

Regulated assets consist of the following:

As of December 31 (in thousands of Canadian dollars)

	2016	2015
	\$	\$
Unrecovered smart metering expenses	21,623	40,849
Unrecovered PSAB transition items	43,441	47,353
Closing balance	65,064	88,202

In addition, as of January 1, 2016, the IESO changed its accounting policy regarding the recognition of market accounts assets and liabilities on the statement of financial position. The change was made to better reflect the assets and liabilities and amounts due to and from market participants held by the IESO on behalf of the IAM at year end. This change has been applied retroactively and has increased amounts previously unrecorded for market accounts assets and liabilities. There is no impact to the accumulated deficit or revenues and expenses as the IESO is not party to these transactions as per the market rules.