Message

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**Sent**: 2017-08-08 1:03:51 PM
**To**: Susan Nicholson [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=f668e601bd2b4865a5c31dca531047c8-Susan Nicho]
**Subject**: 8 Other ISOs

Hi Susan,

In the FHP documents, I see we say eight other ISOs in North America are using regulated accounting. Do you know which ones we are referring to? I see a table (below) where we are compared to eight others, but only 6 of those appear to recognize regulatory balances. Can you clarify?

Thanks,
Kate

| | **IESO** | **AESO** | **ISO New England** | **NYISO** | **MISO** | **PJM** |
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| **Location** | Ontario | Alberta | US | US | US | US |
| **Accounting framework** | PSAS | IFRS (transitioned in 2015) | US GAAP + ASC 980 | US GAAP + ASC 980 | US GAAP + ASC 980 | US GAAP + ASC 980 |
| **Auditors** | KPMG | EY | KPMG | KPMG | EY | PWC |
| **Type of organization** | Not-for-profit | Not-for-profit | Not-for-profit | Not-for-profit | Not-for-profit | LLC, non-stock company |
| **Subject to income tax** | No | No | No | No | No | Yes |
| **Capital structure** | No share capital, accumulated deficit of $97m | No share capital and no equity | No share capital and no equity | No share capital and no equity | No share capital and no equity | Paid in capital of $1m and retained earnings of $7m |
| **Governance** | Independent board | Independent board | Independent board | Independent board | Independent board | Independent board and Members committee |
| **Regulator** | OEB | AUB | FERC | FERC, NY State Dept. of Public Service Commission | FERC | FERC |
| **Recognized regulatory balances** | Not recognized | Assets: $25m; Liabilities: $1m | Assets: $65m; Liabilities: $2m | Assets: $14m; Liabilities: $15m | Assets: $24m; Liabilities: $-m | Assets: $12m; Liabilities: $7m |

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| **Description of revenue** | System fees based on approved rates for each MGW of electricity withdrawn from the IESO-controlled grid and embedded generation | Three types of charges: transmission tariff, energy market charge and load settlement charge | Recover its operating and debt service costs in tariff | Tariffs allow recovery of capital requirements, operating expenses and debt service costs through a surcharge to market participants. Revenue is recognized for net financing obligations and capital costs incurred based on revenue requirement formula in the tariffs. | Tariff include cost recovery adder for transmission services cost, energy market support service cost and ISO cost recovery. | Recognizes revenue as amounts billed and unbilled under PJM and PJM settlement's tariff rate schedules |
| **Policy for the transactions related to market participants** | IESO does not include the financial transactions of market participants within the IESO-administered markets | Based on discussion with the CFO, AESO does not recognize the assets and liabilities nor the revenue and expenses related to the energy costs | Accounts payable on the Statements of Financial Position are segregated between (i) the amounts owed for energy transactions and transmission, for which the ISO functions as paying agent, which are included in the accounts payable as "settlement, net," and (ii) the administrative expenses incurred by the Company in the course of operations. The reference to "settlement, net" is used due to the nature of billing and payment for the amounts owed for energy transactions | Settlements of market participant's energy transactions are not reflected in NYISO's Statements of Activities since they do not represent revenues or expenses of NYISO, as NYISO merely acts as an intermediary in the settlement process. In this role, NYISO receives and disburses funds from and to market participants for each settlement period. Effective July 1, 2012, NYISO's two FERC-approves tariffs, the Open Access Transmission Tariff (OATT) and the Market Administration and Control Area Services Tariff (services Tariff), | Not clear policy. The cash collateral deposits represent funds from customers that provide cash collateral as a form of financial assistance to secure the customers' performance under the terms and conditions of the Tariff related to the purchase of transmission service, market services, ancillary services, and related products or services. All restricted cash items are offset by liabilities on the balance sheets. The cash and cash equivalent collateral deposits less interest are offset in restricted deposits. Collection on the Assessment Fee is offset by the FERC assessment liability. The remainder of restricted cash and cash equivalents is offset in the market participant liability. | Present member activity for which PJM settlement is the central counterparty, including A/R, A/P, financial transmission rights, revenue and expense, on a net basis |

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| | | | and transmission markets, and represents the customer's net amount due, less any amounts which may have been owed to them. | were amended to clarify NYISO's role as the single counterparty to market participant transactions in the NYISO markets. For all market participant transactions in the NYISO markets, flash title passes through NYISO immediately prior to passing to the ultimate buyer and seller of the product. This arrangement reinforces NYISO's authority to continue to net a market participant's offsetting financial positions in NYISO markets for credit and billing purposes; provides clarity in NYISO's legal standing to pursue collection from a bankrupt market participant and, also complies with the FERC directives on credit policy requirements for competitive wholesale electricity markets. | | |
| **Revenue in connection with the settlements of market participants** | Not recognized | Not recognized | Not recognized | Not recognized | Not recognized | Not recognized |

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| **Financial positions recognized** | Not recognized | Not recognized | Amounts owed for energy transactions and transmission for which ISO functions as a paying agent. Security deposits - $161m and related deposit payable - $176m; A/R $28m; A/P settlement, net - $23m | Restricted cash - $353m; Market participants security deposits due $257m, A/R - settlement invoices $24m, Market participant prepayments $8m | Restricted cash deposits - $550m and related deposit payable - $500m; Billed and unbilled schedules 10/16/17 - $23m; market participant liabilities - $29m | Deposits on hand - $1,143m and related due to members - $1,143m. Due to members $198m. |
| **Consolidated by the province or state** | Yes | No. | | | | |

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