

<u>IESO Administered Market Settlement</u>	<u>Government Legislation and Regulation Settlement</u>
At the heart of the IESO settlements systems is the meter data management system. The revenue meter data collected daily from the 4500 meters around Ontario undergo a validation, editing, and estimating process before it can be used for settlement.	The IESO also acts as a settlement agent for various government and/or regulatory programs and initiatives. The most notable government initiative settled by the IESO is the Global Adjustment. However, other programs include Rural or Remote electricity Rate Protection (RRRP), Ontario Rebate for Electricity Consumer (OREC), Ontario Electricity Support Program (OESP), Distribution Rate Protection (DRP), First Nation Delivery Credit (FNDC), Debt Retirement Charge (DRC), Northern Industrial Electricity Rate Program (NIERP) and Ontario Fair Hydro Plan (OFHP).
The IESO uses the meter data and intertie schedules to determine revenue owed to suppliers and costs to consumers, as well as associated charges based on MWh. Most charges are calculated by our Commercial Reconciliation System with some calculated by Settlement tools that are built and operated following IT standards for risk and control as both are subject to the biennial Settlement Audit.	Some of the data required to settle these programs is provided by the local distribution companies and is subject to audit by the Ontario Energy Board. The IESO by license does not have any responsibilities for accuracy, or completeness of these submissions. The IESO does have authority to set the timing and details of submissions. We often work with the Ministries and OEB to set out the reporting requirements and accordingly gather the data.
Charges are 5- minutes, hourly, daily or monthly and described in detail in the IESO's web posted Charge Types and Equation document - the document provides formulas and variable definitions.	Charges are all monthly and included in the Charges Types and Equations document.
In 2016, the IESO settled \$4.7B • \$2.6B in energy charges, • \$112M in CMSC • \$54M in operating reserve charges • \$64M in ancillary service charges • \$180M in IESO fee • \$45M in demand response • \$106 M in Other • \$1.6B in transmission charges.	In 2016, the IESO settled \$12.9B: • \$12.3B in Global Adjustment (OEFN NUGs \$842M, OPG Prescribed Assets \$3.5B, Bruce \$2.4B, Contracted \$3.3B, IEI \$60M, LDC Fit/MicroFit \$1.9B, Conservation \$307M) • \$175M in RRRP • \$154M in OESP • \$122M in DRC • \$109M in NIERP

The entire settlement process is governed under the market rules, market manuals and is subject to stakeholder review for the implementation of any changes. However, settlement mandated by legislation and regulation goes beyond the timing limitations of the market rules in terms of possible re-settlement as the details of this settlement are not contained within our market rules.