

FYI - Standing Committee on Justice Policy

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Attachments: FairHydroPlan_en.pdf (1.32 MB)

Good afternoon,

Just flagging committee business from earlier today. The Standing Committee on Justice Policy defeated MPP Ross Romano's motion to undertake a study of the IESO's operations. He questioned the IESO's accounting, independence, and records retention and document production practices.

No media coverage so far – this item was to be discussed at 4 p.m. today, but the committee dealt with the motion around 10 a.m.

Motion: "That the Standing Committee on Justice Policy undertake a study of the operation of the Independent Electricity System Operator and report on the agency's accounting practices, record retentions, variance accounts, production of documents, and contract management." (*transcribed from recording*)

MPP Romano said the Auditor General's report on the Fair Hydro Plan raises several concerns about the operations of the IESO and its independence as a system operator. He cited:

- The Auditor General's comments on the deferred approval of the IESO's financial statements and restatement to include regulatory assets and market accounts; and her audit opinion on the government's accounting in its own consolidated financial statements;
- He noted it's "almost unprecedented for a supposedly independent agency to recall its books, which have already been presented to that agency's board of directors, in place of a new set of books under an unapproved Canadian accounting standard" and said the practices call into question the IESO's independence as a market regulator and system operator.
- On records retention, he drew a contrast between opposition parties and media FOI requests coming back with "no records correspond" or no response, and statements by the minister and DM in the House and Estimates committee about expert advice provided. He said it calls into question records retention practices and document production practices.
- He also mentioned the ministry refusing to provide documentation on its revised estimates on the amount of debt to be taken on as part of the plan, and that it disclosed its revised estimate after the AG report release.
- He also noted the committee must investigate whether the assets tied to contracts the IESO holds can be effectively managed over a longer time.

MPP Cristina Martins said the Standing Committee on Estimates heard testimony on the IESO's accounting practices "at length." She noted that "while the Auditor General is welcome to her opinion, our plan has been approved by her peers at some of Canada's top accounting firms, including Ernst and Young, KPMG, and Deloitte." She also mentioned the government consulting "numerous third party advisers in the application of accounting standards."

MPP Martins cited further presentations at Estimates on why IESO changed to rate-regulated accounting (to keep the cost of investment in the electricity sector on the rate base not the tax base); how the change increases transparency; and how the change is in line with accounting practices followed by other independent system operators in North America, and the steps they took to verify the accounting change.

She then mentioned the number of records the IESO provided to the AG's office (more than 1,200), and mentioned that the Ministry of Energy released 30,126 records to the AG's office.