Message

From: Michael Boll [/O=EXCHANGELABS/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=4811917E15054407B665FE16D12FF415-MICHAEL BOL]
Sent: 2018-03-16 10:40:56 AM
To: John Rattray [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=0c3134c1c2744b1ea8ff0e5ddd13dfe4-John Rattra]; Jo Chung [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b7b0fc3e2c1244dc8c436312df523ecd-Jo Chung]
CC: Rebecca Short [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=b8962b65533a42a4a89ba9679d53b637-Rebecca Sho]
Subject: RE: Market Rules Question on Default Levy

Yes, I agree.

From: John Rattray
Sent: March 16, 2018 10:32 AM
To: Michael Boll; Jo Chung
Cc: Rebecca Short
Subject: RE: Market Rules Question on Default Levy

Michael:

Would you also suggest updating the language of C9 s 1.2.1 and s 1.2.3 to reference "comply with the relevant provisions of legislation, including without limitation, the *Electricity Act, 1998*…"

John

From: Michael Boll
Sent: March 16, 2018 10:23 AM
To: Jo Chung
Cc: John Rattray; Rebecca Short
Subject: RE: Market Rules Question on Default Levy

Hi Jo,

I've worked through your analysis and agree with it. I also had a further discussion with Jeannette. What we should consider is whether Chap 9, section 1.1.2 should be amended to more broadly refer to laws, rather than only Electricity Act and OEB Act. We have seen additional legislation and regulation over the past few years that impacts settlements, such as Ontario Rebate for Electricity Consumes Act and Ontario Fair Hydro Plan Act. My suggestion would be to amend section 1.1.2 to read something like the following:

1.1.2 This chapter sets out the respective rights and obligations of the *IESO* and of *market participants* in determining, billing for and effecting payment in respect of financial obligations arising from the *IESO-administered markets*, other provisions of the *market rules*, and legislation including without limitation the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998*, including the following:

Michael

From: Jo Chung
Sent: March 15, 2018 5:13 PM
To: Michael Boll
Cc: John Rattray; Rebecca Short
Subject: Market Rules Question on Default Levy

Michael,

I received a question from Jeannette Briggs today on the relevant section of the market rules which gives the IESO the authority to issue a default levy for charges based on Regulations, such as the global adjustment.

Prior to sending anything to Jeannette, I wanted to request your review of our rules analysis, as I understand you've been involved in assisting Jeannette with this matter.

In summary:

- Ch 2 section 8 specifies "any amounts owing to the IESO under the market rules" shall be recovered by the IESO via a default levy for amounts not paid in full by a defaulting MP;
- Section on the calculation of a default levy uses Ch 11 definition of "*invoice*" which contains "*settlement amount*," which is defined as any amount to be paid by an MP in accordance with Chapter 9;
- Chapter 9, section 1.2.1 contains the existing overarching rule which allows settlement of charges based on Regulations (note: MR-00434: Regulated Settlement – Deletion of Rural and Remote Settlement and Debt Retirement Charge is current market rule amendment file that provides further clarification on the IESO's authority to bill amounts based on Regulations within existing section 1.1.2 of Ch 9)

I will be out of the office tomorrow, but will be checking my emails periodically. My work cell is 905-466-1860 if you'd like to discuss.

Jo

Ch 2 section 8 – Default Levy:

8.1.1 The *IESO* shall be entitled to recover, by means of the imposition of a *default levy* on *non-defaulting market participants,* in accordance with this section 8, the aggregate of any amounts owing to the *IESO* under the *market rules* which have not been paid in full by the *defaulting market participant* and the costs and expenses reasonably incurred by the *IESO* in investigating the default in payment, in realizing on any applicable *prudential support* and in implementing the *default levy*.

8.3 Calculation of Default Amount and First Default Levy

8.3.1 For the purposes of section 8.2.3.3, the *market participant's default amount* shall be the aggregate of:

8.3.1.1 the net *invoice* amount payable by the *defaulting market participant* for the *billing period* in respect of which payment has not been received within the time specified in section 8.2.2, exclusive of any amounts payable on account of financial penalties or damages;

Chapter 11 Definitions

invoice means an invoice from the *IESO* to a *market participant* which sets forth a *settlement amount*;

settlement amount means any amount of money to be paid by or to a *market participant,* determined in accordance with Chapter 9;

Ch 9 section 1.2.1 – overarching rule which allows settlement of charges based on Regulations

1.2 Regulated Settlement Amounts and Related Payment Charges

1.2.1 Notwithstanding any other provision within the *market rules*, the *IESO* shall, with respect to determining, collecting and remitting applicable *settlement amounts*, comply with the relevant provisions of the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, and any related regulations, as amended from time to time.

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