

IESO SENIOR MANAGEMENT UPDATE

To: Stakeholder Advisory Committee

From: Terry Young

Date: August 20, 2014

Subject: General Conduct Rule

Information Item

On June 12, 2014, the IESO Board approved amendments to its market rules to include a general conduct rule at section 10A of Chapter 1 of the Market Rules (the “GCR”) and an alternative dispute resolution mechanism for potential breaches of the GCR at section 6.3B of Chapter 3 of the Market Rules.

The [General Conduct Rule](#) (GCR) stakeholder engagement initiative provided stakeholders the ability to comment on the purpose and need of a GCR, help shape the market rule framework and provide input into the draft market rule language for consideration by the IESO Board of Directors. In addition, changes to the dispute resolution process came as a direct result of stakeholder feedback. Stakeholder consultation took place from July 2013 to June 2014.

The GCR obligates market participants to refrain from engaging in conduct that exploits, circumvents, manipulates, undermines or interferes with the IESO-administered markets or the Market Rules.

The changes to the dispute resolution process provides an alternative dispute resolution mechanism for potential breaches of the GCR and involves two primary changes to the existing dispute resolution process:

- Instead of issuing an order on breach and sanction at the conclusion of the investigation, the IESO will issue a non-binding notice of intent setting out, amongst other things, the details of the breach and the orders the IESO proposes to impose under Market Rule Chapter 3, section 6.2.7; and
- If mediation is unsuccessful in resolving a dispute, the market participant may elect to proceed to arbitration in the usual course or, in the alternative, may elect to have the IESO apply to the OEB: (i) for a determination as to whether the market participant



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breached the GCR; and (ii) to make findings of fact relevant to the imposition of an order under Market Rule Chapter 3, section 6.2.7.

These market rule amendments were published on June 12, 2014 and on June 13, 2014, the IESO filed an application with the Ontario Energy Board (the "OEB") to amend its licence to enable the changes to the dispute resolution process. The OEB agreed to dispose of the application without a hearing and approved the IESO's proposed licence amendments on July 31, 2014. These market rule amendments are now in effect.