In 2016, the Independent Electricity System Operator (IESO) began recognizing its market accounts' assets (amounts due from power distributors) and liabilities (amounts due to power producers) in its financial results. IESO has chosen to recognize these market accounts on its books for transparency reasons, as it better reflects the financial position of the IESO-administered markets at year-end. This change was supported by the IESO's audit committee, its independent external auditor, and by the Office of the Provincial Controller. This change also has no impact to the province's annual deficit, net debt or accumulated deficit.

The financial statements of the IESO for the year-ended December 31, 2016 were subject to an external audit and received an unqualified (or clean) opinion.

This accounting is consistent with the presentation used previously by the Ontario Power Authority (which was merged with the IESO on January 1, 2015) in its financial statements, which was not subject to qualification from the Office of the Auditor General at that time.

Commented [MA(1]: SCOPA – Feb 2018 language (fully approved as part of the committee prep process).

Changes made to the IESO's accounting practices hinge on a technical disagreement regarding the agency's use of rate regulated accounting. As the change has brought greater transparency to $17b worth of transactions, and is consistent with the accounting practices of the IESO's predecessor, the OPA, the government believes the current accounting treatment is the most appropriate and transparent.

Commented [MA(2]: Proposed language from MO/PO today.

Changes made to the accounting practices of the Independent Electricity System Operator (IESO) now recognize market accounts on its books. These changes better reflect the financial position of the IESO-administered markets at year-end, and have brought greater transparency to $17 billion in transactions. This change also has no impact to the province's annual deficit, net debt or accumulated deficit. It is also consistent with the accounting presentation used previously by the Ontario Power Authority (OPA), which was merged with the IESO in 2015. The financial statements of the IESO have received a clean audit opinion, and the government believes the current accounting treatment is the most appropriate and transparent.

Commented [MA(3]: TBS Communications has developed this language, working with the SCOPA and MO/PO language as a starting point. Can we craft something asap this morning that is a bit more concise but also aligns with factually accurate info (SCOPA) and the desire to communicate about the IESO/OPA transparency piece (MO/PO)?