Appendix – Definition of Market Assets and Liabilities

1) Cash, restricted for market activities
   These accounts include incoming and outgoing cash for all market-related activities. Separate cash accounts are maintained for specific Market programs such as: Transmission Rights, Ontario Electricity Support Program, Rural or Remote Rate Protection, Regulated Price Plan and Enforcement, Adjustment, Prepayments, Prudential Cash Deposits and Cash from Demand Response auctions.

2) Market Accounts Receivable
   This account is comprised of billed and accrued receivables to be received from Market Participants.

3) Net Congestion Rent Receivable/Payable
   Market Participants bid in a Transmission Right (TR) auction to win rights over specific transmission lines over a specific period of time (typically 1 month or more). During this time they have temporary rights to collect payments should there be any congestion. This account holds the balance of the congestion rents either import or export congestion that is not paid to TR holders but calculated through settlements.

4) Global Adjustment Other Charges Receivable/Payable
   This account includes costs incurred for the Conservation program, Funds program, Liquidated Damages and Greenfield. These charges are processed through the corporate accounts payable and then recovered through Global Adjustment each month.

5) Interest Receivable
   Interest is earned and accrued on cash and short-term investments on a monthly basis. This account contains the interest that has been accrued until it is received from the banks/securities in the following month.

6) Regulated Price Plan Variance (to become Unrecovered Global Adjustment Expenses)
   Prices for the Regulated Price Plan (RPP) consumers are set every six months by the OEB based on a forecast of the cost of power over the next year. The IESO tracks the variance between the forecast and the actual cost of power in this account. Effective July 1st the rate set by the OEB will be reduced as part of the Ontario Fair Hydro Plan and the resulting regulated asset will be transferred to the financing entity.

7) Revolving Line of Credit
   The IESO has a $975 million Ontario Financing Authority (OFA) credit facility, which is used to fund market liquidity and programs for the Ontario Fair Hydro Plan at a variable interest rate of the Province of Ontario's cost of borrowing for a 30 day term plus 0.25% per annum.

8) HST Receivable/Payable
   This account represents the monthly HST that is either receivable or payable to the CRA.

9) Market Accounts Payable
   This account is comprised of billed and accrued payables to be paid to Market Participants.

10) Prepayments
Market Participants trading in the Financial and Physical markets maintain a deposit or margin call with the IESO. These deposits are used and replenished as the Market Participants are invoiced each month and when they reach their minimum deposit threshold.

11) Market Interest Payable to IESO Corporate
Interest earned on the Market Investment accounts accumulates and is transferred to the corporate ledger at the end of each year.

12) Market Penalties Payable to IESO Corporate
Penalties imposed on Market Participants as a result of late payments are transferred to the corporate ledger at the end of each year.

13) Provision for Future Transmission Rights Activity
In its operation of the Transmission Rights market, on a periodic basis, the IESO will conduct an auction of Transmission Rights. Successful bidders will obtain Transmission Rights for a period of time that will entitle the holder to receive a payment from the IESO equal to the difference between the hourly Ontario energy price and a neighboring jurisdiction (e.g., Ontario/ New York, Ontario/ Quebec, etc.).

14) Provision for Future Ontario Electricity Support Program Activity
The OESP portion of the Ontario Fair Hydro Plan became effective on May 1, 2017. Although the program will eventually be funded by the provincial revenues, the initial funding from the IESO will come from the balance in this variance account which was collected between January 1, 2016 to May 1, 2017.

15) Provision for Future Rural or Remote Rate Protection Activity
The Rural or Remote Rate Protection (RRRP) is a surcharge on all electricity purchasers in Ontario. It is used to fund the Rural and Remote Settlement Credit, which is paid to distributors in rural and remote areas to subsidize their purchases of electricity. This account maintains the variance between what was received and what was paid out under the RRRP program. A portion of the program was moved to the provincial revenues effective July 1, 2017 as part of the Ontario Fair Hydro Plan.

16) Provision for Future Enforcement Activity
This account receives and disburses penalties and payment adjustments arising from IESO enforcement, audit and other activities and reimburses the IESO for any associated costs or expenses. The IESO Board may direct that some or all of the balance be distributed to market participants on a basis to be determined by the Board.

17) Deferred Transmission Rights Revenue
Revenue received as a result of long term Transmission Rights auctions is amortized over 12 months. This account maintains the deferral of all revenue received from these auctions until they reach maturity.