

MACD COMPLIANCE AND ENFORCEMENT GUIDANCE PROCESS

Public Information Session

March 6, 2018

Outline

- Background
 - What is Compliance and Enforcement Guidance (CEG)?
 - CEG Objectives
 - MACD's Role
- Value of CEG to Market Participants and IESO
- Process Features and Overview
- CEG Request Form
- Applicant and Stakeholder Involvement
- Next Steps

What is Compliance and Enforcement Guidance (CEG)?

- MACD interpretation of a market rule/manual
- Three types of CEG
 - Rule Interpretation
 - Application and Compliance Guidance
 - Enforcement Guidance
- Other regulators provide similar guidance e.g. NERC, CRA, FERC, Alberta MSA, Competition Bureau via rule interpretations or enforcement guidelines

Objectives of a Formal CEG Process

- Foster MP and IESO compliance
- Mitigate uncertainty related to understanding the market rules
- Ensure consistent, quality, transparent, and documented CEGs
- Supports IESO Strategic Goals
 - “Drive to a more efficient and sustainable marketplace”
 - “Be recognized as a trusted advisor, informed by engagement”

MACD's Role

- Market enforcement authority
 - MACD delegated authority to make all enforcement determinations and exercise the authorities accorded to the IESO in market rules Ch. 3 sections 6.1.2, 6.2 and 6.6
- Providing CEG is a service related to that authority
- MACD recognizes that other IESO staff and market participants routinely discuss “rule interpretations”

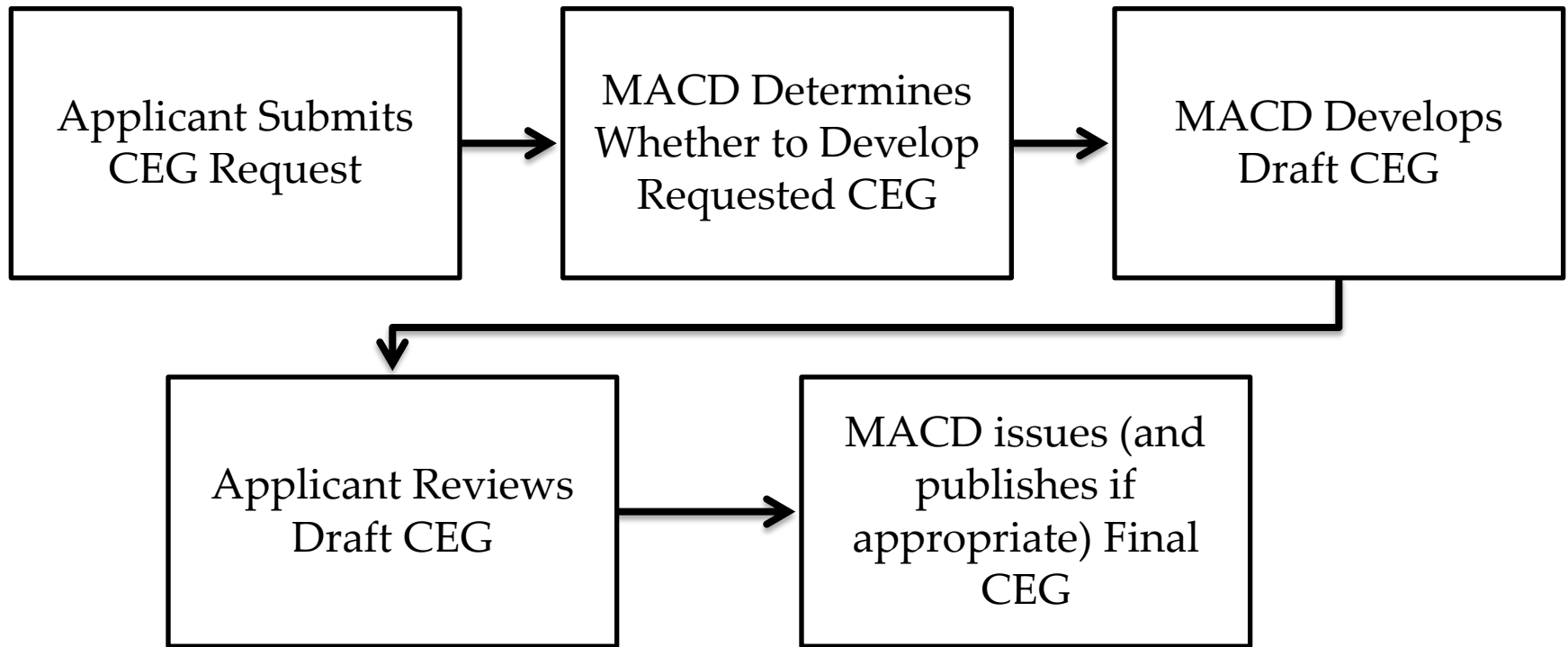
Value of CEG to Market Participants and IESO

- Provide clarity as to MACD's view of the meaning and application of a market rule
- Allows MPs to be pro-active in their compliance
- Compliance with market rules promotes market efficiency and reliability
- May allow participants to focus their compliance programs
- Reducing uncertainty can reduce regulatory burden

CEG Process Features

- Voluntary service, not an obligation
- No fees to be charged
- Forward looking
- Rigorous legal and technical analyses
- Binding/non-binding
- CEG may be published
 - Interpretation Bulletin;
 - Guidelines; or
 - Statement of Approach; or....

CEG Process Overview



CEG Request Form

- WORD document available on IESO web site
- Be as specific and detailed as possible
- Download form
- E-mail completed form to:

CEG.Request.MACD@ieso.ca

CEG Request Form (1 of 5)

PART 1 – APPLICANT INFORMATION

Please enter your name, organization and contact information in full.

Date of Request: _____

Name: _____ Title: _____

Organization/Company: _____

Facility: _____

Telephone: _____ Fax: _____

E-mail Address: _____

CEG Request Form (2 of 5)

PART 2 – MARKET RULE COMPLIANCE AND ENFORCEMENT GUIDANCE REQUEST REFERENCE

Type of Compliance and Enforcement Guidance Being Sought (please indicate with x):

Rule Interpretation

Application and Compliance Guidance

Enforcement Guidance

Market Rule Chapter/Section/Sub-section (Including baseline): _____

Market Manual Name/Volume/Section/Sub-section (Including baseline): _____

Interpretation Bulletin Number (Including version number): _____

CEG Request Form (3 of 5)

PART 3 – DETAILS OF THE REQUEST

Please provide details regarding your request, including:

- the reasons for the request and
- whether the request is in regard to any specific events, facts or conduct which have already occurred.

CEG Request Form (4 of 5)

If you are seeking an Application and Compliance Guidance or Enforcement Guidance, please provide details as to the specific planned, potential or hypothetical facts, events or conduct, including when they may or are likely to occur.

Have you previously received any opinion from IESO staff as to the interpretation or application of the *Market Rule* or *market manual* section for which you are currently seeking guidance? (Y/N)

If yes, please provide details: What was the opinion? When was the opinion provided? Who provided the opinion? Under what circumstances was the opinion provided?

CEG Request Form (5 of 5)

Do you have your own view as to the appropriate interpretation and application of the subject *Market Rule* or *market manual*? (Y/N)

If yes, please provide your view.

Applicant and Stakeholder Involvement

- Applicant (can be any person)
 - Submits CEG Request
 - Advised whether MACD will develop requested CEG
 - Consulted during CEG development
 - Reviews and provides comments on draft CEG
 - Receives final CEG
- Other stakeholders
 - If appropriate, consultation during CEG development
 - Use existing stakeholder forums or Engagement Initiative process, as appropriate

Next Steps

- Process launch March 7, 2018, as part of Market Baseline 39.0
- For further information refer to the MACD CEG web page found in the Market Oversight section of the IESO website

In Conclusion

- CEG provides MACD's view as to the meaning and application of a specific provision of the market rules
- CEGs are forward looking
- Main objective of CEG is to foster compliance
- Value to Market Participants and IESO
- CEG process starts on March 7, 2018
- Q&A