Settlements – Legislated Settlement (MR-00434)

November 15, 2017

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Proposed Amendment

- The IESO proposes amendments to the market rules to ensure consistency with respect to legislated settlement:
  - Delete Sections 4.4 (Rural and Remote Settlement) and 4.6 (Debt Retirement Charge) in Chapter 9
  - Delete the defined terms *rural and remote settlement* and *debt retirement* charge in Chapter 11
  - Delete any references to these charges

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Background

- Legislated settlement is enabled through Section 1.2.1 of Chapter 9
  - created after market opening to specifically address legislated settlement
  - Generic language requires the IESO and market participants to comply with the Electricity Act, 1998; the Ontario Energy Board Act, 1998; and any related regulations with respect to settlement
  - Does not refer to any specific regulation or settlement amount in order to avoid the need for rule amendments as legislation is changed with respect to settlement

Background (continued)

- The market rules related to legislated settlement are inconsistent.
  - Sections 4.4 and 4.6 have been in the market rules since market opening and remain the only non-market related legislated settlement charges in the market rules
  - Many legislated settlement charges have been added since market opening, but these are specified in the market manuals instead of the market rules, and settled under the authority of section 1.2.1 of Chapter 9

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Background (continued)

- Sections 4.4 and 4.6 no longer represent the programs they were created for:
  - the DRC ended for residential customers effective Jan 1 2016
  - under Ontario's Fair Hydro Plan the RRRP was expanded and funding moved to the tax base effective July 1 2017
  - No rule changes were required because the rules are non-prescriptive, the IESO has the authority to settle under section 1.2.1 regardless, and the references to the specific regulations are included in the market manuals.

Impact of Change

- No change to settlement – all legislated settlement charge types settled under the authority of Chapter 9, Section 1.2.1
- No change to transparency – all legislated settlement charge types are documented in IESO market manuals
  - Market Manual 5: Settlements, Part 5.5: Physical Markets Settlement Statements
  - IESO Charge Types and Equations
  - HST Guide for IESO Transactions

Proposed Timelines

Date	Activity
November 22, 2017	Technical Panel meeting – Introductory presentation and rule amendment submission – seek a vote from the Panel that the rule amendment warrants consideration
January 23, 2018	Technical Panel meeting – Review market rule amendment and seek a vote to post the proposed amendment for stakeholder comment
March 6, 2018	Technical Panel meeting – Review comments from stakeholders and seek a vote to recommend the proposed amendment to the IESO Board for consideration
April 11, 2018	IESO Board to consider proposed rule amendment
May 4, 2018	Earliest effective date (22 days following publication of IESO Board approved amendment)