



Market Rule Amendment Proposal

PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00411-R00		
Subject:	Settlement Accounts		
Title:	Allocation of IESO Adjustment Account		
Nature of Proposal:	☒ Alteration	☐ Deletion	☐ Addition
Chapter:	9	Appendix:	N/A
Sections:	6.18		
Sub-sections proposed for amending:	6.18.6		

PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	Sept. 23, 2014
2.0	Publish for Stakeholder Review and Comment	Oct. 2, 2014
3.0	Submitted for Technical Panel Vote	Oct. 28, 2014
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

Summary

The IESO proposes to amend the market rules to change the options for allocating funds in the IESO's adjustment account. This proposal would:

- Add an option to allow a distribution to market participants of the IESO's adjustment account credit balance; and
- Delete the existing option to use the balance to reduce the IESO administration charge in the following year.

The intent of the existing option was to use funds in the adjustment account to reduce costs for market participants by applying any credit balances to reduce the IESO administration charge in the following year. The proposed changes would allow for a more direct and timely means of returning funds to market participants.

Background

The IESO's adjustment account was established prior to market opening (pursuant to a market rule¹) to receive and disburse payments from penalties, damages, fines and payment adjustments arising from resolved settlement disputes, and to reimburse the IESO for any associated costs or expenses.

At least annually, the IESO Board of Directors is required to review the allocation of the account balance. Among other things, the IESO Board may direct that some or all of the balance be used to reduce the IESO administration charge in the following year. However, this option has never been used.

In order to provide a more direct means of returning funds to market participants, it is proposed to delete this option and replace it with an option whereby the IESO Board may approve that some or all of any remaining credit balance be distributed to market participants on a basis to be determined by the IESO Board.

Discussion

It is proposed to amend the market rules, Chapter 9, section 6.18.6.3 "Settlement Accounts" to remove the option to use the adjustment account balance to reduce the IESO's fee in the following year and to add an option to allow a distribution, on a basis to be determined by the IESO Board, of some or all of

¹ Chapter 9, section 6.18.6 of the market rules

PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

the account balance to market participants.

PART 4 – PROPOSED AMENDMENT

Chapter 9

6.18 Settlement Accounts

- 6.18.6 The *IESO* shall open and maintain the *IESO adjustment account*, which *account* shall operate as follows:
- 6.18.6.1 the *IESO adjustment account* shall be a single bank account established to receive and disburse payments related to penalties, damages, fines and payment adjustments arising from resolved *settlement* disputes, and to reimburse the *IESO* for any associated costs or expenses;
 - 6.18.6.2 any amounts paid into the *IESO adjustment account* by *market participants* shall first be applied to reimburse the *IESO* in respect of any costs or expenses described in section 6.18.6.1 which it has or will incur. Any remaining amount shall be credited to the *IESO adjustment account*; and
 - 6.18.6.3 the *IESO Board* shall review, at least annually, the allocation of any credit balance of the *IESO adjustment account*, and may:
 - a. establish an amount to be retained in the *IESO adjustment account*;
 - b. direct that some or all of the credit balance be applied to special education projects or initiatives; and/or
 - c. direct that some or all of the balance be used to reduce the *IESO administration charge in the following year distributed to market participants* on a basis to be determined by the *IESO board*.

PART 5 – IESO BOARD DECISION RATIONALE

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