



Guide to Prudentials at the IESO

IESO Training

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1. Introduction

This guide outlines the IESO's prudentials framework, including prudential requirements for all resources, margin call processes, and the underlying price basis for prudentials.

If users participate, or intend to participate, in the IESO markets for physical or virtual transactions, they must provide collateral (called "Prudential Support") to cover funds that might be owed to the market if their company were unable to make a payment.

This Guide explains:

- Why the IESO requires prudential support
- How the prudential support amount is determined
- What type of collateral is acceptable
- When and why a Market Participant (MP) prudential support amount might be reassessed
- What happens if a Market Participant (MP) doesn't maintain its Prudential Support Obligation
- Accessing prudential information through Prudential Manager

Note: Additional information on Prudential Support Obligations for Market Participants can be found in the documents listed in Appendix B.

1.1 Prudential Support

In the real-time electricity markets, there is no way to recover the physical commodity if the buyer is unable to pay – the electricity has already been consumed.

Under the market rules, the IESO must pay energy suppliers within 4 business days of when the IESO issues invoices. Buyers must pay the IESO within 2 business days of when the IESO issues an MP's invoice so that the IESO can then remit funds owed to suppliers.

If a buyer does not make the required payment, the IESO does not assume the debt – instead, all non-defaulting Market Participants (MPs) assume any default. The prudential support process ensures that the IESO has a reasonable amount of collateral on hand to cover potential default situations. The process provides a reasonable degree of protection to non-defaulting participants from the risk of having to cover a defaulted payment.

1.2 Providing Prudential Support

Prudential requirements are based on Market Participants' activities in the market – the requirements are not the same for all MPs. In some cases, an MP's Prudential Support Obligation may be zero – for example, if the MP supplies energy to the market and are a net creditor in the market. During the market entry process, the MP will be informed if they initially need to provide prudential support. However, this obligation can change if their activity in the market changes.

Prudential requirements are determined differently and independently for activities related to physical and virtual transactions. Therefore, if the MP is authorized to conduct both transactions, they will have two separate Prudential Support Obligations.

1.3 Required Prudential Support

Prudential support requirements are contingent on many factors, including the transactions MPs are authorized to conduct.

If the MP conducts physical transactions, the location of their internal resources along with the resource types may impact their Prudential Support Obligation for physical transactions. If the MP is authorized as an energy trader, their Prudential Support Obligation for physical transactions will be impacted by recent invoice amounts. Some sections of this Guide describe the impact to prudential requirements depending on the type of resources in their portfolio (Non-Dispatchable Loads (NDLs), vs all other Market Participants). In particular, the underlying energy price basis will be determined based on Locational Marginal Prices, or the Ontario Electricity Market Price (DA-Ontario Zonal Pricing plus Load Forecast Deviation Adjustment (LFDA)), depending on the MP's resource types, and which price they will typically settle on. Furthermore, price responsive loads, in a prudentials context, are treated similarly to all other resources that are not a Non-Dispatchable Load.

This Guide also describes the prudential requirements for conducting virtual transactions. Thus, many sections throughout the Guide have been split to demonstrate different market rules and calculations applicable to physical transactions vs virtual transactions. Participants will provide prudential support for either or both of these, where applicable.

Where the text provides references to “energy traders” vs. “not energy traders”, the energy traders group may include both intertie traders (physical transactions) and/or virtual traders (virtual transactions), depending on if the topic relates to one or both of those transaction types.

1.4 Monitoring the MP’s activity

The IESO assesses an MP’s actual exposure for physical and virtual transactions against their trading limit and issue margin call warnings and margin calls as required. (See Section 7).

In addition, if the MP has a good payment history, or are receiving a credit rating reduction or a market creditor reduction, then changes to either their credit rating, good payment history, or their market creditor status may trigger changes to their prudential requirement.

1.5 Accessing prudential information

To facilitate access to prudential support information, the IESO offers the Prudential Manager (See Appendix A). This is available to all Prudential Requirements Contacts registered with the IESO. A secure login is provided to contacts for the IESO Gateway Prudentials community (A Gateway community page is a web page where users with similar interests can access applications, use related links, and get information.)

User accounts for the Production environment must be requested by a Rights Administrator registered with the IESO through the online registration system at <https://online.ieso.ca> or <https://gateway.ieso.ca/>.

User accounts for the Sandbox environment (for testing and training) must be requested by a Rights Administrator registered with the IESO through the sandbox online registration system at <https://onlinesandbox.ieso.ca>.

For assistance, contact [IESO Customer Relations](#).

Note: To access the MP’s prudential information through Online IESO, they need to be assigned a Prudential Requirements Contact role, Prudential information Search, and/or Prudential information Submission system access role(s).

2. Determining the Amount of the MP's Prudential Support

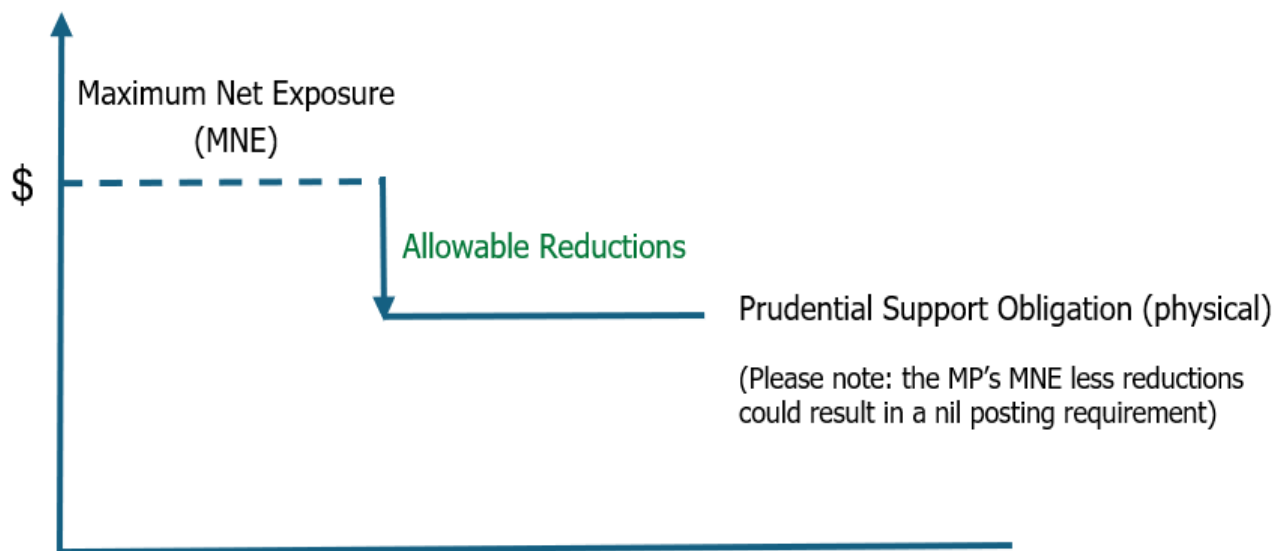
During the authorization process for a new type of market participation, the IESO asks a Market Participant (MP) to provide information about the MP's expected trading activity associated with conducting physical transactions or virtual transactions in the day-ahead and real-time markets. The MP required to submit this information through Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>).

A Prudential Support Obligation will be determined separately for physical transactions and virtual transactions, informed by all activity in the day-ahead and real-time timeframes. An MP that is authorized for both types of transactions will have two separate Prudential Support Obligations.

The MP should have enough prudential support posted so that if their company were unable to make a payment, there would be enough collateral to cover any funds owing to the market, subject to any reductions in their prudential calculation. The IESO uses the information the MP provides to determine their prudential support obligation.

2.1 Determining Prudential Support for Physical Transactions

The prudential support obligation for physical transactions is a function of an MP's Maximum Net Exposure less any allowable reductions:



Both the MP's Maximum Net Exposure and allowable reductions depend on whether or not the MP has selected the "margin call option" or if eligible, the "no margin call option", when submitting the MP's prudential information in Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>).

When determining the MP's Prudential Support Obligation for physical transactions, the IESO considers the MP's:

- Maximum Net Exposure, which is the summation of their:
 - trading limit
 - default protection amount
 - any allowable reductions

Note: The 'Maximum Net Exposure (MNE) for physical transactions' section below, and the illustrative examples provided, reflect the 'margin call option' outcomes. The 'no margin call option' is described later in Section 2.1.

2.1.1 Maximum Net Exposure (MNE) for Physical Transactions

An MP's Maximum Net Exposure is the IESO's estimate of the net amount they could owe while conducting physical transactions.

The IESO estimates the MP's Maximum Net Exposure for physical transactions based on the information they provide through Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>). The IESO looks at:

- The MP's expected daily maximum and annual energy injections and withdrawals.
- For participants conducting physical transactions that are not energy traders: the MP's estimated peak load for upcoming billing periods.
- For participants conducting physical transactions that are energy traders: the MP's expected net settlement amount.
- The MP's self-assessed trading limit.

The IESO calculates the MP's Maximum Net Exposure by adding their trading limit and their default protection amount. If the MP's Maximum Net Exposure is zero or negative, they do not need to provide any prudential support.

2.1.2 Determining the trading limit for Physical Transactions

An MP submits their own estimate of what their trading limit for physical transactions should be in Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>) based on anticipated injection and withdrawals. The IESO will use this input along with the applicable energy price basis, estimated global adjustment charges, and transmission and other charges to determine a minimum trading limit for the MP that is equivalent to a default value of 7 days' market activity under the 'margin call option'.

If the MP's self-assessed trading limit is higher than the IESO-determined limit, the IESO will use the MP's self-assessed trading limit as their trading limit.

The MP's trading limit serves as a warning of potential over-exposure in the real-time markets. If the MP's actual exposure reaches or exceeds their trading limit, the IESO will issue them a margin call.

The MP may decide which assumptions to use in estimating their trading limit – the IESO recommends that the MP tries to reflect their expected exposure in the real-time markets for the upcoming billing period. If the MP does not wish to receive margin call demands, then it's best if they set the limit so that their actual exposure would not reach their trading limit before they make their next invoice payment. MPs must submit their self-assessed trading limit at least 7 days ahead of the billing period they want it to apply to. This limit will apply to all future billing periods unless it is changed.

2.1.3 Determining the self-assessed trading limit for Physical Transactions

MPs should consider:

- What is their current, estimated actual exposure?
- What additional physical transaction charges does they expect to incur by the time they make their next payment to the IESO?

If the MP is an energy trader, their self-assessed trading limit can be selected as any percentage greater than 25% of their estimated net settlement amount for the upcoming billing period – in other words, 25% of the 'amount owing' that they expect to see on their invoice.

There is a minimum self-assessed trading limit of \$50,000 split evenly between their trading limit and default protection amount, if they are an energy trader that has not conducted physical transactions for at least three previous billing periods.

To decrease the likelihood of receiving frequent margin calls, the IESO suggests that MPs use 100% and 49 days in their calculation – this takes into account the IESO's 30-day billing period, 15-day invoicing period, 2-day remittance period, and 2-day review period.

If the MP is not an energy trader, they can either enter the number of days for their self-assessed trading limit or a dollar amount at Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>). They can use the following formula to determine the dollar amount of their self-assessed trading limit under the 'margin-call option' (see explanations below):

Energy Exposure, for all Non-Dispatchable Load (NDL) resources:

The MP's daily estimated aggregate **net NDL withdrawals** for physical transactions in megawatt hours (MWh)

X applicable NDL **energy price basis**

X number of **billing days** (range from 7-49 days)

+

Energy Exposure, for each resource that is not an NDL (includes price responsive loads):

The MP's daily estimated **net resource withdrawals** for physical transactions in megawatt hours (MWh)

X applicable resource-specific **energy price basis**

X number of **billing days** (range from 7-49 days)

+ **Global Adjustment Estimated Charges**

+ **Transmission and Other Charges**

= **Self-Assessed Trading Limit**

Explanation of formula items:

Energy Price Basis

Energy Price Basis values are in dollars per megawatt hour (\$/MWh). A single NDL-specific energy price basis is determined and applicable to aggregate net withdrawals for all NDL resources in the MP's portfolio, in the form of the Ontario Zonal Price. For all other MP resources, an energy price basis value will be determined separately for each resource that is not a Non-Dispatchable Load based on day-ahead and real-time market historical pricing outcomes over the most recent three-year period, in the form of a Locational Marginal Price. For wholesale consumers with load resources where the most recent three-year period involves a combination of both NDL and non-NDL (i.e., all other participation types) statuses for that resource, then the IESO will use the latest status to determine the energy price basis for that resource.

MPs can view the most recent energy price basis estimates by clicking on the tile shown in image below, under the Records menu of Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>).



Prudential Energy Price Basis by Resources

Display active and historical Energy Price Basis by Reso...

Billing days

The IESO encourages MPs to use 49 days in their calculation – this takes into account the 30-day billing period, 15-day invoicing period, 2-day remittance period, and the 2-day review period.

Global Adjustment Estimated Charges

Total Global Adjustment (GA) charges are determined differently for “Class A” withdrawals and “Class B” withdrawals from the IESO-controlled grid. Monthly GA dollar amounts for “Class A” consumption are based on an MP’s coincident peak demands. This change is a result of [Regulation 398/10 amending Regulation 429/04](#). Customers with a peak demand factor will be considered to have “Class A” withdrawals.

The applicable methodology to determine “Class A” and “Class B” charges will be applied based on the MP’s “Class A” and “Class B” (as applicable) daily and annual estimated withdrawal amounts provided during their prudential scenario submission in [Online IESO](#).

“Class A” GA amounts are based on the percentage that the MP’s peak demand contributes to overall system demand during the five peak hours of a defined Base Period.

For customers with “**Class A**” withdrawals, the “Class A” Global Adjustment component will be determined as follows:

- $[(PDF \times \text{Total GA}) / \text{Annual Total Energy Consumption (Class A)}] \times \text{Daily Total Energy Consumption (Class A)} \times \text{Number of Billing Days}$, where:
 - PDF is the Peak Demand Factor assigned to each “Class A” customer based on their five coincident peak demands.
 - Total GA is the Ontario Energy Board’s estimate of the total annual Global Adjustment cost for the applicable period.
 - Annual Total Energy Consumption (Class A) is the MP’s estimated annual Class A electricity consumption covering all Class A resources in their portfolio, which is initially provided in their prudential scenario submission.
 - Daily Total Energy Consumption (Class A) is the estimated daily Class A electricity consumption for the customer initially provided in the MP’s prudential scenario submission.
 - Number of Billing Days can range from 7 to 49 days when determining the MP’s trading limit and default protection amounts for their Maximum Net Exposure.

For customers with “**Class B**” withdrawals, the “Class B” Global Adjustment component will be determined as follows:

- $\text{Class B Global Adjustment Rate} \times \text{Daily Total Energy Consumption (Class B)} \times \text{Number of Billing Days}$, where:
 - Class B Global Adjustment Rate is the Global Adjustment (Class B) price per MWh provided by the Ontario Energy Board

- Daily Total Energy Consumption (Class B) is the estimated daily Class B electricity consumption for the MP initially provided in their prudential scenario submission.
- Number of Billing Days can range from 7 to 49 days when determining the MP's trading limit and default protection amounts for their Maximum Net Exposure.

Transmission charges

Includes transmission charges¹ that apply to the MP (transmission charges are based on the MP's estimated peak load for the upcoming billing period):

- Network Service Charge \$6.39/kW/month (+ applicable taxes)
- Transformation Connection Service Charge \$3.47/kW/month (+ applicable taxes)
- Line Connection Service Charge \$1.03/kW/month (+ applicable taxes)

2.1.4 The IESO-set minimum trading limit for Physical Transactions

If the MP is an energy trader, the IESO sets the MP's minimum trading limit at 25% of their estimated net settlement amounts – based on either the MP's recent market activity or on a forecast of their future market activity.

Example 1: Minimum Trading Limit for a Market Participant exporting (purchasing) as an Energy Trader

Minimum Trading Limit Calculation

Market Participant informs via Online IESO that their expected net settlement amount is:	\$1,525,000
25% of Expected Net Settlement Amount	\$381,250
MINIMUM TRADING LIMIT	\$381,250

If the MP is not an energy trader, the IESO sets the MP's minimum trading limit for physical transactions by estimating the net settlement amounts from conducting physical transactions the MP would incur in the day-ahead and real-time markets over 7 days of market activity under the "margin call option".

Note: As with MPs that are not energy traders, if the MP's self-assessed trading limit is higher than the IESO-determined limit, the IESO will use the MP's self-assessed trading limit as their trading limit for physical transactions.

¹ The 2026 rates are provided as reference. For the latest applicable rates, refer to the IESO's Monitor Prudential system or the OEB rate order at <https://www.oeb.ca/applications/applications-oeb/electricity-transmission-rates>.

Following are two examples of minimum trading limit calculations for Market Participants who are not energy traders.

Example 2: Minimum Trading Limit for a Consumer with Class A and B Non-Dispatchable Load (50 MW Peak)

Assume Inputs

Daily Total Energy Consumption (Class A):	200 MWh/day
Annual Total Energy Consumption (Class A):	55,000 MWh/year
Daily Total Energy Consumption (Class B):	500 MWh/day
Non-Dispatchable Load Energy Price Basis:	\$35/MWh
Days of Market Activity for calculation (Given)	7 days
Peak Demand Factor:	0.0001
Total Class A Global Adjustment Dollars:	\$12,300,000,000
Class B Global Adjustment Rate:	\$100/MWh

Minimum Trading Limit Calculation

Energy Exposure (200+500) MWh/day x \$35/MWh x 7 days	\$171,500
Class A Global Adjustment Charges ((0.0001 x \$12.3B) / 55,000 MWh/year) x 200 MWh/day x 7 days	\$31,309
Class B Global Adjustment Charges \$100/MWh x 500 MWh/day x 7 days	\$350,000

Transmission Exposure 50 MW/month x 1000 kW/MW x 1 month x \$6.39 kW 50 MW/month x 1000 kW/MW x 1 month x \$3.47 kW 50 MW/month x 1000 kW/MW x 1 month x \$1.03 kW	\$319,500 \$173,500 \$51,500
Rural or Remote Electricity Rate Protection \$1.40 / MWh x 700 MWh/day x 7 days	\$6,860
IESO fee \$1.4203/MWh x 700 MWh/day x 7 days	\$6,959
Uplift & Ancillary Charges \$4.20 /MWh x 700 MWh/day x 7 days	\$20,580
Subtotal 13% (applicable taxes) MINIMUM TRADING LIMIT	\$ 1,131,708 \$ 147,122 \$ 1,278,830

Example 3: Minimum Trading Limit for a Market Participant with a **Single Generator**

Assumed Inputs

Daily Total Energy Production	(500) MWh/day
Resource-Specific Energy Price Basis	\$30/MWh
Days of Market Activity for calculation (Given)	7 days

Minimum Trading Limit Calculation

Energy Exposure -500 MWh/day x \$30/MWh x 7 days	(\$105,000)
MINIMUM TRADING LIMIT	\$ 0

2.1.5 Determining the default protection amount for Physical Transactions

This is the IESO's estimate of the additional debt the MP could accumulate when conducting physical transactions from the time they defaulted on a payment to the time, they could be removed from the market and prevented from incurring any further debt. The IESO uses this amount to determine their Maximum Net Exposure.

If the MP is an energy trader, their default protection amount for physical transactions equals their minimum trading limit.

If the MP is not an energy trader, their default protection amount for physical transactions equals the IESO's estimate of the net settlement amount the MP would incur in the day-ahead and real-time markets over 21 days of market activity under the "margin call option".

Here are two examples of a default protection amount calculation for a Market Participant that is not an energy trader:

Example 4: Default Protection Amount for MPs with **Class A** and **B Non-Dispatchable Load** (50 MW Peak)

Assume Inputs

Daily Total Energy Consumption (Class A):	200 MWh/day
Annual Total Energy Consumption (Class A):	55,000 MWh/year
Daily Total Energy Consumption (Class B):	500 MWh/day
Non-Dispatchable Load Energy Price Basis:	\$35/MWh
Days of Market Activity for calculation (Given)	21 days
Peak Demand Factor:	0.0001
Total Class A Global Adjustment Dollars:	\$12,300,000,000
Class B Global Adjustment Rate:	\$100/MWh

Default Protection Amount Calculation

Energy Exposure $(200+500) \text{ MWh/day} \times \$35/\text{MWh} \times 21 \text{ days}$	\$514,500
Class A Global Adjustment Charges $((0.0001 \times \$12.3\text{B})/55,000 \text{ MWh/year}) \times 200 \text{ MWh/day} \times 21 \text{ days}$ Class B Global Adjustment Charges $\$100/\text{MWh} \times 500 \text{ MWh/day} \times 21 \text{ days}$	\$93,927 \$1,050,000
Transmission Exposure $50 \text{ MW/month} \times 1000 \text{ kW/MW} \times 1 \text{ month} \times \$6.39/\text{kW}$ $50 \text{ MW/month} \times 1000 \text{ kW/MW} \times 1 \text{ month} \times \$3.47/\text{kW}$ $50 \text{ MW/month} \times 1000 \text{ kW/MW} \times 1 \text{ month} \times \$1.03/\text{kW}$	\$319,500 \$173,500 \$51,500
Rural or Remote Electricity Rate Protection $\$1.40 / \text{MWh} \times 700 \text{ MWh/day} \times 21 \text{ days}$	\$20,580
IESO fee $\$1.4203/\text{MWh} \times 700 \text{ MWh/day} \times 21 \text{ days}$	\$20,878
Uplift & Ancillary Charges $\$4.20 / \text{MWh} \times 700 \text{ MWh/day} \times 21 \text{ days}$	\$61,740
Subtotal 13% (applicable taxes) DEFAULT PROTECTION AMOUNT	\$2,306,125 \$299,796 \$2,605,921.25

Example 5: Default Protection Amount for a Market Participant with a **Single Generator**

Assume Inputs

Daily Total Energy Production	(500) MWh/day
Resource Specific Energy Price Basis	\$30/MWh
Days of Market Activity for calculation (Given)	21 days

Default Protection Amount Calculation

Energy Exposure -500 MWh/day x \$30/MWh x 21 days	(\$315,000)
DEFAULT PROTECTION AMOUNT	\$ 0

2.1.6 Credit information and payment history for Physical Transactions only

The MP may be able to use their credit rating information or their payment history to reduce their prudential support amount. Please see [Section 4.1](#) for more information on reducing the prudential support amount for physical transactions.

2.1.7 The No Margin Call Option for Physical Transactions only

The “no margin call option” means the MP would not be subject to margin calls², regardless of the level of their actual exposure.

The ability to select the “no margin call option” depends on the types of transactions the MP is authorized to conduct. Specifically, MPs are not eligible to select the “no margin call option” if one of their authorization types includes a virtual trader.

If the MP is eligible and selects the “no margin call option”:

- The IESO will change how they calculate the MPs Maximum Net Exposure; and

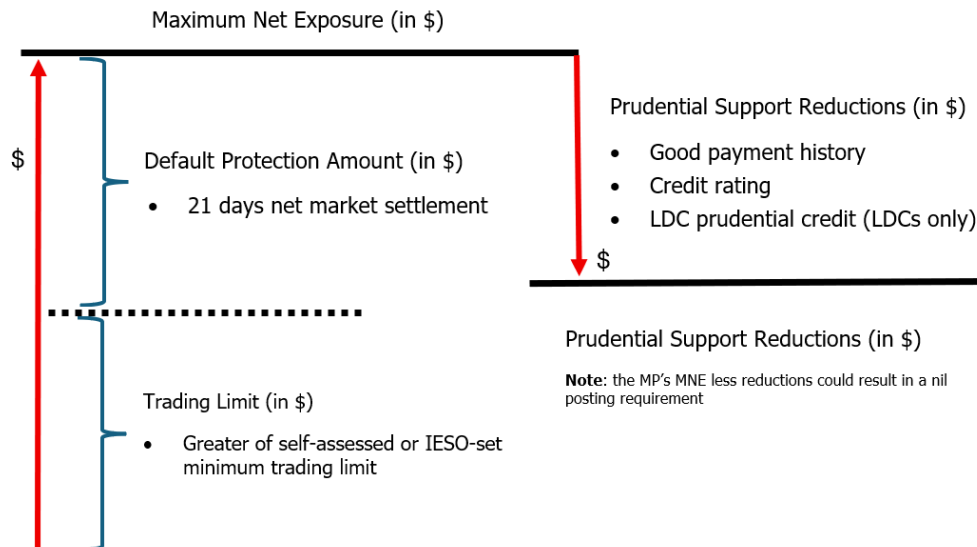
² To satisfy a margin call, the MP must pay a portion of the amount they owe by a set time. For more information on margin calls, please see Section 7.

- The MP cannot claim a reduction in their prudential support for a credit rating, payment history, or for the local distribution company prudential credit (unless they are a “small distributor³”).

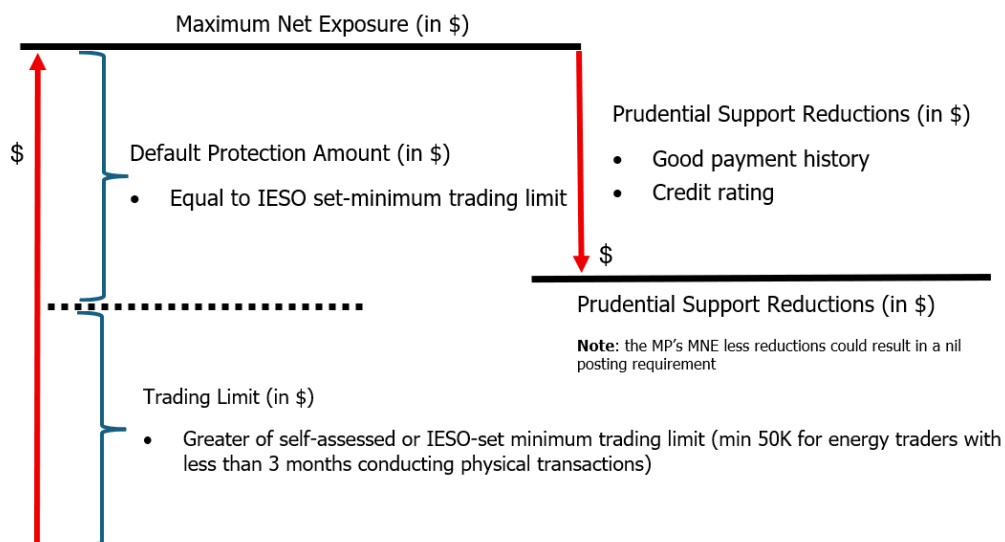
The MP may wish to use the “no margin call option” if they want to avoid the inconvenience and risk of margin calls, and they are able to arrange for low-cost prudential support equal to their Maximum Net Exposure.

If the MP selects the “no margin call” option, the IESO will calculate their Maximum Net Exposure based on 70 days of market activity, instead of on the number of days in the upcoming billing period.

2.1.8 Prudential Support Obligation for Physical Transactions: Market Participants that are not Energy Traders (Margin Call Option)

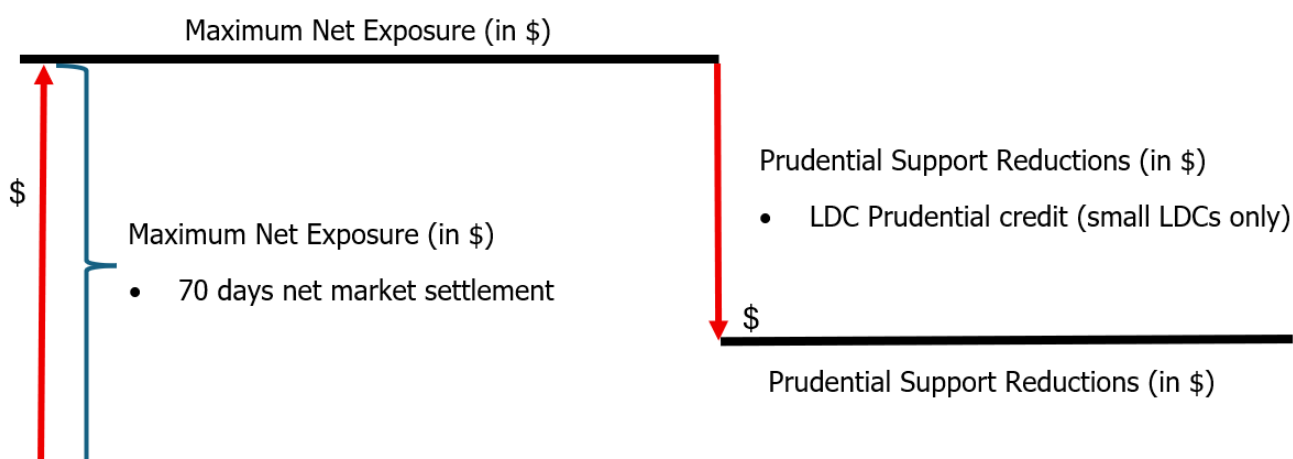


2.1.9 Prudential Support Obligation for Physical Transactions: Market Participants that are Energy Traders



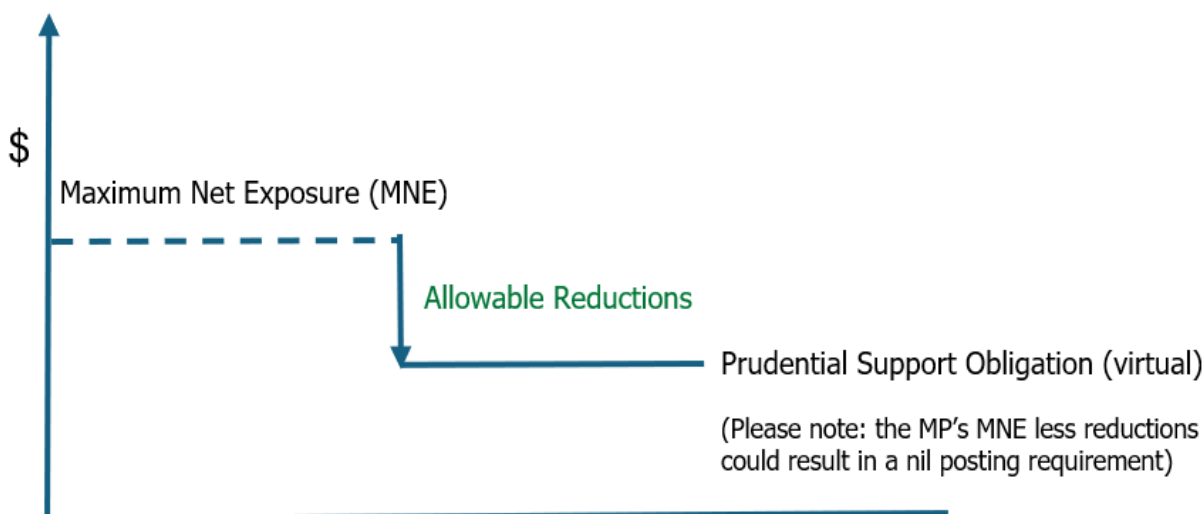
³ A 'small distributor' is a distributor with a projected annual energy consumption that is not more than 0.25% of the projected total system energy.

2.1.10 Prudential Support Obligation for Physical Transactions: Market Participants that are not Energy Traders (No Margin Call Option)



2.2 Determining Prudential Support for Virtual Transactions

The MP's prudential support obligation for virtual transactions is determined separately and applies a different methodology from what is used to determine the prudential support obligation for physical transactions. Similar to physical transactions, the MP's prudential support obligation for virtual transactions is a function of their Maximum Net Exposure less any allowable reductions. However, unlike their prudential support obligation for physical transactions, they are not eligible to select the "no margin call option" when determining their prudential support obligation for virtual transactions. Furthermore, most reductions available for the prudential support obligation for physical transactions are not available for virtual transactions.



To determine an MP's Prudential Support Obligation for virtual transactions, the IESO considers the MP's:

- Maximum Net Exposure, which is the summation of the MP's:
 - Minimum trading limit
 - Default protection amount
 - Market creditor status reduction eligibility

Details for each of these are outlined in the following sections.

2.2.1 Maximum Net Exposure (MNE) for Virtual Transactions

An MP's Maximum Net Exposure is the IESO's estimate of the net amount the MP could owe while conducting virtual transactions.

The IESO estimates the MP's Maximum Net Exposure for virtual transactions based on the information provided through Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>). The IESO looks at:

- The MP's maximum daily trading limit in MWh
- Market creditor status reduction in \$'s

The IESO calculates the Maximum Net Exposure for virtual transactions by adding the MP's minimum trading limit and their default protection amount.

2.2.2 Determining minimum trading limit for Virtual Transactions

MPs submit their absolute value for their maximum daily trading limit in MWh, reflecting total virtual transaction activity across all virtual zones in Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>). The IESO will use this input along with a virtual price delta value and an estimated virtual uplift rate to determine a minimum trading limit for the MP that is equivalent to a default value of 2 days market activity but, at the IESO's discretion, this may be increased up to 7 days of market activity, depending on if the MP has previously defaulted.

The annual virtual price delta value is determined based on a percentile of all day-ahead to real-time price differences across the nine virtual zones over the latest three-year period (see [Market Manual 5.4, Section 4.2.1](#) for details about how the value is determined). The Annual Virtual Transaction Price Delta Report is available on the [IESO's public reports](#) website and is updated at least once every calendar year.

Finally, the IESO estimates a virtual uplift rate, which currently only represents an IESO estimation of the Day-Ahead Market Reliability Scheduling Uplift rate that may be incurred by virtual transaction offers representing a virtual energy injection.

The MP's trading limit serves as a warning of potential over-exposure in the real-time market. If the MP's actual exposure reaches or exceeds their trading limit, the IESO will issue them a margin call. If the MP does not wish to receive margin call demands, then it is best if the MP's trading limit reflects a level of virtual activity greater than their actual exposure before they make their next invoice payment.

The MP's maximum daily trading limit in MWh and their trading limit for virtual transactions in dollars are used to facilitate the two day-ahead market screening process for virtual bids and offers.

The following is an example of the minimum trading limit calculation for virtual transactions:

Example 6: Minimum Trading Limit for a Virtual Trader

Assume Inputs

-150 MWh/day of Day-Ahead injections	
250 MWh/day of Day-Ahead withdrawals	
Maximum Daily Trading Limit (sum of absolute value):	400 MWh/day
Number of Trading Limit Assessment Days:	2 days
Annual Price Delta Value:	\$119 MWh
Virtual Uplift Rate Estimate:	\$2/MWh

Minimum Trading Limit Calculation

Trading Limit Estimate 400 MWh/day x \$119/MWh x 2 days	\$95,200
Virtual Uplift Charges 400 MWh/day x \$2/MWh x 2 days	\$1,600
Subtotal 13% (applicable taxes)	\$96,800 <u>\$12,584</u>
MINIMUM TRADING LIMIT	\$109,384

2.2.3 Determining the default protection amount for Virtual Transactions

This is the IESO's estimate of the additional debt the MP could accumulate conducting virtual transactions from the time they defaulted on a payment to the time they could be removed from the market and prevented from incurring any further debt. The IESO uses this amount to determine the MP's Maximum Net Exposure.

The default protection amount equals the IESO's estimate of the net settlement amount the MP would incur conducting virtual transactions over 7 days of market activity.

Here is an example of the default protection amount calculation for virtual transactions:

Example 7: Default Protection Amount for a Virtual Trader

Assume Inputs

Maximum Daily Trading Limit:	400 MWh/day
Number of Trading Limit Assessment Days:	7 days
Annual Price Delta Value:	\$119 MWh
Virtual Uplift Rate Estimate:	\$2/MWh

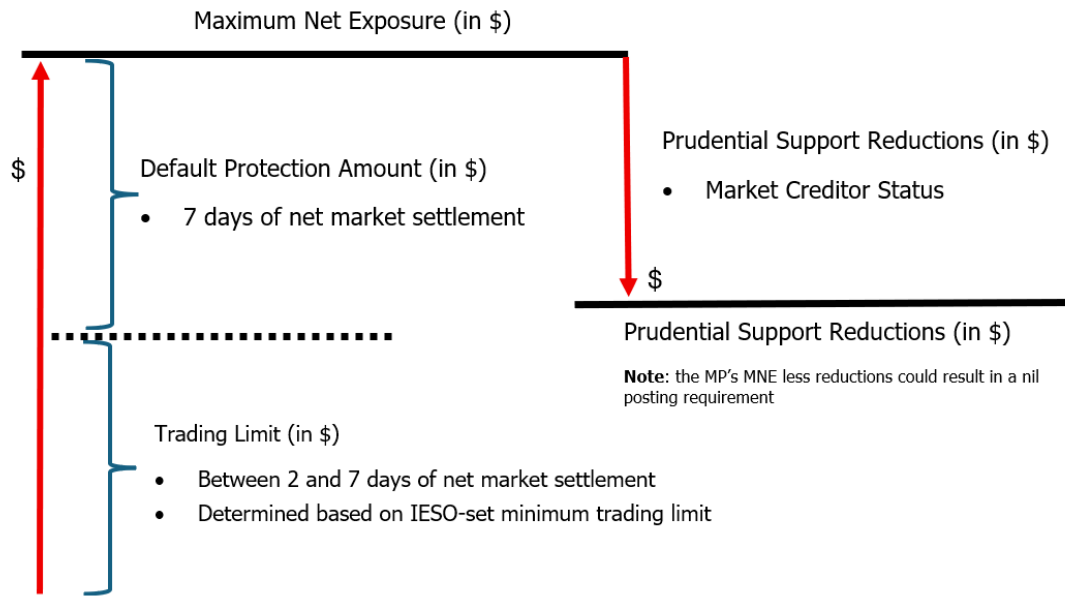
Default Protection Amount Calculation

Trading Limit Estimate 400 MWh/day x \$119/MWh x 7 days	\$333,200
Virtual Uplift Charges 400 MWh/day x \$2/MWh x 7 days	\$5,600
Subtotal 13% (applicable taxes)	\$338,800 \$44,044
DEFAULT PROTECTION AMOUNT	\$382,844

2.2.4 Market Creditor Status Reduction

An MP may be eligible for a reduction to their Maximum Net Exposure for virtual transactions if they satisfy the market creditor status criteria. Please see [Section 4.2](#) for more information on reducing the prudential support amount for virtual transactions.

2.2.5 Prudential Support Obligation for Virtual Transactions



3. Posting Prudential Support

Once the MP enters the required information for physical transactions or virtual transactions in Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>), the tool will determine their prudential support amount. If the MP is authorized to perform both transactions, they will have two distinct Prudential Support Obligations. If they are satisfied with the result, they submit the information to the IESO for review. If the submission is approved and once the original prudential support has been received by IESO, the IESO will send the MP an email notification advising them that the Prudential Support Obligation – Schedule A is available in the Prudential Support Obligation tab of the Prudential Manager in the IESO Gateway site: <https://gateway.ieso.ca/>. This form also shows any allowable reductions used in the calculation of the net amount the MP has to post (see [Section 4](#) for details on reductions).

Prior to being authorized to conduct either physical or virtual transactions, the MP must post their prudential support with IESO or with the IESO's custodian (a third-party agent which retains the treasury bills on the IESO's behalf). The total amount posted with us must be at least as much as the amount determined using Online IESO.

3.1 Acceptable Types of Collateral

MPs can use the following type of collateral to satisfy their physical or virtual Prudential Support Obligations:

- A guarantee or irrevocable commercial letter of credit in a form acceptable to us, provided by:
 - A bank named in a Schedule to the Bank Act, S.C. 1991, c.46., with a minimum long-term credit rating of 'A' from an IESO-approved bond rating agency, or
 - A credit union licensed by the Financial Services Commission of Ontario with a minimum long-term credit rating of 'A' from an IESO-approved bond rating agency.

In addition, MPs can use the following types of collateral to satisfy their physical Prudential Support Obligation:

- A guarantee in a form that is acceptable to the IESO, provided by a person (other than one of MPs' affiliates) who has a credit rating from an IESO-approved bond rating agency.
- Marketable securities in the form of Canadian government treasury bills (treasury bills will be valued as cash at their current market value less two percent, to take market fluctuations into account).
- A guarantee in a form acceptable to the IESO provided by a person who is one of MPs' affiliates and who has a credit rating from an IESO-approved bond rating agency (subject to some limits – please see [Market Rules, Chapter 2](#) for details).
- Cash deposits made with the IESO by the MP or on their behalf, as long as they meet the following criteria:

- MPs were already meeting their Prudential Support Obligation in whole or in part through a cash deposit on November 4, 2004, and
- MPs Prudential Support Obligation was \$200,000 or less on November 4, 2004, and it remains \$200,000 or less.

4. Reductions in MPs' Prudential Support Obligations

4.1 Reductions in MPs' Prudential Support Obligations for Physical Transactions

The Market Participant may be able to reduce the amount of their Prudential Support Obligation for physical transactions based on their credit rating or their good payment history.

4.1.1 Reduction due to Credit Ratings

The IESO may reduce the MP's Prudential Support Obligation for physical transactions relative to their Maximum Net Exposure based on their credit rating from a major bond rating agency on the IESO's approved list. The following table shows the reduction allowed for each credit rating category:

Credit Rating Reductions for Market Participants that are not Distributors

Credit Rating Category (using Standard and Poor's Rating Terminology)	Allowable Reduction in Prudential Support Obligation (physical portion) (For non-Distributors)
AA- and above, or equivalent	100% of Maximum Net Exposure
A-, A, A+ or equivalent	Greater of 90% of Maximum Net Exposure or \$37,500,000
BBB-, BBB, BBB+ or equivalent	Greater of 65% of Maximum Net Exposure or \$15,000,000
BB-, BB, BB+ or equivalent	Greater of 30% of Maximum Net Exposure or \$4,500,000
Below BB- or equivalent	\$0

Credit Rating Reductions for Distributors

Credit Rating Category (using Standard and Poor's Rating Terminology)	Allowable Reduction in Prudential Support Obligation (physical portion) (For Distributors)
AA- and above, or equivalent	100% of Maximum Net Exposure
A-, A, A+ or equivalent	Greater of 95% of Maximum Net Exposure or \$45,000,000
BBB-, BBB, BBB+ or equivalent	Greater of 80% of Maximum Net Exposure or \$22,500,000
BB-, BB, BB+ or equivalent	Greater of 55% of Maximum Net Exposure or \$7,500,000
Below BB- or equivalent	\$0

Example 8: Prudential Support Obligation for a Market Participant that is not a Distributor (with credit rating reduction)

Assumed Inputs

Maximum Net Exposure:	\$3,000,000
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Allowable Reduction Calculation for Credit Rating

Allowable reduction for credit rating, assuming a BBB rating, the greater of:	
65% of Maximum Net Exposure (\$1,950,000) or \$15,000,000	
Allowable reduction for credit rating	\$15,000,000
Total Prudential Support Obligation:	\$0

4.1.2 Reductions due to Payment History

The IESO may reduce the MP's Prudential Support Obligation for physical transactions on evidence of good payment history in the IESO-administered markets.

If the MP has a credit rating from a major bond rating agency on the IESO-approved list, they cannot have a reduction for good payment history.

4.1.3 Reduction amounts for Good Payment History

If the MP is not a Distributor:

Good Payment History	Allowable Reduction in Prudential Support Obligation (physical) (for non-Distributors)
Six years or more	The lesser of \$12,000,000 or 50% of Maximum Net Exposure
Five or more years but less than six years	The lesser of \$7,500,000 or 30% of Maximum Net Exposure
Four or more years but less than five years	The lesser of \$6,000,000 or 25% of Maximum Net Exposure
Three or more years but less than four years	The lesser of \$4,500,000 or 20% of Maximum Net Exposure
Two or more years but less than three years	The lesser of \$3,000,000 or 15 % of Maximum Net Exposure
Less than two years	\$0

Example 9: Prudential Support Obligation for a Market Participant that is not a Distributor (with reduction for 3.5 years good payment history)

Assume Inputs

Maximum Net Exposure:	\$3,000,000
-----------------------	--------------------

Allowable Reduction Calculation for Good Payment History

Allowable reduction for payment history (Lessor of \$4,500,000 Or 20% of Maximum Net Exposure):	\$600,000
Total Prudential Support Obligation:	\$2,400,000

If the MP is a distributor

Good Payment History	Allowable Reduction in Prudential Support Obligation (for distributors)
Six or more years	The lesser of \$14,000,000 or 80% of Maximum Net Exposure
Five or more years but less than six years	The lesser of \$9,000,000 or 65% of Maximum Net Exposure
Four or more years but less than five years	The lesser of \$7,500,000 or 45% of Maximum Net Exposure
Three or more years but less than four years	The lesser of \$6,000,000 or 35% of Maximum Net Exposure
Two or more years but less than three years	The lesser of \$4,500,000 or 25% of Maximum Net Exposure
Less than two years	\$0

4.1.4 Reductions due to provision of Prudential Support by Distributor’s Customers (available to local distribution companies only)

If an MP is a distributor, and:

- The MP has not selected the no margin call option, or
- The MP qualifies as a small distributor,

then, the IESO will reduce the MP’s Prudential Support Obligation for physical transactions by 60% of the qualifying prudential support they have collected from their customers. The MP must provide the IESO with an affidavit (use [Form AFF 0001](#)) and proof of these amounts.

The IESO will deduct 60% of the MP’s collection of prudential support from their Maximum Net Exposure before applying any other prudential support obligation deductions.

4.2 Reductions in the MP’s Prudential Support Obligations for Virtual Transactions

An MP may be able to reduce the amount of their Prudential Support Obligation for virtual transactions through the Market Creditor Status Reduction, based on their physical transaction activity. The reduction amount is determined as 75% of the average of the six most recent consecutive invoices as a generator (or injections from an energy storage resource).

Example 10: Prudential Support Obligation for a Virtual Trader (with Market Creditor Status Reduction eligibility)

Maximum Net Exposure:	\$211,536
Average of six most recent invoices:	\$30,000
Reduction amount (75% of invoice average):	\$22,500
Total Prudential Support Obligation: (Maximum Net Exposure – Reduction amount (75% of invoice average))	\$189,036

5. Maintaining Prudential Support

The MP must maintain their prudential support at all times. However, the MP's Maximum Net Exposure and their obligations may change depending on their activities and on conditions in the marketplace. For example, price fluctuations may affect their trading levels.

The MP needs to keep the IESO informed with information about their operations, credit rating and the status of their existing prudential support. The IESO assesses the MP's market activity on a regular basis (see below). The MP also needs to let the IESO know when there are changes to their information – for example, if part of their prudential support is due to expire.

5.1 IESO Review

The IESO reviews the MP's minimum trading limit, trading limit, default protection amount and Maximum Net Exposure:

- Before each billing period
- Within two business days after the MP's actual exposure exceeds their trading limit
- Within two business days after receiving notice from the MP of a change in status that would affect their Maximum Net Exposure (e.g., operational changes, such as increase or decrease in load, peaks, etc.)
- For energy traders: if the IESO has adjusted the MP's trading limit after the MP has not had any transactions in the market for three months
- If the IESO has adjusted their price basis

If the MP's Maximum Net Exposure changes as a result of the IESO's review, the IESO will send the MP an updated Schedule A. If the MP needs additional prudential support as a result of the change to their Maximum Net Exposure, they must provide it within five business days from the effective date of the change.

5.2 Other Circumstances that could Change Prudential Support Obligation

- If the MP's Prudential Support Obligation for physical transactions has been reduced based on their credit rating or payment history, and there is a change to their credit rating or payment history, their Prudential Support Obligation may change. If the MP needs to add to their prudential amount, they will have five business days to provide the additional amount.
- If the MP's Prudential Support Obligation for virtual transactions has been reduced based on their market creditor status and there is a change to their market creditor status, their Prudential Support Obligation may change. If they need to add to their prudential amount, they will have five business days to provide the additional amount. Upon issuance of a prudential increase notice, the IESO will reject subsequent bids and offers for virtual transactions until the prudential increase is satisfied.

- If any part of the MP's prudential support is due to expire, they must provide a replacement that comes into effect no later than the expiry date. They must provide the replacement at least 10 business days before the expiry date.
- If any part of the MP's prudential support is no longer current or if it becomes invalid, they must provide a replacement within two business days.
- If the IESO draws or claim any part of the MP's prudential support, the MP must provide a replacement within five business days of receiving notice from the IESO.
- If an event of default occurs as defined in the [Market Rules, Chapter 3](#).

6. Calculating Actual Exposure

The IESO verifies that each Market Participant who has selected the margin call option has provided enough prudential support to cover the MP's trading activity in the day-ahead and real-time markets. The IESO calculates the MP's actual exposure and compare it to their trading limit.

If the MP conducts physical and virtual transactions, their actual exposure will be determined as the sum of their physical and virtual activity and compared to the combined trading limits for both transactions.

If the MP's actual exposure reaches a certain percentage of their Prudential Support Obligation, the IESO will issue a margin call warning or a margin call as applicable.

6.1 Actual Exposure Amounts

The MP's actual exposure is the sum of the following four amounts:

Amount settled but not invoiced:

This is the total of amounts on the MP's preliminary and final settlement statements that have not yet been billed to them, plus the settlement amount that has been calculated but has not yet appeared on a settlement statement.

Amount cleared but not settled for physical transactions:

- **NDL (Non-Dispatchable Load) resources**

This is an estimated amount, based on average actual consumption observed for the past six days. The IESO also takes into account the average Ontario Zonal Price (Day-Ahead Ontario Zonal Price (DA-OZP) plus the Load Forecast Deviation Adjustment (LFDA)) for the applicable day-ahead run over the applicable trade days.

- **Resources that are not a Non-Dispatchable Load, including intertie resources and price responsive loads**

This is the net amount of dispatched energy and operating reserve over the most recent six days that has not yet been settled.

- **All participants**

The IESO includes an estimate of other settlement charges (e.g., global adjustment charge, transmission tariffs, etc.)

Amount cleared but not settled for virtual transactions:

This is the amount of energy **scheduled for virtual transactions** over the most recent six days that has not yet been settled. This amount is calculated using the applicable day-ahead and real-time Virtual Zonal Prices and for the most recent day-ahead outcomes, the applicable Virtual Zonal Price Delta values as described in [Market Manual 5.4, Section 5.3](#).

Amount of prepayments on account:

This is the amount of funds submitted ahead of the invoice cycle to reduce the MP's actual exposure. If the MP conducts both physical and virtual transactions and are submitting a prepayment, they will have the option of allocating their prepayment amount to reduce their actual exposure applicable to either their physical and/or virtual exposures. Virtual-specific exposure amounts are one input into the virtual transaction daily screening for the day-ahead market. The MP can identify how to allocate the prepayment when submitting their Notice of Prepayment to the IESO.

6.2 Global Adjustment

The global adjustment is the difference between the total payments made to certain contracted or regulated generators and demand management projects, and any offsetting market revenues. The adjustment may be positive or negative and appears as a debit or a credit on the MP's monthly invoice. The global adjustment component in the actual exposure calculation is only applicable to the MP's physical transaction activities.

When the global adjustment is a credit, including it in the MP's daily actual exposure reduces their daily actual exposure. If the global adjustment is a debit, including it increases their daily actual exposure.

Note: The IESO uses the estimated global adjustment amount, which may be different from the actual global adjustment amount that appears on the MP's monthly invoice.

7. Margin Calls

The MP's actual exposure represents the size of their debt in the marketplace. Their trading limit represents their credit limit.

7.1 Margin Warning

If the MP's actual exposure (a combined amount if they conduct physical and virtual transactions) reaches 70% of their trading limit (also a combined amount if they conduct physical and virtual transactions), the IESO will issue them a warning. A generic email notification is sent to the MP and their Prudential Requirements Contact, who must log in to the Prudential Manager in the IESO Gateway to view the warning details (see Appendix A). If the MP receives a warning, they may wish to make a prepayment to reduce their actual exposure, or they may take other action to ensure that their actual exposure does not reach their trading limit. (The MP is not required to do this.)

7.2 Margin Call

If the MP's actual exposure equals or exceeds their trading limit (combined amount if they conduct physical and virtual transactions), the IESO will issue them a margin call requiring the MP to bring their actual exposure back within acceptable limits. A generic email notification is sent to the MP's Prudential Requirements Contact, who must log in to the Prudential Manager in the IESO Gateway to view the margin call details (see Appendix A). For participants that conduct virtual transactions, upon issuance of a margin call notice the IESO will reject subsequent virtual bids and offers for virtual transactions until the margin call is satisfied.

- To satisfy a margin call, the MP must pay a portion of the amount owed so that the MP's actual exposure is no higher than 75% of the MP's trading limit. (The IESO does not pay interest on these payments.)
- The MP must make the payment by 4:00 p.m. on the second business day following the date of the margin call.

8. Market Participant Default and the Defaults Levy

There are circumstances where an MP is considered to be in default. For example, this happens if the participant:

- Does not pay an invoice within the two-day remittance period,
- Does not provide the required prudential support within the specified time limits, or
- Does not satisfy a margin call.

Within two business days of the default, the IESO may send the defaulting MP a default notice or a notice of intent to begin suspension proceedings:

- If the participant does not remedy the default amount within the time specified in the notice, we may take action to suspend the defaulting Market Participant and recover the payment from the participant's posted prudential support.
- Defaulting participants are also responsible for default interest, as well as any costs or expenses we incur because of their default.

For the default notice a generic email notification is sent to the MP's Prudential Requirements Contact, who must log in to the Prudential Manager in the IESO Gateway to view the details (see Appendix A).

8.1 Default Levy

The IESO does not assume the debt in case of a payment default – instead they would issue a default levy to non-defaulting participants. If the IESO cannot recover all of the default amount from the defaulting participant, they will issue a 'Notice of Default Levy' to all non-defaulting Market Participants who were active in the real-time markets at the time of the default. Under the default process:

- The 'Notice of First Default Levy' provides details about the default and the amount of the first levy. It includes an estimate of the amount of the second default levy, if one is necessary. The IESO issues the notice at least 10 days before the first default levy is invoiced.
- The second default levy accounts for any outstanding amounts. The IESO issues the notice of the second levy at least 10 days before the levy is invoiced.

9. Summary of the MP's Steps

- During the Market Participant authorization process, provide and submit the required information through Online IESO (<https://online.ieso.ca> or <https://gateway.ieso.ca/>).

If the submission is approved, the MP needs to post their prudential support. Once the IESO has received the MP's prudential support, the IESO will send the MP's Prudential Requirements Contact an email notification advising them that the Prudential Support Obligation – Schedule A is available in the Prudential Support Obligation tab of the Prudential Manager in the IESO Gateway site: <https://gateway.ieso.ca/>.

- If an MP is a distributor claiming the distributor prudential credit reduction:
 - Send the IESO the MP's affidavit showing the amount of collateral the MP has collected from their customers (use [Form AFF 0001](#)).
 - Attach copies of statements showing any cash deposits and any letters of credit, guarantees, or Government of Canada T-bills the MP holds as prudential support.
- Keep the IESO informed of any changes to the MP's operations that might impact their Prudential Support Obligation.
- Submit any update to the MP's self-assessed trading limit at least 7 days prior to the billing period to which they want it to apply.
- Monitor the MP's posted prudential support for expiring or terminating securities or letters of credit.

Appendix A – Accessing Prudential Information using Prudential Manager

Appendix A.1 Logging In

Once an account is created for the Market Participant by the IESO, the MP will receive an activation e-mail with a link that they can click on in order to activate their account on the IESO Gateway.

Further information on how to activate the MP's account is available in [the IESO Gateway User Guide](#).

If the MP's account is already activated, go to the Gateway web page: <https://gateway.ieso.ca/>. Enter the **Username** and **Password** supplied by the IESO and click **Sign In**.

ieso
Ontario's Independent Electricity System Operator

Sign In

Username

Password

☐ Remember me

Sign In

Need help signing in?

Attention to Participants accessing any of the Transmission Rights Auction, Energy Market, Dispatch Service, Outage Management, Prudential Manager, Online IESO, IESO Workspaces or Reports Site applications:

These applications are owned and operated by the IESO. As a registered user, you have been granted permission to access to one or more of these systems and you agree to maintain the confidentiality of your unique User Accounts and Passwords. You specifically agree that you are exclusively responsible for all access to and any activity on these applications that occurs through the use of your User Accounts and Passwords.

If you become aware of any unauthorized use of your User Accounts or Passwords, you agree to immediately notify the IESO via Customer Relations at customerrelations@ieso.ca. The IESO is not liable for any loss or damage arising from any unauthorized access or use of your User Account and Password. Those terms and conditions are in addition to any other agreement or terms that may govern your use of and access to the applicable application(s), including the IESO Market Rules. If you do not agree with these terms and conditions, you do not sign to any of these systems and immediately advise the IESO.

Appendix A.2 Access the Prudentials community and Prudential Manager

The first page of the **Prudential Manager** will launch in a new web browser tab.

Choose the MP's company by clicking on the correct name in the **Select a Market Participant** drop-down menu. The MP will only see multiple options if they are the Prudential Requirements Contact for more than one Market Participant.

Click on Prudential Manager to continue.



The MP will see the name of their company displayed at the top of the page, along with 9 Prudential Manager tabs (the MP can only view the information in one tab at a time):



The tabs are:

- **Estimated Net Exposure:** Information about estimated net exposure is included, based on real-time settlement data provided on a daily basis and estimates made by the IESO. For participants that conduct physical and virtual transactions, an Estimated Net Exposure estimate will appear for each transaction type.
- **Margin Call Warnings:** If the MP's Estimated Net Exposure reaches 70% of their trading limit, a Margin Call Warning is issued. A generic email notification is sent, and the details are found in this tab.
- **Margin Calls:** If the MP's Estimated Net Exposure equals or exceeds their trading limit, a Margin Call is issued. A generic email notification is sent, and the details are found in this tab.

Margin calls must be satisfied with a payment by 4:00 p.m. on the second business day following the date of the margin call. The Margin Call tab provides the ability to notify the IESO of this prepayment.

- **Prudential Support Obligation:** The amount of physical and virtual (if authorized for both) Prudential Support that must be provided to the IESO is detailed in this tab. This information is included for the MP's reference.
- **Prudential Support Posted:** Details of the type and amount of Prudential Support provided to the IESO to satisfy the Prudential Support Obligation are available here for their reference.
- **Prudential Support Reassessments:** A record of any changes to the MP's Prudential Support Obligation is found here. If the MP's obligation changes, they will be notified with a generic email that the details can be found in this tab.

Prudential Support Reassessments must be satisfied within five business days of the date the reassessment was issued.

- **Notification of Prepayments:** A record of the past 365 days of online Notification of Prepayments submitted to the IESO is found here. This tab also provides the opportunity to submit the details of a new Notification of Prepayments.

Note: Submitting the notification online does not complete the step of arranging the bank transfer to the IESO.

- **Default Notices:** There are circumstances where a Market Participant is considered to be in default of the Market Rules. In this instance, a default letter is issued, and the details are found in this tab. A record of any past default notices is also stored here.
- **Historical Activity:** Includes a record of the past 12 invoices and monthly physical and virtual transactions activity (if authorized for both).

Appendix A.3 Prudential Manager Features

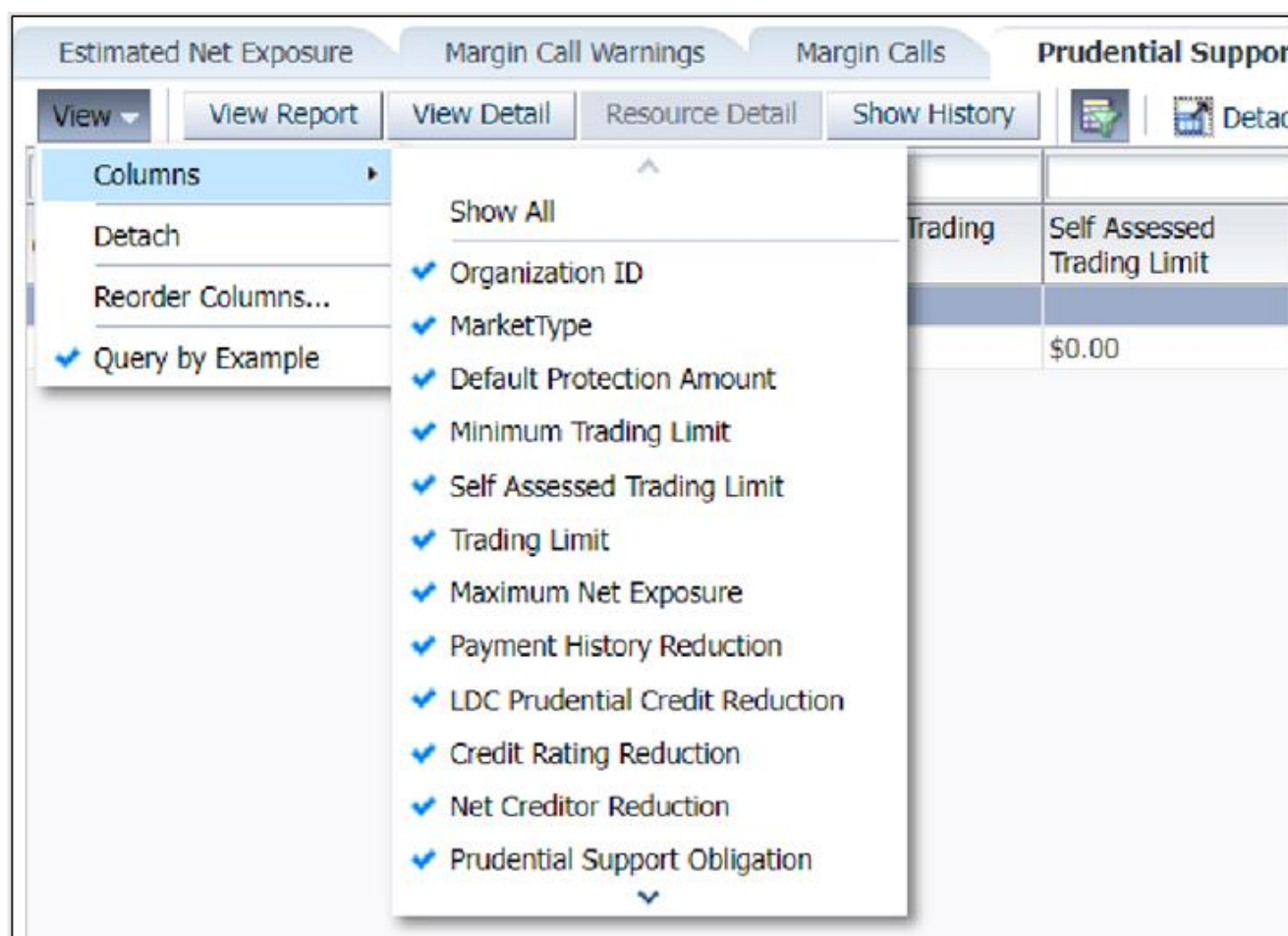
The tabs have several features in common. All have the ability to **view**, **detach**, **sort** and **search** the records, and some tabs also have the ability to **show history**, **view details**, **export** and **print** records.

This section details how to use these within features.

View

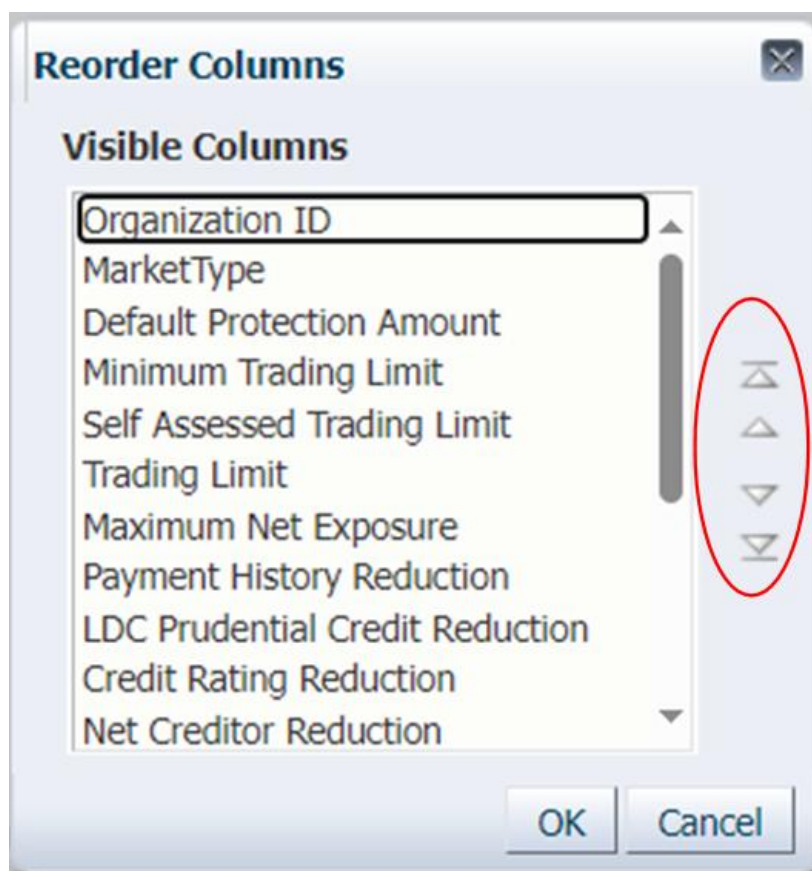
The **view** drop-down offers four options.

- **Columns** shown expanded in the image below, allows the MP to check or uncheck the columns the MP wants to have visible in each tab:



- **Detach** removes the frames around the tab and opens the information within its own window. This can be useful for printing the screen.

- **Recorder Columns** provides a window where the order of the columns can be rearranged. Select a column name, then click the up and down arrows in the pop-up box to change the order. Click OK to make changes to the tab view.



- **Query by Example** displays the search boxes at the top of each column when it is checked. Click on the query by Example to uncheck it and remove the search boxes.

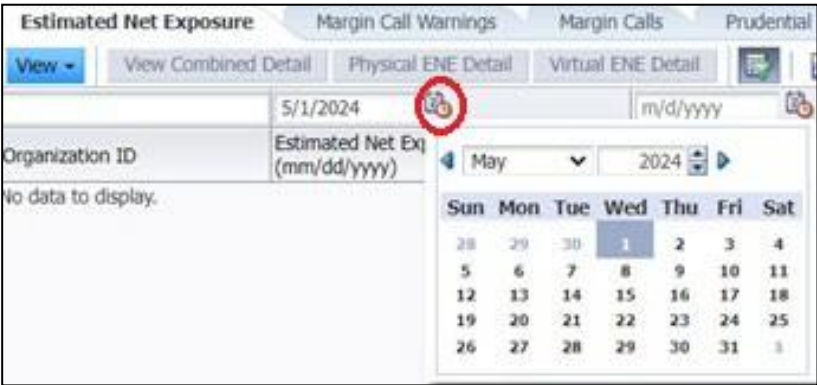
Sort: Move the mouse over the headers of each column until up and down arrows appear. It is possible to click on these to sort the information in the column by ascending or descending order.

Search Function

When **Query by Example** is selected, search boxes appear at the top of each column:

Estimated Net Exposure					
View • View Combined Detail Physical ENE Detail Virtual ENE Detail Details					
www	www				
Estimated Net Exposure vs. Limit	Estimated Net Exposure Period	Estimated Net Exposure Amount	Trading Limit	Estimated Net Exposure vs. Trading Limit	Market Type

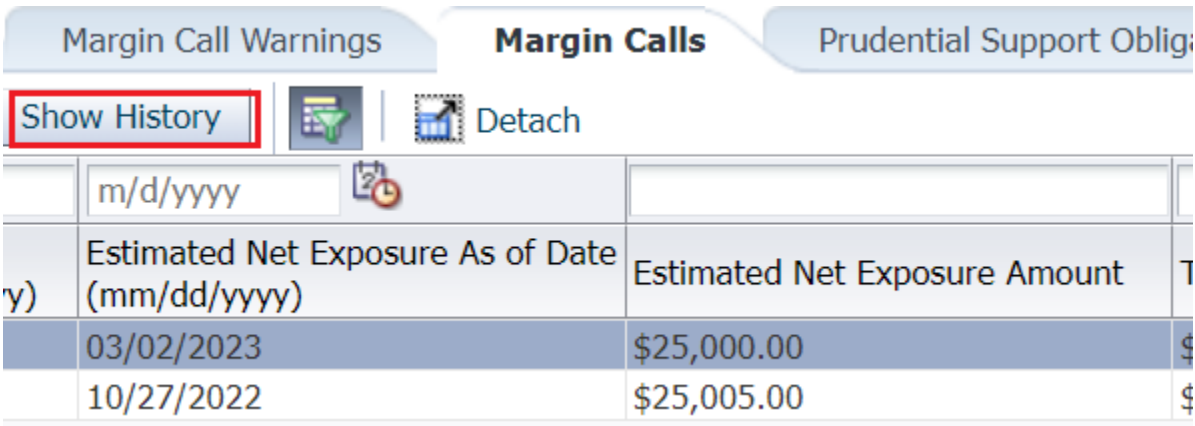
Click on the calendar and clock icon to view a pop-up calendar. Select a date and press the Return (Enter) key to search by date in the column. The search results will appear on the screen.



For columns without a calendar icon, type the search term the MP wishes to find at the top of the particular column where the MP expects to find the record and press the Return (Enter) key to review the search results.

Show History

In some tabs, such as the **Margin Call Warning** and **Margin Call** tabs, only the most recent records will be displayed at first, even though 365 days’ worth of records are available via Prudential Manager. To view and search all records, click on the **Show History** button:



View Details

In some tabs, there is more information associated with a record. In the **Estimated Net Exposure** tab, this information is accessed with the **View Combined Detail**, the **Physical ENE Detail**, or the **Virtual ENE Detail** buttons, depending on whether the selected record is associated with the physical or virtual market type.

Prudential Manager

Back to Home

Estimated Net Exposure Margin Call Warnings Margin Calls Prudential Support Obligation Prudential Support Posted

View ▾ View Combined Detail Physical ENE Detail Virtual ENE Detail Detach

m/d/yyyy	m/d/yyyy				
Estimated Net Exposure As of Date (mm/dd/yyyy)	Estimated Net Exposure Period	Estimated Net Exposure Amount	Trading Limit	Estimated Net Exposure vs. Trading Limit	Market Type
10/13/2024	10/01/2024 to 11/12/2024	(\$3,984,966.00)	\$2,028,888.00	0%	Physical
10/12/2024	10/01/2024 to 11/12/2024	(\$4,052,271.00)	\$2,028,888.00	0%	Physical
10/11/2024	10/01/2024 to 11/12/2024	(\$4,087,098.00)	\$2,028,888.00	0%	Physical
10/10/2024	10/01/2024 to 11/12/2024	(\$4,083,729.00)	\$2,028,888.00	0%	Physical
10/09/2024	10/01/2024 to 11/12/2024	(\$5,473,715.00)	\$2,028,888.00	0%	Physical

For the other tabs, the **View Report** button (found next to the View drop-down menu) is used. If the button is grayed out, it is not active. Either there is no data available to view, or there is no record selected.

To see more information, click on the record line that the MP wants to view and then click the **View Report** button:

Prudential Manager

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Estimated Net Exposure Margin Call Warnings Margin Calls Prudential Support Obligation Prudential Support Posted

View ▾ View Report Notification of Prepayment Show History Detach

m/d/yyyy	m/d/yyyy				
Notice Date (mm/dd/yyyy)	Estimated Net Exposure As of Date (mm/dd/yyyy)	Estimated Net Exposure Amount	Trading Limit	Estimated Net Exposure vs. Trading Limit	Minimum Payment Req.
10/01/2024	09/30/2024	\$2,693,697.00	\$2,028,888.00	133%	\$1,172,031.00

A pop-up window will show the details of the MP’s record.

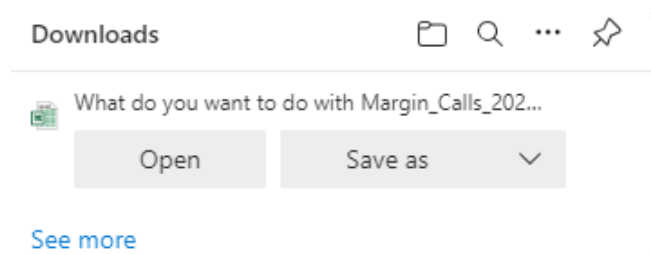
Export, Save and Print Details

After the MP has clicked on View Report, the pop-up window containing details offers two options at the bottom-left corner of the page:

Export to Excel Cancel

Clicking on **Cancel** will close the box (this can also be done by clicking the **X** at the top-right corner). Clicking on Export to Excel will provide the same information in a similar format in an Excel file. The MP can then save or print this file from Excel or copy the data for use in another spread sheet or application.

After clicking on Export to Excel, a confirmation box similar to the example below will appear:



Click on **Open** or **Save** as to see the file in excel. Clicking on **X** will end the request.

Once the Excel file is created, it is possible to save the document in another format, such as PDF, or to print a copy.

Appendix A.4 Submit a Notification of Prepayment

The **Notification of Prepayments** tab provides a record of all Notification of Prepayments that have been submitted to us through Prudential Manager in the past 365 days.

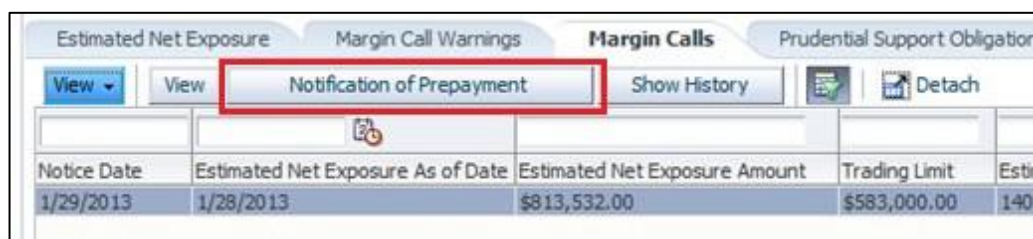
Note: Any prepayments made in the last year using a faxed paper form or email will not be shown in this tab.

Notifications of Prepayment are sent to the IESO when the MP is going to process a payment to the IESO. The MP can also submit a Notification of Prepayment if they decide to make a prepayment on their own, without one having been requested by the IESO.

Make a Notification of Prepayment from an existing record

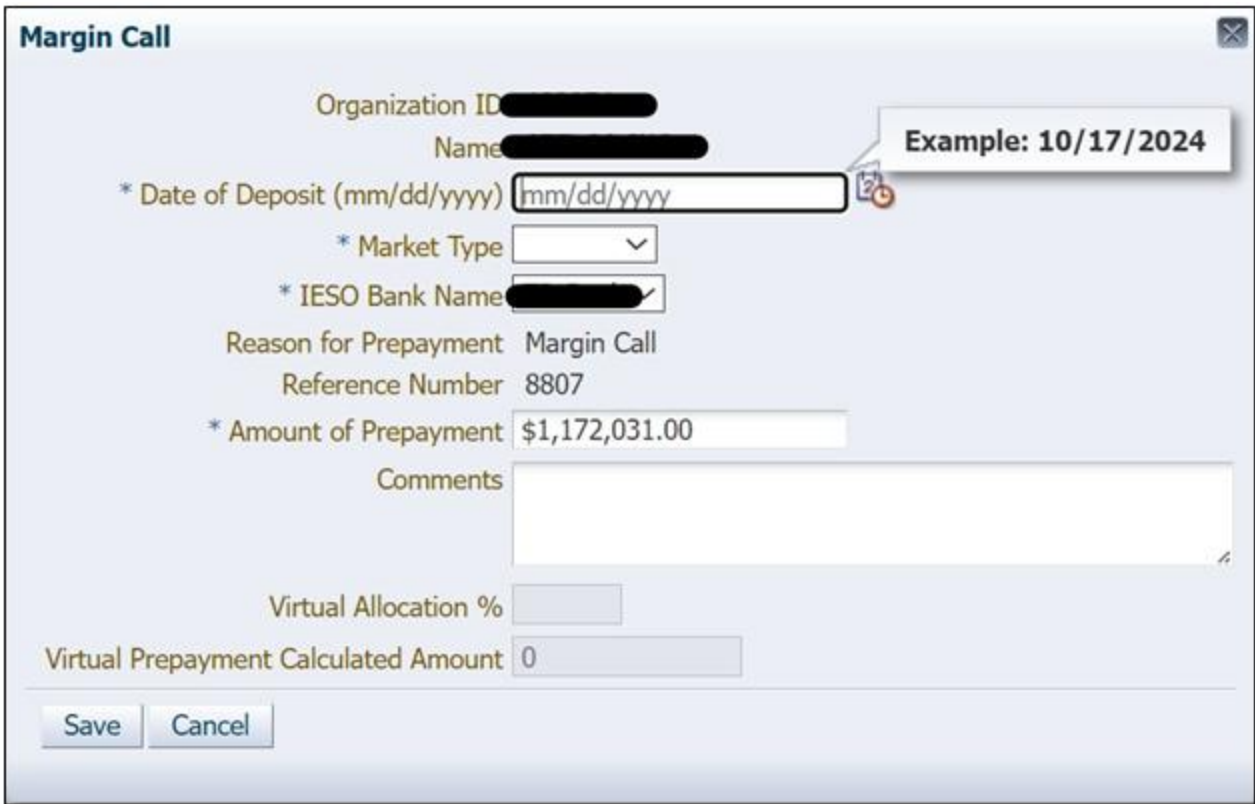
To notify the IESO that the MP intends to make a payment for a specific **Margin Call**, they can use the **Notification of Prepayment** button located in the tab. Highlight the item that the MP would like to pay. The record will show the **Minimum Payment Required**. It can be changed in the **Notification of Prepayment** if the MP is paying a different amount. Another item to note is the **Margin Call Reference**, which is used consistently for any records related to this particular Margin Call.

When the correct item is highlighted, click on **Notification of Prepayment**.



Estimated Net Exposure		Margin Call Warnings	Margin Calls	Prudential Support Obligation	
View	View	Notification of Prepayment	Show History	Detach	
Notice Date	Estimated Net Exposure As of Date	Estimated Net Exposure Amount	Trading Limit	Estimated Net Exposure	
1/29/2013	1/28/2013	\$813,532.00	\$583,000.00	140%	

A pop-up box will appear, pre-populated with the details of the payment the MP is making. Mandatory fields are indicated with a *. Ensure that each is filled in. The **Market Type** field will only show the markets the MP is authorized to conduct transactions in. If the MP is authorized to conduct both physical and virtual transactions, their prepayments can be allocated to either (or both) markets based on the allocations the MP specify in the Notification of Prepayment.



Margin Call

Organization ID [Redacted]
 Name [Redacted] Example: 10/17/2024

* Date of Deposit (mm/dd/yyyy) [mm/dd/yyyy]

* Market Type [v]

* IESO Bank Name [Redacted]

Reason for Prepayment Margin Call

Reference Number 8807

* Amount of Prepayment \$1,172,031.00

Comments [Text Area]

Virtual Allocation % []

Virtual Prepayment Calculated Amount 0

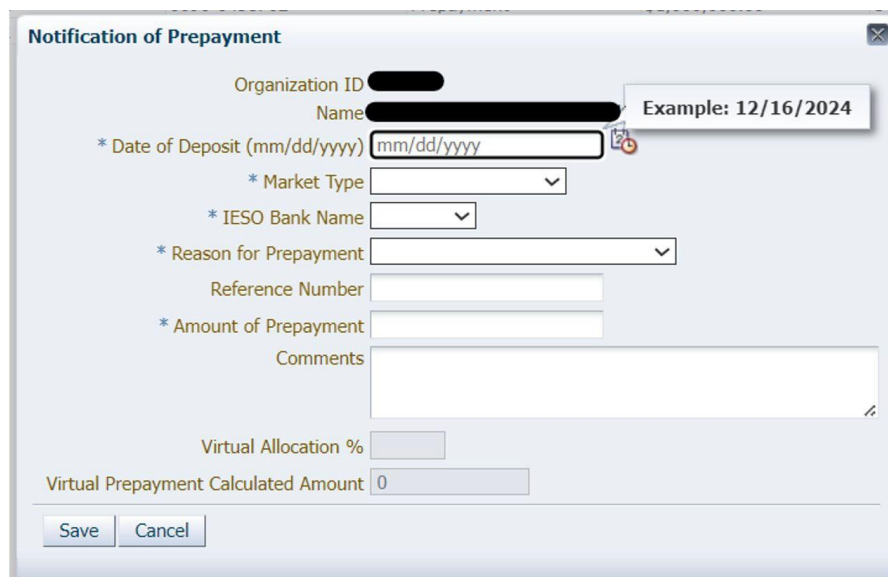
Save Cancel

Click **Save** to submit the Notification of Prepayment information to us. Please note that submitting this notification online does not complete the step of arranging the bank transfer to the IESO.

Initiate a Notification of Prepayment

The MP may wish to make a prepayment without having been advised by the IESO that a payment is required. To notify the IESO of this payment, go to the **Notification of Prepayment** tab and click the **Create New** button.

A pop-up window will appear, with blank fields for the MP to complete.



Notification of Prepayment

Organization ID [Redacted]
 Name [Redacted] Example: 12/16/2024

* Date of Deposit (mm/dd/yyyy) [mm/dd/yyyy]

* Market Type [v]

* IESO Bank Name [v]

* Reason for Prepayment [v]

Reference Number []

* Amount of Prepayment []

Comments [Text Area]

Virtual Allocation % []

Virtual Prepayment Calculated Amount 0

Save Cancel

Fill in each mandatory field (marked with a *). To submit the notification, click **Save**. Remember that completing this step is separate from arranging the bank transfer to the IESO.

View a Notification of Prepayment

To view a **Notification of Prepayment** that the MP has submitted in Prudential Manager, click on the **Notification of Prepayments** tab. The notification will now be shown, with the **Reference Number** for the **Margin call**.

Notification of Prepayment							
View ▾ View Report Create New Update Hide History Detach							
Organization ID	m/d/yyyy	Market Type	IESO Bank Name	IESO Bank Account Number	Reason for Prepayment	Amount of Prepayment	Reference Number
	12/18/2024	Physical and Virtual			Prepayment	\$1,000,000.00	54321

Modify a Notification of Prepayment that has been submitted

An MP can modify a **Notification of Prepayment** that has been submitted, if the date is in the future. To edit the notification, click **Update** to see a new pop-up window. If the MP can no longer make changes, the **Update** button will be grayed out.

Notification of Prepayment							
View ▾ View Report Create New Update Hide History Detach							
Organization ID	m/d/yyyy	Market Type	IESO Bank Name	IESO Bank Account Number	Reason for Prepayment	Amount of Prepayment	Reference Number
	12/18/2024	Physical and Virtual			Prepayment	\$1,000,000.00	54321

Make any necessary changes and click **Save**. The edited record will show in the tab.

Notification of Prepayment

Organization ID

Name

* Date of Deposit (mm/dd/yyyy)12/18/2024

* Market TypePhysical and Virtual

* IESO Bank Name

* Reason for PrepaymentPrepayment

Reference Number54321

* Amount of Prepayment\$1,000,000.00

Comments

Virtual Allocation %50

Virtual Prepayment Calculated Amount\$500,000.00

Save

Cancel

Appendix A.5 Log off

To **log off** Prudential Manager, close all windows and additional browser tabs opened during the session. When these are all closed, click on **Log Off** to go to the IESO Gateway log off page.

Appendix B – Additional Information

For additional information regarding the MP's prudential support or the IESO gateway, please refer to

- [Market Rules Chapter 2: Participation](#)
- [Market Manual 5.4: Prudential Support](#)
- IESO Gateway User Guide, available on the [Participant Tool Training](#) webpage
- Prudentials Online: <http://www.ieso.ca/Online-IESO>

For more information or assistance, please contact IESO Customer Relations:

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