Draft language for regulation:

xx. For the purposes of Section 23(1) and (2) of the Act, the IESO will determine the IESO deferral monthly, which IESO deferral may include the following amounts:

1. The difference between (i) the sum of all amounts that would have been payable in a month by electricity vendors and specified consumers pursuant to the *Electricity Act, 1998* and the market rules made under section 32 of the *Electricity Act, 1998* if rates had not been determined pursuant to sections 7 and 8 of the Act and (ii) the sum of all amounts payable in such same month by specified consumers to electricity vendors as a result of rates determined pursuant to sections 7 and 8 of the Act. **[NTD: intent of these changes is to make it clearer that the shortfall is not payable by electricity vendors to IESO, and in turn therefore clearer that IESO does not need to invoice for the difference (potential issue under the market rules). Also, IESO may not bill the total amount, just the reduced amount. Or it may be IESO will invoice the total amount and then record an offsetting adjustment.]**

2. The IESO costs of financing required in connection with funding the difference referred to in paragraph 1;

3. Amounts incurred by the IESO on or after May 1, 2017 and before section 23 of the Act came into force relating to [early implementation of the government's fair hydro plan] **[NTD: may want to reword wording in brackets]**;

xx. For the purposes of paragraph 3 of subsection 24 (1) of the Act, the IESO may record the following adjustments in the variance account:

1. Any amounts the IESO pays to a Financing Entity in respect of a period when all or part of the Clean Energy Adjustment is not permitted by this Act to be recovered from specified consumers. **[NTD: subject to confirmation that the IESO will be paying these amounts.]**

2. Any variance account balances in variance accounts established and maintained pursuant to section 25.33(7) of the Electricity Act, 1998 for the period prior to May 1, 2017. **[NTD: Subsection 3 above should address post May 1/17 balances, but the IESO may need this to address pre-May 1/17 balances that were not cleared – since subsection 3 is pursuant to s 23(2) of Act which only allows for deferral amounts "incurred by the IESO on or after May 1, 2017".]**