In partnership with our auditors, KPMG, the IESO has undertaken a review of its accounting policies under Public Sector Accounting Standards with the objective of ensuring that our statements accurately reflect the IESO's activities and best serve user needs. This review included consideration of the accounting policies utilized in other accounting standards; the practices of other entities in Ontario in the electricity sector; the practices of entities in other sectors with the agent accountabilities similar to the IESO and the practices of other system operators in North America.

As a result of the review, Management is recommending changes in the IESO accounting policy which will result in a more appropriate presentation of events or transactions in its financial statements. Specifically, the changes recommended are:

1. Recording Market Accounts assets and liabilities on the IESO balance sheet

2. Adoption of regulated accounting principles

Management believes that these changes result in financial statements that are more transparent and consistent with the general reporting practice in the electricity sector. Given that the IESO's corporate financial statements are consolidated into the Provincial Government statements, the IESO has been in contact with the Provincial Controllers office, which is in agreement with our approach.

The audited IESO financial statements are usually filed with the Auditor General in May, subsequent to Board approval and filing with the Ministry of Energy. Consideration is being given to a more proactive approach this year given a change in policy. This will be discussed in more detail with the Audit Committee.