2) MARKET ACCOUNTS

As of January 1, 2016 the IESO changed its accounting policy regarding the recognition of market accounts assets and liabilities on the statement of financial position.

In March 2017, the Government of Ontario announced its Fair Hydro Plan (FHP). Under this Plan, the IESO continues to settle the transactions between generators and distributors, but collects only a portion of the Global Adjustment from eligible customers, identified in the Ontario Fair Hydro Plan Act.

As at September 30, Deferred Global Adjustment Expenses were $818,174 thousand. This balance includes the variance created by the partial implementation of the FHP prior to the effective date of July 1, 2017. The partial reduction granted from May 1 to June 30, resulted in a variance of $239,452 thousand. During the third quarter the market under collected $577,379 thousand from customers. In addition, interest payable on the account decreased by $800 thousand.

The FHP also shifted the cost of the Ontario Electricity Support Program (OESP) and most of the Rural or Remote Rate Protection (RRRP) program costs from ratepayers to taxpayer-funded programs.

Prior to May 1 the balance of OESP funds collected and paid through the market was -$116,096 thousand. With the implementation of the FHP on May 1, 2017, only payments to OESP eligible customers are currently being made and the balance at September 30, 2017 was -$62,312 thousand, net of interest.

A new rate for the RRRP program under the FHP was effective July 1, 2017. The balance in the RRRP variance account to June 30, 2017 was $6,626 thousand. The new rate has resulted in an under collection of $4,017 thousand (net of interest) in the third quarter for the RRRP settled through the market accounts, resulting in balance in the variance of $10,643 thousand as at September 30, 2017.