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January 23, 2019

**VIA EMAIL**

Jo Chung  
Supervisor – Market Rules, Legal Resources and Corporate Governance  
Independent Electricity System Operator  
1600 – 120 Adelaide Street West  
Toronto, ON M5H 1T1

Dear Mr. Chung:

**Re: MR-00437-Q00: Resolute FP Canada (“Resolute”) Rule Amendment Submission – Demand Response Registration and Metering Requirements (the “Rule Amendment Submission”)**

Thank you for your letter dated January 18, 2019. Respectfully, Resolute disagrees with the IESO’s positions as set out in your letter.

Upon the receipt of an amendment submission, Chapter 3 Section 4.3.5 of the Market Rules requires the Technical Panel to report to the IESO Board, with notice to the Market Participant who made the amendment submission, as to the Technical Panel’s opinion. Where the Technical Panel’s opinion is that consideration of the amendment submission is warranted, the Technical Panel (not IESO staff) sets out in its report the extent of such consultation that the Technical Panel intends to take with Market Participants. Chapter 3 Section 4.3.5.1 of the Market Rules provides:

4.3.5 The technical panel shall report to the IESO Board and, where applicable, give notice to the market participant or other interested person who made an amendment submission as to whether the proposed amendment or the request for consideration of an amendment or review is, in the opinion of the technical panel:

4.3.5.1 of such a nature that consideration of the amendment submission is warranted and the extent of the consultation that the technical panel intends to take with market participants and other interested persons in the consideration of the amendment;

To our knowledge, contrary to the Market Rules, no such report has been submitted. This process is key to the governance structure of the IESO, including to ensure that the Technical Panel is properly and fairly carrying out its mandate, under a reporting obligation to the IESO Board. Chapter 3 Section 4.9.3, of the Market Rules, as referred to in your letter, merely permits the Technical Panel to establish working groups – it does not undermine the mandatory rule amendment process established by the Market Rules.

Nowhere do the Market Rules allow IESO staff to direct the rule amendment process. Being respectful of the separation of staff from the Technical Panel is of heightened importance where, like here, IESO staff is adverse in interest to the proponent. Notably, we have repeatedly referred to IESO staff's advice that it will ensure that any Market Rule amendment will reflect staff's interpretation of the Market Rule, which is disputed. To date, the IESO has not responded to, nor addressed this serious circumstance.

It remains Resolute's position that the Technical Panel is obliged to comply with the rule amendment process as established by the Market Rules. It also remains Resolute's position, for the reasons set out in my letter of December 4, 2018, that having this matter transferred to the DRWG for preliminary consideration is not appropriate. Following the mandatory process applicable to rule amendment submissions, it is for the Technical Panel and the IESO Board who is authorized to provide direction to the Technical Panel, to consider Resolute's position in that regard, in the context of the report to be provided to the IESO Board.

Regarding the authority grounding Resolute's request for documentation, we rely on the IESO's obligations of procedural fairness and natural justice, in particular in circumstances where there is a reasonable apprehension of bias. We trust that the IESO is not disputing the requirement for transparency in its dealings with Market Participants.

Finally, we confirm that Resolute consents to the posting of its December 4 and December 19, 2018 letters, together with this letter on the Technical Panel website.

Sincerely,



George Vegh

cc: Julie Parla, McCarthy Tétrault