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## Market Rule Amendment Proposal

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### PART 1 – MARKET RULE INFORMATION

Identification No.:	MR-00434		
Subject:	Settlements		
Title:	Regulated Settlement – Deletion of Rural and Remote Settlement and Debt Retirement Charge		
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration	<input checked="" type="checkbox"/> Deletion	<input type="checkbox"/> Addition
Chapter:	9, 11	Appendix:	
Sections:	Chapter 9 Sections 1 and 4		
Sub-sections proposed for amending:	Chapter 9 Sub-sections 1.1.2, 1.2.1, 1.2.3, 4.4 and 4.6; Chapter 11 definitions		

### PART 2 – PROPOSAL HISTORY

Version	Reason for Issuing	Version Date
1.0	Draft for Technical Panel Review	January 16, 2018
2.0	Publish for Stakeholder Review and Comment	January 25, 2018
3.0	Submitted for Technical Panel Vote	February 27, 2018
4.0	Recommended by Technical Panel	March 6, 2018
5.0	Draft for Technical Panel Review	April 10, 2018
6.0	Publish for Stakeholder Review and Comment	April 19, 2018
Approved Amendment Publication Date:		
Approved Amendment Effective Date:		

### PART 3 – EXPLANATION FOR PROPOSED AMENDMENT

Provide a brief description of the following:

- The reason for the proposed amendment and the impact on the *IESO-administered markets* if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the *IESO-administered markets*.

#### Summary

The IESO proposes amendments to the market rules to ensure consistency with respect to regulated settlement. Regulated settlement is the determining, collecting and remitting of applicable settlement amounts in compliance with the relevant provisions of the Electricity Act, 1998; the Ontario Energy Board Act, 1998; and any related regulations. The proposed amendments will delete market rule references to rural and remote settlement and the debt retirement charge since these charges can be settled under Section 1.2.1 of Chapter 9, consistent with other regulated settlement charges.

The IESO proposes further amendments to the market rules to clarify that applicable law other than the Electricity Act, 1998 and Ontario Energy Board Act, 1998 may impose financial obligations.

#### Background

Refer to [MR-00434-Q00](#)

The IESO has sufficient authority to settle all current regulated or legislated settlement amounts. This authority is derived from the market rules language in section 1.2 of Chapter 9 which references the Electricity Act, 1998, the Ontario Energy Board Act, 1998 and any related regulations. Version 5.0 of this amendment proposal introduces further amendments to the market rules to make clear that future settlement amounts may be introduced through applicable law other than the Electricity Act, 1998 or the Ontario Energy Board Act, 1998. Applicable law is defined in the market rules as all laws, regulations, other statutory instruments and rules and other documents of a legislative nature which apply to the IESO or to market participants, and all orders of a government, governmental body, authority or agency having jurisdiction over the IESO or a market participant including, but not limited to, any license issued to the IESO or a market participant.

#### Discussion

##### Chapter 9

- Amend **sections 1.1.2, 1.2.1 and 1.2.3** to add “applicable law including without limitation” to make clear that settlement amounts may be introduced through applicable law other than the Electricity Act, 1998 or the Ontario Energy Board Act, 1998.
- For clarity, amend **sections 1.2.1 and 1.2.3** to replace “related regulations” with “regulations enacted thereunder”.
- For clarity and consistency, amend **section 1.1.2** to add:
  - “and regulations enacted thereunder” following the references to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998. This change will create consistent language with sections 1.2.1 which obligates the IESO to determine, collect and remit regulated settlement;

**PART 3 – EXPLANATION FOR PROPOSED AMENDMENT**

- “but not limited to” in order to identify that the subsections under section 1.1.2 do not include a comprehensive list of financial obligations arising from the Electricity Act, 1998 and the Ontario Energy Board Act, 1998. While the preamble discusses the Electricity Act, 1998 and the Ontario Energy Board Act, 1998, the only regulated charges mentioned were rural rate protection and debt retirement charge. The list excluded all other regulated charges that are settled under the authority of section 1.2.1 of Chapter 9.

Delete References to RRRP and DRC:

Delete the following sections since all regulated settlement is enabled through section 1.2.1 of Chapter 9:

- Delete **subsection 1.1.2.10** related to rural and remote settlement (also known as rural rate protection, rural and remote rate protection, or RRRP). This section pertains to settlement amounts that may be prescribed pursuant to section 79 of the Ontario Energy Board Act, 1998 and associated regulations.
- Delete **subsection 1.1.2.13** related to the debt retirement charge (DRC). This section pertains to the charge referred to in subsections 85(4) and 85(5) of the Electricity Act, 1998 and associated regulations.
- Delete **section 4.4** which discusses the obligation to settle rural and remote settlement as a non-hourly settlement amount.
- Delete **section 4.6** which discusses the obligation to settle the debt retirement charge as a non-hourly settlement amount.

Chapter 11 - Definitions

Delete the definitions for **debt retirement charge** and **rural and remote settlement** since the proposed amendments in Chapter 9 remove all references of these settlement amounts from the market rules. Consistent with all regulated settlement, these settlement amounts are documented in the applicable market manuals.

**PART 4 – PROPOSED AMENDMENT****Chapter 9****1. Introductory Rules****1.1 Application and Purpose**

1.1.1 This chapter applies to:

1.1.1.1 the *IESO*; and

1.1.1.2 market participants.

1.1.2 This chapter sets out the respective rights and obligations of the *IESO* and of *market participants* in determining, billing for and effecting payment in respect of financial obligations arising from the *IESO-administered markets*, other provisions of the *market rules*, and applicable law including without limitation the *Electricity Act, 1998*, ~~and~~ the *Ontario Energy Board Act, 1998*, and any regulations enacted thereunder including, but not limited to the following:

- 1.1.2.1 [Intentionally left blank – section deleted]
- 1.1.2.2 the *energy market*;
- 1.1.2.3 the *operating reserve market*;
- 1.1.2.4 congestion management;
- 1.1.2.5 *transmission rights (TRs)*;
- 1.1.2.6 [Intentionally left blank – section deleted]
- 1.1.2.7 *operating deviations*;
- 1.1.2.8 *ancillary services* and *reliability must-run contracts*;
- 1.1.2.9 *transmission service charges* and *connection charges* collected by the *IESO*;
- 1.1.2.10 [Intentionally left blank – section deleted]~~rural rate protection~~;
- 1.1.2.11 the *IESO administration charge*;
- 1.1.2.12 penalties and fines;
- 1.1.2.13 [Intentionally left blank – section deleted]~~any debt retirement charge~~;
- 1.1.2.14 rebates and other payments arising from market power mitigation measures;
- 1.1.2.15 the day-ahead commitment process;
- 1.1.2.16 forecasting services relating to *variable generation*;
- 1.1.2.17 the *capacity based demand response program*, *demand response pilot program* and *demand response capacity obligations*; and
- 1.1.2.18 ramp-down *settlement* amount.

## 1.2 Regulated Settlement Amounts and Related Payment Charges

1.2.1 Notwithstanding any other provision within the *market rules*, the *IESO* shall, with respect to determining, collecting and remitting applicable *settlement amounts*, comply with the relevant provisions of applicable law including without limitation the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998*, and any ~~related~~-regulations enacted thereunder, as amended from time to time.

1.2.1.1 [Intentionally left blank – section deleted]

1.2.1.2 [Intentionally left blank – section deleted]

1.2.2 [Intentionally left blank – section deleted]

1.2.3 Notwithstanding any other provision within the *market rules*, *market participants* shall remit to the *IESO* such applicable *settlement amounts* and other payments as may be required under the relevant provisions of applicable law including without limitation the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998* and any ~~related~~-regulations enacted thereunder, as amended from time to time.

1.2.3.1 [Intentionally left blank – section deleted]

1.2.3.2 [Intentionally left blank – section deleted]

## 4. Non-hourly Settlement Amounts

### 4.4 ~~[Intentionally left blank – section deleted]~~ **Rural and Remote Settlement**

4.4.1 ~~[Intentionally left blank – section deleted]~~ ~~The *IESO* shall collect and distribute payments relating to rural and remote settlement in accordance with directions of the *OEB* and any regulations made under the Ontario Energy Board Act, 1998.~~

### 4.6 ~~[Intentionally left blank – section deleted]~~ **Debt Retirement Charge**

4.6.1 ~~[Intentionally left blank – section deleted]~~ ~~The *IESO* shall collect and remit payments relating to the debt retirement charge from such market participants, at~~

~~such times and in such amounts as may be required by any regulations made pursuant to the *Electricity Act, 1998*.~~

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## Chapter 11

### 1. Definitions

~~*debt retirement charge* means the charge referred to in subsections 85(4) and 85(5) of the *Electricity Act, 1998*;~~

~~*rural and remote settlement* means any settlement amounts that may be prescribed pursuant to section 79 of the *Ontario Energy Board Act, 1998* and associated regulations;~~

## PART 5 – IESO BOARD DECISION RATIONALE

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