

Market Manual

Market Manual 2: Administration

Part 0.2.2: Exemption Application and Assessment

**Issue 1.0
April 4, 2025**

This document sets out the procedure established by the directors of the IESO Board by which exemption applicants may apply for an exemption from the application of standards and obligations contained in the Market Rules, and associated policies, standards and procedures

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This document may contain a summary of a particular rule. Where provided, the summary has been used because of the length of the market rule itself. The reader should be aware, however, that where a market rule is applicable, the obligation that needs to be met is as stated in the market rules. To the extent of any discrepancy or inconsistency between the provisions of a particular market rule and the summary, the provision of the market rule shall govern.

Document Change History

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Market Transition

- A.1.1 This *market manual* is part of the *renewed market rules*, which pertain to:
- A.1.1.1 the period prior to a *market transition* insofar as the provisions are relevant and applicable to the rights and obligations of the *IESO* and *market participants* relating to preparation for participation in the *IESO administered markets* following commencement of *market transition*; and
 - A.1.1.2 the period following commencement of *market transition* in respect of all the rights and obligations of the *IESO* and *market participants*.
- A.1.2 All references herein to chapters or provisions of the *market rules* or *market manuals* will be interpreted as, and deemed to be references to chapters and provisions of the *renewed market rules*.
- A.1.3 Upon commencement of the *market transition*, the *legacy market rules* will be immediately revoked and only the *renewed market rules* will remain in force.
- A.1.4 For certainty, the revocation of the *legacy market rules* upon commencement of *market transition* does not:
- A.1.4.1 affect the previous operation of any *market rule* or *market manual* in effect prior to the *market transition*;
 - A.1.4.2 affect any right, privilege, obligation or liability that came into existence under the *market rules* or *market manuals* in effect prior to the *market transition*;
 - A.1.4.3 affect any breach, non-compliance, offense or violation committed under or relating to the *market rules* or *market manuals* in effect prior to the *market transition*, or any sanction or penalty incurred in connection with such breach, non-compliance, offense or violation; or
 - A.1.4.4 affect an investigation, proceeding or remedy in respect of:
 - (a) a right, privilege, obligation or liability described in subsection A.1.4.2; or
 - (b) a sanction or penalty described in subsection A.1.4.3.

- A.1.5 An investigation, proceeding or remedy pertaining to any matter described in subsection A.1.4.3 may be commenced, continued or enforced, and any sanction or penalty may be imposed, as if the *legacy market rules* had not been revoked.

1. Introduction - Exemptions

1.1. Purpose

This *market manual*, established by the *IESO Board* pursuant to section 36.1 of the *Electricity Act, 1998*, provides a framework for the submission, processing, review, determination and monitoring of *exemption applications*, including describing the activities required by *exemption applicants*, the *IESO*, the *IESO Board* and other parties.

The purpose of the *exemption* assessment process described in this manual is to provide any person a process to apply to the *IESO* for an *exemption* from specific *market rules*, market manuals or to any standard, policy, or procedure established by the *IESO* pursuant to the *market rules* which is, or may be, imposed upon the *exemption applicant* or in respect of the *exemption applicant's facility*, equipment, or *resource*. This manual also provides the processes for the reconsideration, amendment and transfer of *exemptions*.

1.2. Contact Information

An *exemption applicant* or other party can contact the *IESO* via email at customer.relations@ieso.ca or via telephone at the numbers given on the *IESO* website (www.ieso.ca).

Forms that an *exemption applicant* may complete for this procedure as well as any accompanying supporting documentation can be submitted to the *IESO* via email at exemptions@ieso.ca. The form(s) associated with this process are available on the *IESO* website and are listed in Appendix A. Correspondence that is sent to the *IESO* related to this procedure shall be sent Attention: Market Rules.

Questions regarding compliance and enforcement, including interpretation of *market rule* obligations, forbearance requests, and monitoring of approved *exemptions*, should be directed to the Market Assessment and Compliance Division (MACD) of the *IESO* via email at MACDinbox@ieso.ca.

1.3. Confidential Information

Except as otherwise set out herein, the *exemption application* process outlined in this manual is subject to the terms of confidentiality outlined in MR Ch.3 s.5.

Unless the submitting party indicates otherwise, materials submitted to the *IESO* as part of the *exemption application* process will be *published* in their entirety, including:

- the *exemption application*, *exemption* plan and additional supporting materials as submitted by the *exemption applicant* for consideration by the Panel;
- third party comments on an *exemption application*; and
- feedback from the *exemption applicant*, *IESO* or a third party on the *IESO* staff recommendation or third party comments.

The submitting party may advise the *IESO* of information that it wishes to be kept confidential. *IESO* staff will review the specific material over which confidentiality is claimed and determine whether a summary of the information would suffice while still meeting the confidentiality concerns of the submitting party.

If agreement is reached between the *IESO* and the submitting party, the requested information will be redacted and the summary will be *published* with the submitted materials. If the submitting party and *IESO* staff disagree on the treatment of any material identified by the submitting party as confidential, the issue will be referred to the Panel for determination based on MR Ch.3 s.5.

2. Preparing an Exemption Application

2.1. Determining Need for an Exemption Application

The *IESO* strongly recommends that an *exemption applicant* meet with *IESO* staff to discuss the need for an *exemption application* prior to submission. Through these discussions, *IESO* staff and the *exemption applicant* will be able to determine if an *exemption application*, *market rule* amendment or other course of action is the proper course to address an issue.

If *IESO* staff determines that the subject of the *exemption application* warrants addressing through consideration of a *market rule* amendment, then *IESO* staff will work with the *exemption applicant* on next steps.

Where the *exemption applicant* intends to become compliant with a *market rule* or to any standard, policy or procedure established by the *IESO* pursuant to the *market rules* and the *exemption applicant* requires only a relatively short period of time to become so compliant, then the *exemption applicant* should consider the forbearance process administered by the *IESO's* Market Assessment and Compliance Division. Forbearance requests and inquiries should be directed to MACD via email at MACDinbox@ieso.ca.

Submitting an Exemption Application

The *exemption applicant* must submit the following documents to *IESO* staff via email at exemptions@ieso.ca for processing:

- the *exemption application* form (see Appendix A);
- the *exemption plan*, which must in detail address the following:
 - the manner in which the *exemption applicant* proposes to operate or modify its equipment or *facilities* or otherwise conduct its operations, during the period of time for which the *exemption* would be in effect so as to operate in a manner that achieves, as closely as possible, the objectives of the obligation or standard to which the *exemption application* relates;
 - the *exemption applicant's* estimate of any costs that may be imposed on the *IESO* or on other *market participants* if the *exemption* to which the *exemption application* relates was granted and the *exemption plan* was implemented;

- the manner and time within which the *exemption applicant* will become compliant with the obligation or standard to which the *exemption application* relates; and
- additional supporting documentation, as appropriate, to assist the Panel in its review.

The above documents should reference and provide details regarding all of the criteria for assessment outlined in section 3.2.4.

The *exemption applicant* may consult with *IESO* staff as it prepares the *exemption application*.

- *IESO* staff may request in writing at any time during the *exemption* process that the *exemption applicant* provide additional information in support of the *exemption application*. The *exemption applicant* must provide the requested information within 10 *business days* of receipt of the request, or such longer period as may be agreed to by *IESO* staff given the nature of the information requested. Where no additional information is provided by the *exemption applicant*, *IESO* staff will process the *exemption application* without the benefit of such additional information.

2.2. Interim Exemptions

The submission of an *exemption application* does not automatically stay an *exemption applicant's* duty to comply with the obligation or standard from which the *exemption* is sought.

When submitting an *exemption application*, an *exemption applicant* may request an interim *exemption* to stay the *exemption applicant's* duty to comply with the obligation or standard pending the Panel's decision. Before doing so, the *exemption applicant* may speak with the *IESO's* Market Assessment and Compliance Division to determine whether forbearance, as further detailed in section 2.1, or another option is available that would render it unnecessary for the *exemption applicant* to seek an interim *exemption*.

Upon receipt of a completed *exemption application* form that includes a request for an interim *exemption*, *IESO* staff will draft a staff recommendation on the interim *exemption* and schedule a Panel meeting to review the interim *exemption* as soon as practicable.

The Panel shall consider the written materials submitted and render a decision. The Panel shall consider the following factors in deciding whether to grant an interim *exemption*:

- the public interest;
- a preliminary assessment of the merits of the *exemption application* based on the criteria set out in section 3.2.4;
- the type and degree of harm the *exemption applicant* may suffer if an interim *exemption* is not granted; and
- the balance of convenience.

The Panel may grant an interim *exemption* for any period, up to the time a final decision is made on the *exemption application* by the Panel, and on such conditions as it deems appropriate.

Where the Panel grants an interim *exemption*, notice of the Panel's decision, with written reasons, and copies of the *exemption application* form and *IESO* staff recommendation shall be *published*.

The Panel may at any stage of an *exemption* proceeding, on its own initiative or at the request of the *exemption applicant* or *IESO* staff, vary, extend, or revoke an interim *exemption*.

2.3. Withdrawing an Exemption Application

An *exemption applicant* may withdraw an *exemption application* at any stage in the process by notifying the *IESO* in writing of its decision to withdraw the *exemption application*. An *exemption applicant* withdrawing an *exemption application* may be subject to an order of costs.

3. Review of an Exemption Application

3.1. Third Party Submissions and IESO Staff Recommendation

3.1.1 Publication

After verifying that the required information to support an *exemption application* is ready for review and all information provided by the *exemption applicant* in respect of the *exemption application* has been considered, the *exemption application* will be *published* except for any portion which is established as *confidential information* under section 1.3.

3.1.2 Third Party Submissions

At the time of the *publishing* of the *exemption application*, third party written submissions will be invited. The deadline for third party submissions to be received by the *IESO* will be specified in the material and will be no less than 10 *business days* from the *publishing* date. *IESO* staff will determine the deadline for these submissions based on *IESO* staff's determination of the complexity and importance of the issues being considered in the *exemption application*. Only those third parties who submit their submissions within the deadline for submissions can participate further in the *exemption application* process.

IESO staff will forward any third party submissions to the *exemption applicant* and *publish* the third party submissions, except for any portion containing information which is established as *confidential information* under section 1.3.

3.1.3 Reply to Third Party Submissions

The *exemption applicant* will have the opportunity to review and reply in writing to any third party submissions received. The scope of the responses should be limited to addressing the third party submissions and not restate original arguments.

The *exemption applicant* must provide its response to the *IESO* within 10 *business days* of the *exemption applicant's* receipt of the third party submissions.

The *IESO* shall *publish* the response to third party submissions, except for any portion containing information which is established as *confidential information* under section 1.3.

3.1.4 IESO Staff Recommendation

IESO staff will review the *exemption application* and any third party submissions and responses and prepare a staff recommendation that takes into account the criteria set out in section 3.2.4 that are relevant to the *exemption application*. The staff recommendation may also address any other aspect of the *exemption application* and submissions received in relation thereto. Where the *IESO* staff support granting the *exemption*, the staff recommendation will include proposed terms and conditions, including the *IESO* staff's position on any cost order.

The *IESO* shall *publish* the staff recommendation, except for any portion containing information which is established as *confidential information* under section 1.3.

The *exemption applicant*, and any persons who made a third party submission, may respond in writing to the *IESO* staff recommendation within 10 *business days* following its *publication*, unless a longer time period is agreed to by the *IESO*. In responding to the *IESO* staff recommendation, the *exemption applicant* may comment on any proposed terms and conditions contained in the *IESO* staff recommendation or revise its exemption plan. The *IESO* shall *publish* all such submissions, except for any portion containing information which is established as *confidential information* under section 1.3.

Following the receipt of such submissions, the *IESO* may revise its staff recommendation and *publish* such revised staff recommendation, except for information established as *confidential information* under section 1.3.

3.2. IESO Board Review

3.2.1 Establishing the Panel

The Chair of the *IESO Board* will assign, in accordance with the Governance and Structure By-law, at least two directors of the *IESO Board* to form the Exemptions Panel (the "Panel") and determine an *exemption application*. The Chair of the *IESO Board* may from time to time revoke such assignment or otherwise assign responsibility to determine *exemption applications*.

3.2.2 Notification of Panel Review

Once the final documents have been *published*, the *IESO* will notify the *exemption applicant* and third parties who made submissions on the amended exemption of the date that the *exemption application* will be reviewed by the Panel.

3.2.3 Review of the Exemption Application by the Panel

IESO staff will provide the Panel with a copy of the material submitted in regards to the *exemption application*, including:

- the *exemption application*;
- all third party submissions;
- responses to such third party submissions from the *exemption applicant*;
- the *IESO* staff recommendation and any revisions thereto; and
- other material, as applicable.

The Panel may request additional information concerning the *exemption application* from *IESO* staff, the *exemption applicant* or from a third party. The Panel shall disclose such requests to the *IESO* staff, *exemption applicant* and any third party that provided written submissions. Any additional information provided in response to the Panel's request will be disclosed to the *IESO* staff, *exemption applicant* and any third party and the Panel may, if it determines the additional information to be material to its decision, permit those parties to provide additional written submissions within a timeframe established by the Panel.

The Panel may decide to retain counsel and expert assistance, including requesting *IESO* staff with specific expertise to assist in its review of the *exemption application*. Where practical, the *IESO* staff selected to assist with the review would not have been directly involved in the creation of the *IESO* staff recommendation.

Unless the Panel determines otherwise, the *exemption application* will proceed by way of a written hearing. The Panel may determine that the *exemption application* proceed by way of an oral hearing in accordance with Rule 7 of the *Rules of Procedure Governing Hearings Before the IESO Board*.

The Panel may refer the matter back to the *IESO* to reconsider aspects of the staff recommendation, including adding or amending proposed terms and conditions, and allow the *exemption applicant* and persons who made third party submissions to comment on any revisions made to the staff recommendation.

3.2.4 The Panel Decision

After reviewing relevant information, the Panel may grant the *exemption application* in whole or in part and imposing any terms and conditions thereto or deny the *exemption application*. An *exemption* shall not be granted unless such *exemption* is approved by at least two-thirds majority of the Panel.

The Panel shall consider the following criteria when making its decision:

- the impact on the *exemption applicant* of complying with the *market rule*, standard, policy or procedure to which the *exemption application* relates, including any costs or delays that the *exemption applicant* would be required to incur to comply;
- the impact on the *IESO* and other *market participants* of the *exemption applicant* complying with the *market rule*, standard, policy or procedure to which the *exemption application* relates;
- whether the *exemption* would, if granted, materially:
 - impact the ability of the *IESO* to direct the operations and maintain the *reliability* of the *IESO-controlled grid*;
 - impact the ability of the *IESO* to ensure non-discriminatory access to the *IESO-controlled grid*;
 - affect the ability of the *IESO* to operate the *IESO-administered markets* in an efficient, competitive and reliable manner;
 - increase costs of *market participants* or the *IESO*; or
 - provide the *exemption applicant* any undue preference in the *IESO-administered markets*;
- the adequacy of the *exemption plan* submitted by the *exemption applicant*, including the extent to which it mitigates any consequences of non-compliance with the relevant *market rule*, standard, policy or procedure,
- the capability of the *exemption applicant* to ensure the *facility*, equipment, or *resource* operates in a manner consistent with the terms and conditions of the proposed *exemption* and the *exemption plan*;
- the appropriateness, adequacy, relevance, and enforceability of the terms and conditions of the *exemption*, having regard to the balance of all considerations and criteria;
- whether on the date on which the *market rule*, standard, policy or procedure to which the *exemption application* relates came into force, the relevant *facility*, equipment, or *resource* was (i) in service and operating in a reliable manner; (ii) purchased by the *exemption applicant*; or (iii) being constructed; and
- any other consideration that the Panel determines is relevant, including, in the context of a reconsideration or amendment process, the manner in which the *exemption applicant* or any other party, including other *market participants* and customers and investors of the *exemption applicant*, have organized its affairs in reliance upon the *exemption*, or any history of non-compliance by the *exemption applicant* in regards to the subject matter of the *exemption*.

When the Panel grants an *exemption*, it may impose such terms and conditions as it determines appropriate, including:

- any standards or obligations that must be met or complied with by the *exemption applicant* during the life of the *exemption*;
- requirement to comply with its proposed exemption plan;
- the repayment or forgoing of an inappropriate benefit from a given *settlement amount*;
- reconsideration of the *exemption*;
- transferability of the *exemption*; and
- any costs that must be paid by the *exemption applicant*.

Exemptions that are granted will be effective as of the date the *exemption application* was submitted to the *IESO*, unless the Panel determines otherwise.

3.2.5 Publication of the Panel Decision

The *IESO* will *publish* the Panel's decision and communicate the decision to the *exemption applicant* and third parties who have provided written comments. The decision will specify the duration of the *exemption*, the list of Panel members and the rationale for its decision.

Where an *exemption application* or any portion thereof is denied by the Panel, the *exemption applicant* shall not be entitled to submit a further *exemption application* on the same or substantially the same subject matter for a period of one year from the date of the denial.

4. Administration of an Exemption

4.1. Monitoring of an Exemption

An *exemption applicant's* failure to comply with any of the terms or conditions of an *exemption* constitutes a breach of the *market rules* and may be subject to compliance actions by the *IESO's* Market Assessment and Compliance Division and/or result in the reconsideration of the *exemption*.

An *exemption applicant* to whom an *exemption* has been granted shall:

- provide to the *IESO* all information the *IESO* may request for the purposes of monitoring the *exemption applicant's* operations that are the subject matter of the *exemption*; and
- advise the *IESO* of any material changes to the circumstances in so far as the *exemption* is concerned.

The requested information may include information regarding the *exemption applicant's* compliance with the terms and conditions of its *exemption*, information on the *exemption applicant's* progress in implementing its *exemption* plan, and/or information relating to the *exemption applicant's* plans and progress to become compliant with the exempted obligation. In accordance with the *market rules*, information provided to the *IESO* may be used in connection with or to initiate a process to investigate and enforce compliance with the *market rules*, including compliance with the terms and conditions of an *exemption*.

4.2. Amendment of an Exemption

An *exemption applicant* may apply to the *IESO* to amend the terms and conditions of an *exemption* by submitting to the *IESO* via email at exemptions@ieso.ca. A request to amend the terms and conditions of an *exemption* should include the following:

- (a) Description of the circumstances giving rise to the request to amend an *exemption*;
- (b) Proposed amendments; and
- (c) Any impact such amendment would have on the criteria set out in section 3.2.4.

If the *IESO* determines that neither the proposed amendment by the *exemption applicant* nor the *IESO* staff recommendation would have a material impact on the

criteria set out in section 3.2.4, the *IESO* staff will prepare such staff recommendation regarding the proposed amendment no earlier than 10 *business days* following *IESO* receipt of the amendment request and *publish* the amendment request and the *IESO* staff recommendation, except for any portion containing information that was established as *confidential information* under section 1.3. Following this, the *IESO* staff will provide the request for amendment and the *IESO* staff recommendation to the Panel without taking any further steps. The Panel may invite third party written submissions in accordance with the procedures set out in section 3.1 before rendering its decision.

If the *IESO* determines that either the proposed amendment by the *exemption applicant* or the *IESO* staff recommendation would have a material impact on the criteria set out in section 3.2.4, the process will follow the same process as outlined in section 3.1.

The Panel will consider the amendment request based on the criteria in section 3.2.4 and decide to:

- amend the *exemption* from a specified date, subject to any terms and conditions the Panel determines appropriate; or
- confirm the *exemption* as originally granted.

The *exemption applicant* and any third parties that made written submissions will be notified of the decision of the Panel. The decision with written reasons will be *published*.

4.3. Reconsideration of an Exemption

The *IESO* may request the Panel reconsider an *exemption* in the following circumstances:

- (a) At the time or circumstances stated in the *exemption*, in accordance with the terms and conditions of an *exemption*;
- (b) where there has been a breach of the terms or conditions of the *exemption*;
- (c) where there is a proposed amendment to the *market rule*, standard, policy or procedure to which the *exemption* relates such that the *IESO* staff believe that the *exemption* or its associated terms and conditions warrant corresponding amendment; or
- (d) where *IESO* staff believe that there exists a material change in circumstances in respect of one or more of the criteria set out in section 3.2.4, relative to the circumstances that existed on the date on which the *exemption* was granted.

IESO staff may initiate a reconsideration request by delivering to the *exemption applicant* a staff recommendation that discusses the circumstances giving rise to the reconsideration, the corresponding impact on the criteria set out in section 3.2.4, and *IESO* staff's proposed outcome. The *IESO* shall set a deadline for the *exemption applicant* to respond, which will not be less than 10 *business days*.

IESO staff will *publish* the *IESO* staff recommendation and any response from the *exemption applicant*, except for any portion containing information which is established as *confidential information* under section 1.3.

IESO staff will provide the staff recommendation and any response from the *exemption applicant* to the Panel. The Panel may invite third party written submissions in accordance with the procedures set out in section 3.1, except that the *exemption applicant's* reply to third party submissions will be following the *IESO* staff's reply and revised staff recommendation, if any.

The Panel will consider a request for reconsideration based on the criteria in section 3.2.4 and decide to:

- remove the *exemption* with effect from a specified date, subject to any terms and conditions the Panel determines appropriate;
- amend the *exemption* from a specified date, subject to any terms and conditions the Panel determines appropriate; or
- confirm the *exemption* as originally granted.

The *exemption applicant* and any third parties that made written submissions will be notified of the decision of the Panel. The Panel's decision will be *published*.

In addition to steps arising from reconsideration of an *exemption*, an *exemption applicant's* failure to comply with any of the terms or conditions of an *exemption* constitutes a breach of the *market rules* and may be subject to compliance actions by the *IESO*.

4.4. Transfer of an Exemption

For the purposes of this section 4.4, the use of "change in control" includes:

- i) if the *exemption applicant* is a corporation, a change in control of the *exemption applicant* within the meaning of the *Business Corporations Act (Ontario)*;
- ii) if the *exemption applicant* is unincorporated and is not a limited partnership, if more than 50 per cent of the ownership interests of the *exemption applicant*, however designated, is transferred;

- iii) if the *exemption applicant* is a limited partnership, if there is a change of control (within the meaning of subparagraphs (i) or (ii) above, as applicable) of the general partner of the limited partnership; and
- iv) where the *facility*, equipment, or *resource* to which the *exemption* relates is sold or otherwise transferred to another *market participant*.

For the purposes of this section 4.4, a “transferee” includes a person that acquires control of an *exemption applicant* through any of the above changes in control.

Unless provided otherwise in its *exemption*, an *exemption applicant* may, as a result of a change in control, transfer its *exemption* by submitting a request to Transfer Exemption (1603) to the *IESO* via email at exemptions@ieso.ca with the following information:

- the legal entity to which the *exemption* will be transferred to (the “transferee”) including the *market participant* ID of the transferee;
- the proposed transfer date;
- the reasons for the transfer request; and
- if the transfer is subject to any applicable terms and conditions of the *exemption*, how the proposed transfer satisfies those terms or conditions.

The *IESO* will notify the *exemption applicant* if the information provided is incomplete or requires clarification. The application will not be processed until it is determined by the *IESO* to be complete. *IESO* staff may request in writing at any time during the transfer process that the *exemption applicant* provide additional information in support of the requested transfer.

If the *exemption* specifically contemplates the transfer of the *exemption* in certain circumstances and *IESO* staff determines that the requested transfer satisfies such circumstances and is in accordance with the terms and conditions of the *exemption*, the transfer is deemed administrative and *IESO* staff shall grant the transfer. The *IESO* staff decision on the transfer will be communicated to the *exemption applicant*. The date on which the transfer occurs and the entity to which the *exemption* is transferred will be *published*.

If *IESO* staff determine that the requested transfer does not fall under circumstances explicitly considered by the *exemption* and/or the requested transfer does not satisfy the terms and conditions contained in the *exemption*, the transfer request will require Panel approval. *IESO* staff will prepare a staff recommendation considering the nature of the request, the considerations set out below and the criteria in section 3.2.4. The *IESO* shall set a deadline for the *exemption applicant* to respond, which will not be less than 10 *business days*. *IESO* staff will *publish* the *IESO* staff recommendation and any

response from the *exemption applicant*, except for any portion containing information which is established as *confidential information* under section 1.3.

IESO staff will provide the relevant materials, including any staff recommendation and responses to the Panel. The Panel may invite third party written submissions in accordance with the procedures of section 3.1.

The Panel will consider the transfer request in accordance with the criteria in section 3.2.4 and whether:

- the transfer meets the applicable terms and conditions set forth in the *exemption*;
- the ability of the proposed transferee to comply with all of the terms and conditions of the *exemption*;
- the proposed transferee is a *market participant* or undertakes in writing to the *IESO* to apply for authorization as a *market participant*;
- the *exemption applicant* and the proposed transferee undertake in writing to the *IESO* to provide such information and documentation as may be required by the *IESO* to reflect the transfer (such as information pertaining to the registration of the equipment, *facilities*, or *resources*); and
- the extent to which the transfer of the *exemption* will impact the timely implementation of the plan to become compliant with the exempted obligation (such plan may be the *exemption* plan, modified as required by the Panel as part of the terms and conditions of the *exemption*).

Where the transferee has not yet received authorization as a *market participant*, or where other circumstances exist which the Panel considers appropriate, the approval of the transfer may be conditional upon the satisfaction of specific requirements.

The *exemption applicant* will be notified of the decision of the Panel and the decision will be *published*.

5. Costs

5.1. Introduction

If imposed by the *IESO Board*, an *exemption applicant*, other than the *IESO*, is responsible for paying a processing fee to defray the costs associated with processing an *exemption application*, application to amend an *exemption*, or application to transfer an *exemption*. Additionally, if imposed by the Panel, the *exemption applicant*, other than the *IESO*, is responsible for paying for all costs associated with any *exemption* granted to it, including the costs associated with compliance with the terms and conditions of its *exemption* and the costs associated with the provision of any monitoring information required by the *IESO*.

These fees and costs shall be considered to create an obligation under the *market rules* to pay the amount specified in the *exemption* at the time or times specified in the *exemption*.

5.2. Processing Costs

The *IESO Board* may impose a fee on an *exemption applicant* to defray the costs associated with processing an *exemption application*, application to amend an *exemption*, or application to transfer an *exemption*. The *IESO Board* will monitor these processing costs and review, on an ongoing basis, the decision whether to charge such a fee and, if so, the amount of such fee. If the *IESO Board* decides to implement a fee or change the amount of such fee, the *IESO* shall *publish* the *IESO Board's* decision and such change shall take effect as of the date specified in the *IESO Board's* decision, which in no circumstance shall be less than 15 *business days'* notice from the date the decision is *published*. For greater certainty, changes to processing fees shall only apply to applications received after the effective date of the fee change.

5.3. Incremental Exemption Costs

In certain cases, the granting of an *exemption*, amending of an *exemption*, the reconsideration of an *exemption*, or transfer of an *exemption* may result in the *IESO* or other *market participants* bearing costs over and above the costs they would be required to bear if the *exemption* were not granted. In such cases, the Panel may impose, as a term or condition of the *exemption*, an obligation on the *exemption applicant* to pay such costs. The terms and conditions of the *exemption* will indicate to whom such costs must be paid and by when.

5.4. Withholding/Repayment of Settlement Amounts

In certain cases, the granting of an *exemption*, amending of an *exemption*, the reconsideration of an *exemption*, or transfer of an *exemption* may result in the *exemption applicant* to be inappropriately benefit from a given *settlement amount*.

Where this is the case, the Panel may include, as a term or condition of the *exemption*, an obligation on the *exemption applicant* to forego or repay a given *settlement amount* that might otherwise be payable or have been paid to it.

5.5. Costs Arising from Reconsideration of Exemption

An *exemption applicant* may, as determined in accordance with this section, be entitled to its costs arising from the reconsideration of an *exemption* granted prior to *market commencement date*. No costs are recoverable in respect of the reconsideration of an *exemption* granted after the *market commencement date*.

Unless the costs to be incurred by the *exemption applicant* to comply with the standard or obligation to which the *exemption* relates or with the amended terms and conditions of the *exemption*, as the case may be, are recoverable by means of a process or procedure governed or mandated by the *OEB*, some or all *market participants* may be directed by the *OEB* or the *IESO* under the *market rules* (MR Ch.1, ss. 14.5.1, 14.5.2, 14.5.3 and 14.5.4) to remit to the *exemption applicant* an amount equal to the whole or part of such costs. These costs shall be calculated by subtracting from the costs to be incurred by the *exemption applicant* to comply with the standard or obligation to which the *exemption* relates or with the amended terms and conditions of the *exemption*, as the case may be, the value of any benefit accruing to the *exemption applicant* as a result of its compliance with such standard, obligation or amended terms and conditions. Both the costs of compliance and value of the benefit accruing to the *exemption applicant* shall be determined by *IESO* staff. *IESO* staff will consult with the *exemption applicant* and any *market participant* affected in making this determination of costs.

After the *market commencement date* an amendment to the *market rules* may result in an *exemption* granted prior to the commencement of the *IESO-administered markets* no longer being sufficient or may result in a *market participant's facility*, equipment, or *resource* no longer being in compliance with the *market rules*. The *exemption applicant* or *market participant*, as the case may be, shall bear its own costs in upgrading its *facility*, equipment, or *resource* so that it will again be in compliance with the *market rules*.

– End of Section –

Appendix A: Forms

This appendix identifies the forms associated with the “Exemption Application and Assessment” procedure. The forms are available on the *IESO* website at www.ieso.ca in the same location as this procedure. The forms are as follows:

| Form Name | Form Number |
|-------------------------------|-------------|
| Exemption Application | FORM-158 |
| Request to Transfer Exemption | FORM-159 |
| | |
| | |

– End of Section –



References

| Document ID | Document Title |
|-----------------|----------------|
| RUL-6 to RUL-24 | Market Rules |

– End of Document –