Message

From: Anthony Martinello [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=3FB7D76317B34780B15D96309B995C31-ANTHONY MAR]
Sent: 2018-03-20 3:06:03 PM
To: Jeannette Briggs [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=148095610f7242f48a5a9da24b1a8a87-Jeannette B]; Michael Boll [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=4811917e15054407b665fe16d12ff415-Michael Bol]
Subject: RE: Market Rules Question on Default Levy

My suggested edits and/or comments in yellow highlight. And Kim needs to review and ensure ok before releasing.
Regards

From: Jeannette Briggs
Sent: March 20, 2018 12:51 PM
To: Anthony Martinello; Michael Boll
Subject: FW: Market Rules Question on Default Levy

Here are my suggestions, even took a stab at the risk but what your take Anthony – tried to keep it high level:

Given that:

(a) The Fair Hydro Plan is not part of the IESO Administered Markets settlement requirements – however chapter 9 section 1.2.1 states, the IESO shall with respect to determining, collecting, and remitting applicable settlement amounts, comply with Electricity and OEB Acts and related regulations Anthony: No edits or comments. ; and
(b) The Ontario Fair Hydro Plan Act, 2017 along with the associated Regulations (O. Reg. 206/17, O. Reg. 196/17, and O. Reg. 195/17) and amendments to the Electricity Act, 1998 and OEB Act, 1998 directs the IESO settlement requirements; and
(c) Payments by the IESO to generators with a procurement contract (defined in the Electricity Act) are not made pursuant to the market rules; and
(d) The IESO receives and pays cash from IESO Administered Market participants pursuant to the market rules for certain transactions;

~~(i)~~ Then, why are the balances pertaining to the settlement process for transactions pursuant to each of the above presented on the same IESO balance sheet line items (i.e. Market accounts – assets and Market accounts – liabilities) as at December 31, 2017? "Market accounts" are inclusive of ~~all~~ charges from the settlement process which includes those noted in (a) above. ~~and therefore would be reflected IESO balance sheet line items.~~

(ii) Are the risks (not the administrative settlement processes) around the cash flows for the IESO and relevant electricity market participants in each case above identical to each other? The IESO has disclosed all appropriate material risks (liquidity, credit, market, etc.) in the IESO's audited financial statements and/or notes thereof. ~~No~~

~~*(iii)*~~ (iii) If the risks to IESO and the relevant electricity market participants are not identical, then please explain how they are each different. The IESO has disclosed all appropriate material risks (liquidity, credit, market, etc.) in the IESO's audited financial statements and/or notes thereof. Risks pertaining to each third party (such as those of market participants, or the Fair Hydro Trust etc.) should be addressed in their own respective financial statements. ~~Market Participants share in the risks around cash flows for IAM transactions. Market Participants do not share in the risks of cash flows for the Fair Hydro Plan. IESO is permitted to include their borrowing costs in the regulatory asset and once transferred to the Fair Hydro Trust, the variance is not reflected in Market Accounts and the IESO recovers all outstanding costs.~~

In 2018 we could consider updating the note disclosure to include the highlighted which would be clearer to the reader as Market accounts do include what the market rules permit and this means legislation and regulation through Chapter 9 section 1.2.1

e) Market accounts –assets and liabilities
The IESO records the market accounts, assets, liabilities and amounts due to and from the market participants held on behalf of the IAM, legislation or regulation in its statements of financial position. The IAM is a balancing system and, as such, the net position of market accounts will settle to a $nil balance in accordance with market rules.

Regards,

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