

Memorandum

April, 2017

MEMORANDUM TO: The Board of Directors
of the Independent Electricity System Operator

FROM: Jeannette Briggs
Director, Settlements

RE: Briefing Note – Metering and Settlements

The purpose of this memo is to provide an overview of the metering and settlements activities that the IESO undertakes within the IESO-administered market, under government regulation, or on behalf of the Ministry of Northern Development and Mines (MNDM).

In settling transactions within the IESO-administered market, under government regulation, the IESO receives money from participants (e.g. local distribution companies, directly connected wholesale consumers, embedded wholesale consumers, retailers) or provincial revenues, and pays that money out to other participants (e.g. generators, importers, program participants).

Other Settlement Activities

The IESO also performs settlement activities on behalf of Ministries:

- Northern Industrial Electricity Rate (NEIR) program under a service level agreement with Ministry of Northern Development Mines. The NEIR program provides a rebate of up to \$20 per MWh of energy consumption to qualifying businesses in northern Ontario that commit to increasing energy efficiency.
- Ontario Electricity Support Program (OESP) as of January 1, 2016, monthly electricity bills for eligible low-income families were reduced by \$20 to \$50 per month based on a 'sliding scale' which links household income, family size and, for some, energy use. As part of the Ontario Fair Hydro Plan, this program eligibility will be expanded to increase credits to cover more low income Ontarians. OESP is funded by provincial revenues.
- Ontario Rebate for Electricity Consumers (OREC) is an 8% reduction of the bills of Regulated Price Plan (RPP) eligible consumers plus a small additional group of consumers defined under regulation. OREC is funded by provincial revenues
- Rural or Remote electricity Rate Protection (RRRP) for Hydro One R2 residential customer receive a rate subsidy starting July 1, 2017 funded by provincial revenues.
- First Nations On-Reserve Delivery Credit eliminates the delivery charge for all on-reserve First Nations households and removing the monthly service charge for customers of licensed distributors which charge a bundled rate. This credit begins July 1, 2017 funded by provincial revenues

The IESO undergoes a comprehensive external audit on the controls for its settlement processes and procedures (Canadian Standard for Assurance Engagements 3416) every two years. We have recently completed an unqualified audit for period January 1, 2017 to June 30, 2017. A final report was made available for Board review in August 2017.

I would be happy to answer any questions that you may have regarding Settlements.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Briggs". The signature is written in a cursive, flowing style.

Jeannette Briggs
Director, Settlements