

# Memorandum



Independent Electricity System Operator  
1600-120 Adelaide Street West  
Toronto, ON M5H 1T1  
t 416.967.7474  
www.ieso.ca

**To:** **MARKETS COMMITTEE**

**Presenter:** Michael Lyle, Vice President, Legal Resources and Corporate Governance  
Chair, IESO Technical Panel

**Date:** May 31, 2022

**Re:** Replacement of the IESO Settlement System (Market Rule Amendment MR-00472-R00)

**Purpose of Item:** Recommendation for Approval to the Board

## **Executive Summary:**

The IESO is seeking a decision from the IESO Board on a proposed market rule amendment that will improve the efficiency of IESO resettlements and settlement disagreement processes (MR-00472-R00). The Technical Panel recommended this proposal to the IESO Board for consideration.

## **Significant Issues, Risks and Opportunities:**

This initiative will improve the efficiency of settlements timelines for the IESO and market participants. It will also mitigate financial risk to the Ontario electricity market. Implementing the initiative will necessitate changes to IESO and market participant business processes that relate to settlements. The IESO launched a stakeholder engagement in Q1, 2021 and held 1:1 meetings with market participants who will be most impacted with the change. The proposed market rules were updated based on stakeholder feedback.

## **Background:**

The IESO is modifying its settlements disagreement and resettlements process with the following objectives:

- Mitigate financial risk to the market by limiting resettlement to 2 years instead of the current 7 years
- Provide more transparency for market participants by creating a new statement for resettlements
- Make timelines more practical for submitting settlement data, disagreement notices and for resolving settlement disagreements
- Improve efficiency of settlements disagreement processing timelines

Additional information can be found on the stakeholder engagement [webpage](#).

### **Proposal and Analysis**

Proposed changes to the market rules are required to:

- Define the ultimate limitation period to initiate a dispute
- Establish the two-year limit on resettlements
- Align IESO metering processes to the new limitation period
- Define the frequency and schedule process for a new recalculated settlement statement
- Align IESO resettlements with new provincial government legislation limiting resettlement of regulated charges to 2 years

### **Next Steps / Implementation:**

I recommend that the Markets Committee recommend that the Board accept the vote and recommendation of the Technical Panel to approve market rule amendment MR-00472-R00: Replacement of the IESO Settlement System, with an effective date of November 1, 2022.

### **Requested Committee Resolution:**

The Committee is asked to pass the following resolution:

**CONCERNING** MR-00472-R00: Replacement of the IESO Settlement System, which is a market rule amendment to improve the efficiency of IESO resettlements and settlement disagreement processes.

**WHEREAS** the IESO engaged with the Technical Panel and incorporated their suggestions into the proposed market rule amendment.

**WHEREAS** the Technical Panel voted to recommend MR-00472-R00 for approval by the IESO Board.

**NOW THEREFORE** the Markets Committee of the IESO Board recommends MR-00472-R00 for approval by the IESO Board, to come into effect on November 1, 2022.

Michael Lyle

Cc: IESO Records

Encls.

- a. Market Rule Amendment Proposal form
- b. Technical Panel Materials
  - i. Memo to Technical Panel from IESO staff
  - ii. TP member Rationale
- c. Stakeholder feedback summary, stakeholder engagement and Technical Panel
- d. Consumer Impact Assessment