Cost for IESO Variance Account

This section describes the calculation of the sixth term of Equation 1:

$$C_{RPP} = M + \alpha\,[(A - B) + (C - D) + (E - F) + G] + H$$

The IESO incurs direct costs to carry the RPP-related variance account. The IESO must pay interest on any negative variances. The IESO also credits the variance account with interest earned on any positive balances. Interest amounts can be forecast using the forecast of variance over the year and an assumption of the interest rates the IESO would earn or pay, given its credit rating.

The IESO does not currently allocate any other specific operating costs to the administration of its RPP-related variance account.