter 3;  
or

11.4.1.2 a process to enforce compliance with the *market rules* pursuant to section 6 of Chapter 3.

## 12. Interpretation Bulletins

12.1.1 [Intentionally left blank]

12.1.2 [Intentionally left blank]

12.1.3 Where the *IESO* receives a request from any person, including a member of a panel established by the *IESO*, a *market participant* or the *IESO Board*, seeking a clarification or posing a question as to the interpretation, application or implementation of a *market rule*, the *IESO* may refer the matter to the *technical panel* and the *technical panel* shall provide such clarification or the answer to such question to the *IESO*.

- 12.1.4 The *IESO* may, from time to time, either on its own initiative or upon receipt from the *technical panel* of a material clarification of, or answer to, a question concerning the interpretation, application or implementation of a *market rule*, *publish* and give notice of bulletins as to the interpretation, application or implementation of a *market rule*.
- 12.1.5 A bulletin *published* pursuant to section 12.1.4 shall be binding on the *IESO*, provided that:
- 12.1.5.1 none of the relevant *market rules* are thereafter amended;
  - 12.1.5.2 there is thereafter no amendment to any relevant provisions of the *Electricity Act, 1998*; and
  - 12.1.5.3 the *IESO* has been provided with all relevant facts in respect of which the interpretation or clarification has been requested and all such facts were true at the time the interpretation or clarification was made.

## 13. Liability and Indemnification

### 13.1 Liability of IESO

- 13.1.1 Except as required by section 13.1.2 or as otherwise provided in these *market rules*, the *IESO* shall not be liable for any claims, losses, costs, liabilities, obligations, actions, judgements, suits, expenses, disbursements or damages of a *market participant* whatsoever, howsoever arising and whether as claims in contract, claims in tort (including but not limited to negligence) or otherwise, arising out of any act or omission of the *IESO* in the exercise or performance or the intended exercise or performance of any power or obligation under these *market rules* or under any policy, guideline or other document referred to in section 7.7 or any *market manual*.
- 13.1.2 Subject to section 13.1.4, the *IESO* shall indemnify and hold harmless a *market participant* and the *market participant's* directors, officers and employees from any and all claims, losses, liabilities, obligations, actions, judgements, suits, costs, expenses, disbursements and damages incurred, suffered, sustained or required to be paid, directly or indirectly, by, or sought to be imposed upon, the *market participant* or its directors, officers or employees to the extent that such claims, losses, liabilities, actions, judgements, suits, costs, expenses, disbursements or damages arise out of any willful misconduct by or any negligent act or omission

of the *IESO* in the exercise or performance or the intended exercise or performance of any power or obligation under these *market rules* or under any policy, guideline or other document referred to in section 7.7 or any *market manual*.

13.1.3 For the purposes of section 13.1.2, an act or omission of the *IESO* effected in compliance with these *market rules* or with the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual* shall be deemed not to constitute willful misconduct or a negligent act or omission.

13.1.4 Except as otherwise provided in these *market rules* other than in this section 13, in no event shall the *IESO* be liable to indemnify and hold harmless a *market participant* or the *market participant's* directors, officers or employees from or in respect of:

13.1.4.1 any indirect or consequential loss or incidental or special damages including, but not limited to, punitive damages; or

13.1.4.2 any loss of profit, loss of contract, loss of opportunity or loss of goodwill,

and no *market participant* shall assert or attempt to assert against the *IESO* any claim in respect of any of the losses or damages referred to in sections 13.1.4.1 and 13.1.4.2.

13.1.5 Each *market participant* shall have a duty to mitigate damages, losses, liabilities, expenses or costs relating to any claims for indemnification that may be made by the *market participant* pursuant to section 13.1.2.

## **13.2 Liability of Market Participants**

13.2.1 Except as required by section 13.2.2 or as otherwise provided in these *market rules*, a *market participant* shall not be liable for any claims, losses, costs, liabilities, obligations, actions, judgements, suits, expenses, disbursements or damages of the *IESO* whatsoever, howsoever arising and whether as claims in contract, claims in tort (including but not limited to negligence) or otherwise, arising out of any act or omission of the *market participant* in the exercise or performance or the intended exercise or performance of any power or obligation under these *market rules* or under any policy, guideline or other document referred to in section 7.7 or any *market manual*.

- 13.2.2 Subject to section 13.2.4, each *market participant* shall indemnify and hold harmless the *IESO*, the *IESO's* directors, officers and employees and any member of a panel established by the *IESO* from any and all claims, losses, liabilities, obligations, actions, judgements, suits, costs, expenses, disbursements and damages incurred, suffered, sustained or required to be paid, directly or indirectly, by, or sought to be imposed upon, the *IESO*, its directors, officers or employees or the member of a panel established by the *IESO* to the extent that such claims, losses, liabilities, actions, judgements, suits, costs, expenses, disbursements or damages arise out of any willful misconduct by or any negligent act or omission of the *market participant* in the exercise or performance or the intended exercise or performance of any power or obligation under these *market rules* or under any policy, guideline or other document referred to in section 7.7 or any *market manual*.
- 13.2.3 For the purposes of section 13.2.2, an act or omission of a *market participant* effected in compliance with the *market rules* or with the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual* shall be deemed not to constitute willful misconduct or a negligent act or omission.
- 13.2.4 Except as otherwise provided in these *market rules* other than in this section 13, in no event shall a *market participant* be liable to indemnify and hold harmless the *IESO*, the *IESO's* directors, officers or employees or a member of a panel established by the *IESO* from or in respect of:
- 13.2.4.1 any indirect or consequential loss or incidental or special damages including, but not limited to, punitive damages; or
- 13.2.4.2 any loss of profit, loss of contract, loss of opportunity or loss of goodwill,
- and the *IESO* shall not assert or attempt to assert against a *market participant* any claim in respect of any of the losses or damages referred to in sections 13.2.4.1 and 13.2.4.2.
- 13.2.5 Nothing in this section 13.2 shall be read as limiting the right of the *IESO* to impose a financial penalty or other sanction including, but not limited to, the issuance of a *suspension order*, a *disconnection order* or a *termination order*, on a *market participant* in accordance with the provisions of these *market rules*.
- 13.2.6 The *IESO* shall have a duty to mitigate damages, losses, liabilities, expenses or costs relating to any claims for indemnification that may be made by the *IESO* pursuant to section 13.2.2 including, but not limited to, seeking recovery under any applicable policies of insurance to which the *IESO* or the *market participant*, as the case may be, is a beneficiary.

## 13.3 Force Majeure

13.3.1 Subject to section 13.3.14, the *IESO* shall not be liable to any *market participant* for any failure or delay in the performance of any of its obligations under these *market rules* or under the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual*, other than the obligation to make payments of money, to the extent that such failure or delay is due to a *force majeure event*, provided that the *IESO* shall only be excused from performance pursuant to this section 13.3.1:

13.3.1.1 for so long as the *force majeure event* continues and for such reasonable period of time thereafter as may be necessary for the *IESO* to resume performance of the obligation; and

13.3.1.2 where and to the extent that the failure or delay in performance would not have been experienced but for such *force majeure event*.

13.3.2 Subject to section 13.3.14, a *market participant* shall not be liable to the *IESO* for any failure or delay in the performance of any of its obligations under these *market rules* or under the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual*, other than the obligation to make payments of money, to the extent that such failure or delay is due to a *force majeure event*, provided that the *market participant* shall only be excused from performance pursuant to this section 13.3.2:

13.3.2.1 for so long as the *force majeure event* continues and for such reasonable period of time thereafter as may be necessary for the *market participant* to resume performance of the obligation; and

13.3.2.2 where and to the extent that such failure or delay would not have been experienced but for such *force majeure event*.

13.3.3 Neither the *IESO* nor a *market participant* may invoke a *force majeure event* unless it has given notice in accordance with section 13.3.4 or 13.3.5, respectively.

13.3.4 Where the *IESO* invokes a *force majeure event*, it shall give notice to *market participants* and shall *publish* notice of the *force majeure event* as soon as reasonably practicable but in any event within two *business days* of the date on which the *IESO* becomes aware of the occurrence of the *force majeure event*, which notice shall include particulars of:

13.3.4.1 the nature of the *force majeure event*;

- 13.3.4.2 the effect that such *force majeure event* is having on the *IESO's* performance of its obligations under these *market rules* or under the provisions of any policy, guideline or other document or referred to in section 7.7 or any *market manual*; and
  - 13.3.4.3 the measures that the *IESO* is taking, or proposes to take, to alleviate the impact of the *force majeure event*.
- 13.3.5 Where a *market participant* invokes a *force majeure event*, it shall give notice to the *IESO* of the *force majeure event* as soon as reasonably practicable but in any event within two *business days* of the date on which the *market participant* becomes aware of the occurrence of the *force majeure event*, which notice shall include particulars of:
- 13.3.5.1 the nature of the *force majeure event*;
  - 13.3.5.2 the effect that such *force majeure event* is having on the *market participant's* performance of its obligations under these *market rules* or under the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual*; and
  - 13.3.5.3 the measures that the *market participant* is taking, or proposes to take, to alleviate the impact of the *force majeure event*.
- 13.3.6 Subject to section 13.3.7, where the *IESO* or a *market participant* invokes a *force majeure event*, it shall use all reasonable endeavours to mitigate or alleviate the effects of the *force majeure event* on the performance of its obligations under these *market rules*.
- 13.3.7 The settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a *force majeure event* shall be within the sole discretion of the *IESO* or the *market participant*, as the case may be, involved in such strike, lockout, restrictive work practice or other labour disturbance and nothing in section 13.3.6 shall require the *IESO* or the *market participant*, as the case may be, to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.
- 13.3.8 Where the *IESO* invokes a *force majeure event*, it shall notify *market participants* and shall as soon as practicable *publish* notice of any material change in the information contained in the notice referred to in section 13.3.4 or in any previous notice given and *published* pursuant to this section 13.3.8.

- 13.3.9 Where a *market participant* invokes a *force majeure event*, it shall as soon as practicable notify the *IESO* of any material change in the information contained in the notice referred to in section 13.3.5 or in any previous notice given pursuant to this section 13.3.9.
- 13.3.10 Where the *IESO* invokes a *force majeure event*, it shall give notice to *market participants* and shall *publish* notice of the cessation of the *force majeure event* and of the cessation of the effects of such *force majeure event* on the *IESO*'s performance of its obligations under these *market rules* or under the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual*.
- 13.3.11 Where a *market participant* invokes a *force majeure event*, it shall give notice to the *IESO* of the cessation of the *force majeure event* and of cessation of the effects of such *force majeure event* on the *market participant*'s performance of its obligations under these *market rules* or under the provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual*.
- 13.3.12 The *IESO* shall *publish* any notice provided to it pursuant to section 13.3.5, 13.3.9 or 13.3.11.
- 13.3.13 Nothing in this section 13.3 shall be read as limiting the right of the *IESO* to impose on a *market participant* a sanction, other than a financial penalty, including but not limited to the issuance of a *suspension order*, a *disconnection order* or a *termination order*, in accordance with the provisions of these *market rules*.
- 13.3.14 Nothing in this section 13.3 shall excuse the *IESO* or a *market participant* from performing any of their respective obligations contained in:
- 13.3.14.1 those provisions of these *market rules* that govern the *IESO* and the *market participant* during an *emergency* or while the *IESO-controlled grid* is in a *high-risk operating state* or in an *emergency operating state*;
  - 13.3.14.2 those provisions of any policy, guideline or other document referred to in section 7.7 or any *market manual* that govern the *IESO* and the *market participant* during an *emergency* or while the *IESO-controlled grid* is in a *high-risk operating state* or in an *emergency operating state*;
  - 13.3.14.3 the *Ontario electricity emergency plan*;
  - 13.3.14.4 the *market participant's emergency preparedness plan*;

13.3.14.5 the *Ontario power system restoration plan*; or

13.3.14.6 the *market participant's restoration participant attachment*,

during an *emergency* or while the *IESO-controlled grid* is in a *high-risk operating state* or in an *emergency operating state*.

## 13.4 Contractual Liability

13.4.1 The liability and indemnification provisions of sections 13.1 and 13.2 and, where applicable, of any other section of these *market rules* other than this section 13, and the *force majeure* provisions of section 13.3 shall apply to any agreement or contract referred to in these *market rules* or in any policy, guideline or other document referred to in section 7.7 or any *market manual* to which the *IESO* and a *market participant* are parties or to the terms of which the *IESO* and a *market participant* are bound and to all acts or omissions of the *IESO* or the *market participant* in the exercise or performance or the intended exercise or performance of any power or obligation under such agreement, contract, policy, guideline or other document referred to in section 7.7 or any *market manual*. In the event of an inconsistency between such liability, indemnification and *force majeure* provisions and the liability, indemnification and *force majeure* provisions of such agreement, the liability and indemnification provisions of sections 13.1 and 13.2 and, where applicable, of any other section of these *market rules*, and the *force majeure* provisions of section 13.3 shall prevail to the extent of the inconsistency.

# 14. Exemptions

## 14.1 Scope of Exemptions

14.1.1 As provided in the *Electricity Act, 1998* an *exemption applicant* may apply to the *IESO* for an *exemption* from the application of any obligation or standard which is or may be imposed upon the *exemption applicant* or in respect of the *exemption applicant's facilities* or equipment pursuant to these *market rules*, *market manuals* or to any standard, policy or procedure established by the *IESO* pursuant to these *market rules*.

- 14.1.2 In this section 14, a reference to an *exemption applicant* shall, where the context so requires, be deemed to include a reference to an *exemption applicant* to whom an *exemption* has been granted by the *IESO Board*.

## 14.2 Application Process

- 14.2.1 An *exemption applicant* shall apply for an *exemption* in accordance with the practices and procedures established by the *IESO Board*.

## 14.3 Effect of Exemption and Monitoring

- 14.3.1 Failure by an *exemption applicant* to comply with any of the terms and conditions of an *exemption* imposed pursuant to an order of the *IESO Board*, including without limitation any amendments to such terms and conditions, shall constitute a breach of the *market rules*.

- 14.3.2 An *exemption applicant* to whom an *exemption* has been granted shall from time to time provide to the *IESO* such information as the *IESO* may request for the purposes of monitoring:

- 14.3.2.1 compliance by the *exemption applicant* with any terms and conditions of the *exemption*; and
- 14.3.2.2 the progress of implementation of the *exemption* plan forming part of the *exemption application*, as such *exemption* plan may be amended from time to time with the concurrence of the *IESO Board*.

## 14.4 Reconsideration, Removal or Transfer of Exemptions

- 14.4.1 Procedures for the reconsideration, removal or transfer of *exemptions* are included in the practices and procedures referred to in section 14.2.1.

## 14.5 Costs

- 14.5.1 Where the *IESO Board* has established and included in the practices and procedures referred to in section 14.2.1 the manner in which the *IESO* will recover from each *exemption applicant* the costs of processing its *exemption application* and, where a panel of the *IESO Board* so decides as a term or condition of the *exemption*, an *exemption applicant* other than the *IESO* shall submit to the *IESO* such costs, commit to the *IESO* in such form as the *IESO*

considers appropriate to pay such costs, or both, in the manner specified in the practices and procedures referred to in section 14.2.1.

- 14.5.2 Where the removal or reconsideration of an *exemption* granted to a *pre-existing facility or equipment* prior to *market commencement date* was prompted as a result of the activities of one or more *market participants* and the *IESO* determines that such *market participant(s)* will benefit from the removal or reconsideration of the *exemption*, unless the costs to be incurred by the *exemption applicant* to comply with the standard of obligation to which the *exemption* relates or with the amended terms and conditions of the *exemption* as the case may be, are recoverable by means of a process or procedure mandated by the OEB, costs shall be recovered from each such *market participant* on a pro-rata basis based upon the *IESO's* assessment of the benefit accruing to each such *market participant* from the removal or reconsideration of the *exemption*. No costs shall be recoverable in respect of the removal or reconsideration of an *exemption* granted after the *market commencement date*.
- 14.5.3 The costs that may be collected and remitted pursuant to section 14.5.2 shall be calculated by the *IESO* by subtracting from the costs to be incurred by the *exemption applicant* to comply with the standard or obligation to which the *exemption* relates or with the amended terms and conditions of the *exemption*, as the case may be, the value of any benefit determined by the *IESO* as accruing to the *exemption applicant* as a result of its compliance with such standard or obligation or such amended terms and conditions.
- 14.5.4 Where an *exemption* was granted to a *pre-existing facility or equipment* prior to *market commencement date* but section 14.5.2. is not applicable, the costs will be recovered from one or more of the following classes of *market participants* as determined by the *IESO*:
- 14.5.4.1 all *market participants* on a pro-rata basis based upon their respective allocated quantities of *energy* withdrawn at all *delivery points* determined in accordance with Chapter 9, during such period as may be specified by the *IESO*;
- 14.5.4.2 all *market participants* on a pro-rata basis based upon their respective allocated quantities of *energy* injected at all *delivery points* , determined in accordance with Chapter 9, during such period as may be specified by the *IESO*;
- 14.5.4.3 all *market participants* on a pro-rata basis based upon their respective allocated quantities of *energy* withdrawn at all *intertie* metering points, determined in accordance with Chapter 9, during such period as may be specified by the *IESO*; and

- 14.5.4.4 all *market participants* on a pro-rata basis based on their respective allocated quantities of *energy* injected at all intertie metering points, determined in accordance with Chapter 9, during such period as may be specified by the *IESO*.

## 14.6 Need for Rule Amendment

- 14.6.1 Where the *IESO* determines that the benefit of an *exemption* should be extended to all *market participants* or persons or to a class of *market participants* or persons the *IESO* may:
- 14.6.1.1 where the *exemption* was granted prior to the date on which section 4 of Chapter 3 comes into force, recommend to the *IESO Board* that it advise the *Minister* that an *amendment* to the *market rules* be made accordingly; or
- 14.6.1.2 where the *exemption* was granted after the date on which section 4 of Chapter 3 comes into force, recommend to the *IESO Board* that the *amendment* process set forth in section 4 of Chapter 3 be initiated with a view to *amending* the *market rules* accordingly.