

INTERIM MARKET DOCUMENT CHANGE

Title: Ontario Fair Hydro Plan (Fair Hydro Act, 2017)

Document ID: **IMDC-40**

Version Number #: **1.0**

Part 1 – General Information

Document(s) Affected:	IESO Charge Types and Equations and Market Manual 5: Settlements Part 5.5: Physical Markets Settlement Statements IMP_LST_0001 and MDP_PRO_0033		
Market Rule Reference(s)	N/A		
<i>This Interim Market Document Change represents an amendment to the market document noted above. In the event of any inconsistency between the terms of this Interim Market Document Change and the terms of the affected document, the terms of this Interim Market Document Change shall prevail.</i>			
Date Prepared:	November 1, 2017	Valid From:	June 1, 2017
Date Posted:	November 8, 2017	Valid To:	December 6, 2017
Subject:	Fair Hydro Act, 2017		
Reason For Change:	Implementation of new settlement amounts relating to the <i>Fair Hydro Act, 2017</i> (Bill 132).		
Stakeholder History:	List stakeholder engagement history (i.e. Working Group, MRA, ITSC, Participant request)		
Reason For IMDC	☐ Market Rule Amendment ☐ Government Directive ☐ Sustain Reliability ☐ IT System Change ☒ Other – Per Government Regulation (Fair Hydro Act, 2017)		

Part 2 – Description of Change

Description of Change

The following information will be included in a revised version of the affected document on or about, the "Valid To" date provided in Part 1.

See Attachment A - IESO Charge Types and Equations

See Attachment B - Market Manual 5: Part 5.5: Physical Markets Settlement Statements

Charge Types 1142 and 1192 were effective June 1, 2017. Charge Types 705-706, 755-756, 1142-1145, 1192-1195 and 1753 are effective July 1, 2017. Charge Types 6000 and 6050 are effective November 1, 2017.

Attachment A

IESO Charge Types and Equations, Section 2.2

Charge Type Number	Charge Type Name	Settlement Amount Acronym	Market Rules Reference	Equation	Settlement Resolution	Cashflow (See Note at Beginning of this Section)	HST Tax Treatment within Ontario (%)	HST Tax Treatment for U.S., Manitoba, and Quebec Generation (%)	HST Tax Treatment for U.S. Load (%)	HST Tax Treatment for Manitoba and Quebec Load (%)	Comments
705	Ontario Fair Hydro Plan First Nations On-reserve Delivery Amount	N/A	N/A	Manual entry based on: (1) the values submitted via on-line settlement form "First Nations On-Reserve Delivery Credit (FNDC)";	Monthly	Due LDCs either way	13	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.
706	Ontario Fair Hydro Plan Distribution Rate Protection Amount	N/A	N/A	Manual entry based on: (1) the values submitted via on-line settlement form "Distribution Rate Protection (DRP)";	Monthly	Due LDCs either way	13	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.
755	MOE - Ontario Fair Hydro Plan First Nations On-reserve Delivery Balancing Amount	N/A	N/A	$\sum_k TD_{k,705}$ Where 'K' is the set of all market participants 'k'. Where $TD_{k,705}$ is the total settlement amount of charge type 705 for the month for market	Monthly	Due Ministry of Energy	N/A	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.

Charge Type Number	Charge Type Name	Settlement Amount Acronym	Market Rules Reference	Equation	Settlement Resolution	Cashflow (See Note at Beginning of this Section)	HST Tax Treatment within Ontario (%)	HST Tax Treatment for U.S., Manitoba, and Quebec Generation (%)	HST Tax Treatment for U.S. Load (%)	HST Tax Treatment for Manitoba and Quebec Load (%)	Comments
				<u>participant 'k'.</u>							
756	MOE - Ontario Fair Hydro Plan Distribution Rate Protection Balancing Amount	N/A	N/A	$\sum_K TD_{k,706}$ Where 'K' is the set of all <u>market participants 'k'.</u> Where $TD_{k,706}$ is the total <u>settlement amount of charge type 706 for the month for market participant 'k'.</u>	Monthly	Due Ministry of Energy	N/A	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.
1142	Ontario Fair Hydro Plan Eligible RPP Consumer Discount Settlement Amount	N/A	N/A	Manual entry based on: (1) the values submitted via on-line settlement forms "Regulated Price Plan vs. Market Price – Variance for Conventional Meters", "Regulated Price Plan vs. Market Price – Variance for Smart Meters" and "Regulated Price Plan – Final Variance Settlement Amount"; or	Monthly	Due LDCs, Unit Sub-Meter Providers and eligible MPs either way	13	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.

Charge Type Number	Charge Type Name	Settlement Amount Acronym	Market Rules Reference	Equation	Settlement Resolution	Cashflow (See Note at Beginning of this Section)	HST Tax Treatment within Ontario (%)	HST Tax Treatment for U.S., Manitoba, and Quebec Generation (%)	HST Tax Treatment for U.S. Load (%)	HST Tax Treatment for Manitoba and Quebec Load (%)	Comments
				(2) For eligible <u>IESO market participant consumers</u>: $\text{NEMSC}_{k,H} = \{ \text{MIN} [\text{TLQ} + \sum_{H,M,T} (\text{AQEW}_{k,hm,t} - \text{AQEI}_{k,hm,t} - \sum_s \text{BCQ}_{s,k,hm,t})] \times \text{RPP}_{j=1} + \text{MAX} [0, \sum_{H,M,T} (\text{AQEW}_{k,hm,t} - \text{AQEI}_{k,hm,t} - \sum_s \text{BCQ}_{s,k,hm,t}) - \text{TLQ}] \times \text{RPP}_{j=2} \}$							
1143	Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Settlement Amount	N/A	N/A	Manual entry based on: (1) the values submitted via on-line settlement form "Ontario Fair Hydro Plan (OFHP) for Eligible Non-RPP Customers";	Monthly	Due LDCs, Unit Sub-Meter Providers and eligible MPs either way	13	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.
1144	Ontario Fair Hydro Plan Financing Entity Amount	N/A	N/A	Manual entry based on: (1) the values submitted via on-line settlement form "Ontario Fair Hydro Plan – Financing Entity	Monthly	Due Financing Entity	13	N/A	N/A	N/A	Implementation details subject to government regulations

Charge Type Number	Charge Type Name	Settlement Amount Acronym	Market Rules Reference	Equation	Settlement Resolution	Cashflow (See Note at Beginning of this Section)	HST Tax Treatment within Ontario (%)	HST Tax Treatment for U.S., Manitoba, and Quebec Generation (%)	HST Tax Treatment for U.S. Load (%)	HST Tax Treatment for Manitoba and Quebec Load (%)	Comments
				<u>Funding Expenses</u> ”:							
1145	Ontario Fair Hydro Plan Financing Entity Interest	N/A	N/A	Manual entry based on: (1) the values submitted via on-line settlement form “Ontario Fair Hydro Plan – Financing Entity Funding Expenses”:	Monthly	Due Financing Entity	N/A	N/A	N/A	N/A	Implementation details subject to government regulations
1192	Ontario Fair Hydro Plan Eligible RPP Consumer Discount Balancing Amount	N/A	N/A	$\sum_k TD_{k,1142}$ Where ‘K’ is the set of all <i>market participants</i> ‘k’. Where $TD_{k,1142}$ is the total <i>settlement amount</i> of <i>charge type</i> 1142 for the month for <i>market participant</i> ‘k’.	Monthly	Due IESO	N/A	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.
1193	Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Balancing Amount	N/A	N/A	$\sum_k TD_{k,1143}$ Where ‘K’ is the set of all <i>market participants</i> ‘k’. Where $TD_{k,1143}$ is the	Monthly	Due IESO	N/A	N/A	N/A	N/A	Eligibility, rates, and other implementation details subject to government and OEB regulations.

Charge Type Number	Charge Type Name	Settlement Amount Acronym	Market Rules Reference	Equation	Settlement Resolution	Cashflow (See Note at Beginning of this Section)	HST Tax Treatment within Ontario (%)	HST Tax Treatment for U.S., Manitoba, and Quebec Generation (%)	HST Tax Treatment for U.S. Load (%)	HST Tax Treatment for Manitoba and Quebec Load (%)	Comments
				<u>total settlement amount of charge type 1143 for the month for market participant 'k'.</u>							
1194	Ontario Fair Hydro Plan Financing Entity Balancing Amount	N/A	N/A	$\sum_k TD_{k,1144}$ Where 'K' is the set of all <u>market participants 'k'.</u> Where $TD_{k,1144}$ is the <u>total settlement amount of charge type 1144 for the month for market participant 'k'.</u>	Monthly	Due IESO	N/A	N/A	N/A	N/A	Implementation details subject to government regulations
1195	Ontario Fair Hydro Plan Financing Entity Balancing Interest	N/A	N/A	$\sum_k TD_{k,1145}$ Where 'K' is the set of all <u>market participants 'k'.</u> Where $TD_{k,1145}$ is the <u>total settlement amount of charge type 1145 for the month for market participant 'k'.</u>	Monthly	Due IESO	N/A	N/A	N/A	N/A	Implementation details subject to government regulations

Charge Type Number	Charge Type Name	Settlement Amount Acronym	Market Rules Reference	Equation	Settlement Resolution	Cashflow (See Note at Beginning of this Section)	HST Tax Treatment within Ontario (%)	HST Tax Treatment for U.S., Manitoba, and Quebec Generation (%)	HST Tax Treatment for U.S. Load (%)	HST Tax Treatment for Manitoba and Quebec Load (%)	Comments
1753	<u>MOE - Rural and Remote Settlement Debit</u>	<u>N/A</u>	<u>N/A</u>	Manual entry based on: (1) the values submitted via on-line settlement form "Rural or Remote Rate Protection (RRRP) – Fixed Rate Credit";	<u>Monthly</u>	<u>Due Ministry of Energy</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Implementation details subject to government and OEB regulations.</u>
6000	<u>Ontario Fair Hydro Plan - Regulatory Asset Transfer Amount</u>	<u>N/A</u>	<u>N/A</u>	<u>Manual Entry</u>	<u>Monthly</u>	<u>Due Financing Entity</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Implementation details subject to government regulations</u>
6050	<u>Ontario Fair Hydro Plan - Regulatory Asset Transfer Balancing Amount</u>	<u>N/A</u>	<u>N/A</u>	<u>Manual Entry</u>	<u>Monthly</u>	<u>Due IESO</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>Implementation details subject to government regulations</u>

IESO Charge Types and Equations, Section 2.4

Charge Type Number	Charge Type Name	INPUT VARIABLES Least number of significant digits to the right of the decimal	INPUT VARIABLES Maximum number of significant digits to the right of the decimal	Intermediate Rounding done by Settlements?	INTERMEDIATE CALCULATION 1 (where intermediate rounding occurs)	DISPOSITION OF INTERMEDIATE CALCULATION 1	INTERMEDIATE CALCULATION 2 (where intermediate rounding occurs)	DISPOSITION OF INTERMEDIATE CALCULATION 2

705	Ontario Fair Hydro Plan First Nations On-reserve Delivery Amount	<u>2</u>	<u>2</u>	<u>No</u>				
706	Ontario Fair Hydro Plan Distribution Rate Protection Amount	<u>2</u>	<u>2</u>	<u>No</u>				
755	MOE - Ontario Fair Hydro Plan First Nations On-reserve Delivery Balancing Amount	<u>2</u>	<u>2</u>	<u>No</u>				
756	MOE - Ontario Fair Hydro Plan Distribution Rate Protection Balancing Amount	<u>2</u>	<u>2</u>	<u>No</u>				
1142	Ontario Fair Hydro Plan Eligible RPP Consumer Discount Settlement Amount	<u>2</u>	<u>2</u>	<u>No</u>				
1143	Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Settlement Amount	<u>2</u>	<u>2</u>	<u>No</u>				
1144	Ontario Fair Hydro Plan Financing Entity Amount	<u>2</u>	<u>2</u>	<u>No</u>				
1145	Ontario Fair Hydro Plan Financing Entity Interest	<u>2</u>	<u>2</u>	<u>No</u>				
1192	Ontario Fair Hydro Plan Eligible RPP Consumer Discount Balancing Amount	<u>2</u>	<u>2</u>	<u>No</u>				
1193	Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Balancing Amount	<u>2</u>	<u>2</u>	<u>No</u>				

<u>1194</u>	<u>Ontario Fair Hydro Plan Financing Entity Balancing Amount</u>	<u>2</u>	<u>2</u>	<u>No</u>				
<u>1195</u>	<u>Ontario Fair Hydro Plan Financing Entity Balancing Interest</u>	<u>2</u>	<u>2</u>	<u>No</u>				
<u>1753</u>	<u>MOE - Rural and Remote Settlement Debit</u>	<u>2</u>	<u>2</u>	<u>No</u>				
<u>6000</u>	<u>Ontario Fair Hydro Plan - Regulatory Asset Transfer Amount</u>	<u>2</u>	<u>2</u>	<u>No</u>				
<u>6050</u>	<u>Ontario Fair Hydro Plan - Regulatory Asset Transfer Balancing Amount</u>	<u>2</u>	<u>2</u>	<u>No</u>				

Attachment B

Market Manual 5: Part 5.5: Physical Markets Settlement Statements, Section 1.6 Special Settlement Activities

1.6.7.7 Regulated Price Plan

The Regulated Price Plan is an *OEB*-mandated pricing mechanism for low-volume and designated *consumers*. There are two distinct Regulated Price Plans – one for customers with conventional *meter* systems and another for customers with time-of-use (or “smart”) *meters*. The conventional *meter* plan sets a lower fixed price for *energy* consumption up to a monthly threshold amount, with consumption above this level at a higher price. The *OEB* adjusts both the threshold amount and prices every six months. The two six-month periods are referred to as the winter season (November 1 – April 30) and the summer season (May 1 – October 31). The smart *meter* plan establishes prices for *energy* based on when the *energy* is consumed. The basic unit is a week. As with the conventional *meter* RPP, the *OEB* adjusts prices every six months to coincide with the winter and summer seasons. *Energy* consumption during a week falls into three categories with respect to both prices and consumption times.

The three categories are:

- On-peak;
 - Mid-peak; and
 - Off-peak.
1. On-peak times reflect those times on weekdays when average *demand* is highest. The on-peak periods are weekdays from 7:00 to 11:00 and from 17:00 to 21:00 in the winter and from 11:00 to 17:00 in the summer.
 2. Mid-peak consumption refers to the shoulder periods between on-peak and off-peak times. The mid-peak periods are weekdays from 11:00 to 17:00 in the winter and weekdays from 7:00 to 11:00 and from 17:00 to 21:00 in the summer. All other times (weekdays from 21:00 to 7:00, on weekends and holidays) are off-peak.
 3. Generally, off-peak times refer to consumption overnight on weekdays, and on weekends and holidays.

Distributors must calculate the difference between the payments received from regulated *consumers* subject to RPP and the wholesale cost of power, including the amount of the Global Adjustment allocated to the RPP portion of a *distributor*'s load. Submissions by *distributors* to us are processed as manual line items in *settlement statements* and monthly *invoices*. We use ~~two charge types: 1142~~ “Ontario Fair Hydro Plan Eligible RPP Consumer Discount Settlement Amount” “Regulated Price Plan Settlement Amount” (~~charge type 142~~) and “Regulated Price Plan Retailer Settlement Amount” (~~charge type 149~~) for processing *distributor* submissions. RPP eligible *consumers* are defined by regulation.

Distributors that are *market participants* must submit the information to us online noting the amount of the claim for each category. The *IESO* portal is used to submit all information required from the *distributor*, embedded *distributor* or participating *retailer* to balance the market. *Settlement* data must be submitted to us monthly, as soon as possible after the last *trading day* of the month and no later than the fourth *business day* after the last *trading day* of the month. We process this information so that the *preliminary settlement statement* for the last *trading day* of the month indicates a *charge type* ~~1142 and 149 entry~~, with the category noted in the Comments field.

We adjust *settlement amounts* for directly *connected consumers* who are eligible for the RPP for the net volume of electricity withdrawn from the *IESO-controlled grid* not covered by *physical bilateral contracts*.

The corresponding setoffs, *charge types* 1192 “Ontario Fair Hydro Plan Eligible RPP Consumer Discount Balancing Amount” and 199 “Regulated Price Plan Balancing Amount” is and 199 “Regulated Price Plan Retailer Balancing Amount”, are entered as manual line items on the IESO’s *preliminary settlement statement* and *final settlement statement* for the last trading day of the month to balance the market.

1.6.28 Ontario Electricity Support Program

The Ontario Electricity Support Program (OESP) was established by the Ministry of Energy to provide assistance to eligible low-income electricity *consumers* following the conclusion of the Ontario Clean Energy Benefit (OCEB) on December 31, 2015. Based on income level and household size, the qualified low-income electricity *consumers* will receive a predetermined credit on their electricity bills. ~~The program will be funded by consumers through a per kilowatt-hour charge on the electricity bills.~~

As described in the Ontario Regulation 314/15, the IESO will distribute funds to *distributors* and unit sub-meter providers for the OESP credits they have applied to eligible *consumers*’ bills and compensate service providers¹ for the administrative costs for OESP. ~~The funds will be recovered through a volumetric charge to market participants. The charge will be determined based on your allocated quantity of energy withdrawn (AQEW) from the IESO-controlled grid during the month, plus, if you are a licensed distributor, the volume of embedded generation you are reporting using the on-line form on the IESO portal, multiplied by the OESP rate². The IESO will also establish a variance account to record the differences between the funds collected and disbursed through the program, and report these amounts to the OEB on a quarterly basis.~~

The disbursed funds will be settled as a manual line item on the *preliminary settlement statement* and *final settlement statement* for the last trading day of the month under *charge type* 1420 “Ontario Electricity Support Program Settlement amount”. ~~The OESP funds will be recovered under the automatic charge type 1470 “Ontario Electricity Support Program Balancing amount” on the preliminary settlement statement and final settlement statement for the last trading day of the month.~~

Distributors and unit sub-meter providers that are *market participants* must submit OESP claims to us via the on-line form “Ontario Electricity Support Program – LDC & USMP”. Licensed *distributors* will submit OESP claims both for themselves and also on behalf of the embedded *distributors*. In order to obtain reimbursement from the IESO, service providers must be registered as program participants and submit OESP claims to the IESO using the on-line form “Ontario Electricity Support Program – Service Providers” which is accessible on the IESO portal. All OESP claims for the current *settlement month* must be received by the IESO, no later than the fourth *business day* after the last trading day of the month.

If you need to correct a prior month OESP submission in the current *settlement month*, you must submit these corrections through on-line form “Ontario Electricity Support Program – Prior Month Adjustments”. For more details, a training guide is available at <http://ieso.ca/-/media/files/ieso/document-library/training/guide-to-online-data-submission.pdf>.

¹ The service providers are the entities as defined by OESP regulation, O. Reg. 314/15.

² The OESP rate is defined by the Ontario Energy Board (OEB)

1.6.32 Fair Hydro Act, 2017

The *Fair Hydro Act, 2017* (Bill 132) makes amendments to the *Electricity Act, 1998*, and the *Ontario Energy Board Act, 1998*, implementing a variety of initiatives broadly targeting residential customers along with some small businesses and farms. Additional programs being implemented under the *Act* specifically relate to residential customers in rural or remote areas and First Nations reserves.

1.6.32.1 Global Adjustment Modifier

Under the *Fair Hydro Act, 2017*, certain specified *consumers* who are not regulated rate consumers are entitled to an adjustment to the Global Adjustment (GA) amounts they pay. This adjustment, known as the GA Modifier, is implemented as a dollar-per-megawatt (\$/MWh) credit applied to the consumer based on the amount of electricity consumed. The GA Modifier rate is set by the OEB, and is available on IESO's website.

Licensed *distributors* and unit sub-meter providers that are *market participants* must submit their claims for reimbursement of the GA Modifier credits paid to their eligible customers. This claim must be submitted monthly to the IESO no later than the fourth *business day* after the last *trading day* of the month. The *settlement amount* for licensed *distributors* and unit sub-meter providers will be included on the *preliminary settlement statement* and *final settlement statement* for the last *trading day* of the month under *charge type* 1143 "Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Settlement Amount". The corresponding set-off is *charge type* 1193 "Ontario Fair Hydro Plan Eligible Non-RPP Consumer Discount Balancing Amount".

1.6.32.2 First Nations On-reserve Delivery Credit

As part of the *Fair Hydro Act, 2017*, the First Nations On-reserve Delivery Credit (FNDC) provides a credit to a customer of a licensed distributor that occupies residential premises located on or within a reserve and has a residential-rate account with that distributor. The amount of the delivery credit is prescribed in Ontario Regulation O. Reg 197/17.

Licensed *distributors* must submit their claims for reimbursement of the FNDC credits paid to their eligible customers. These claims must be submitted monthly to the IESO no later than the fourth *business day* after the last *trading day* of the month. The *settlement amount* for licensed *distributors* will be included on the *preliminary settlement statement* and *final settlement statement* for the last *trading day* of the month under *charge type* 705 "Ontario Fair Hydro Plan First Nations On-reserve Delivery Amount". The corresponding set-off is *charge type* 755 "MOE - Ontario Fair Hydro Plan First Nations On-reserve Delivery Balancing Amount".

1.6.32.3 Distribution Rate Protection

As part of the *Fair Hydro Act, 2017*, the Distribution Rate Protection (DRP) program sets maximum monthly base distribution charges for eligible residential customers of certain utilities. The eligibility requirements can be found in Ontario Regulation O. Reg 198/17. The maximum monthly base distribution rate is set at least once a year by the Ontario Energy Board (OEB). As the DRP program caps the base distribution charges, distributors must calculate the actual total base distribution charge

and compare this to the maximum charge approved by the OEB and charge no more than the maximum amount.

Licensed *distributors* must submit their claims for reimbursement of the DRP credits paid to their eligible customers. This claim must be submitted monthly to the IESO no later than the fourth *business day* after the last *trading day* of the month. The *settlement amount* for licensed *distributors* will be included on the *preliminary settlement statement* and *final settlement statement* for the last *trading day* of the month under *charge type* 706 "Ontario Fair Hydro Plan Distribution Rate Protection Amount". The corresponding set-off is *charge type* 756 "MOE - Ontario Fair Hydro Plan Distribution Rate Protection Balancing Amount".

1.6.32.4 Financing Entity

Two additional charge types have been created to settle the administrative costs and interest incurred by the "financing entity" in funding the initiatives under the *Fair Hydro Act, 2017*.

Charge types 1144, "Ontario Fair Hydro Plan Financing Entity Amount" and *charge type* 1145, "Ontario Fair Hydro Plan Financing Entity Interest" have been created for the purpose of settling these amounts. These amounts will be balanced to an IESO variance account under *charge type* 1194, "Ontario Fair Hydro Plan Financing Entity Balancing Amount" and *charge type* 1195, "Ontario Fair Hydro Plan Financing Entity Balancing Interest".

1.6.32.5 Regulatory Asset

As per the *Fair Hydro Act, 2017*, the IESO may, from time-to-time, transfer a specified portion of the "regulatory asset" established through the Act to a financing entity; and an agreement between the IESO and a financing entity in relation to the transfer of a specified portion of the "regulatory asset" shall provide for consideration of a payment by the financing entity to the IESO in an amount equal to the amount of the specified portion.

Charge type 6000 "Ontario Fair Hydro Plan - Regulatory Asset Transfer Amount" is the amount debited to the financing entity and *charge type* 6050 "Ontario Fair Hydro Plan - Regulatory Asset Transfer Balancing Amount" is the amount credited to the IESO and is used to reduce the variance account.