

Memorandum



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To: **MARKETS COMMITTEE**

Presenter: Michael Lyle, Vice President, Legal Resources and Corporate Governance
Chair, IESO Technical Panel

Date: March 7, 2023

Re: Replacement of the IESO Settlement System (RSS): New Implementation Date (Market Rule Amendment
MR-00475-R00)

Purpose of Item: Recommendation for Approval to the Board

Executive Summary:

The IESO is seeking a decision from the IESO Board on proposed market rule amendments that will improve the efficiency of IESO resettlements and settlement disagreement processes (MR-00475-R00). The Technical Panel unanimously recommended this proposal to the IESO Board for consideration.

The proposed market rule amendments support the revised May 1, 2023 go-live date, and are the same as the previously IESO Board approved package of RSS market rules (MR-00472-R00) (approved June 2022), with the exception of removing a specific effective date within the market rules, and clarifying language to some sections based on Technical Panel feedback.

Significant Issues, Risks and Opportunities:

This initiative will improve the efficiency of settlements timelines for the IESO and market participants. It will also mitigate financial risk to the Ontario electricity market. Implementing the initiative will necessitate changes to IESO and market participant business

processes that relate to settlements. The IESO first launched a stakeholder engagement in Q1 of 2021, and the proposed market rules are based on stakeholder feedback.

Background:

The IESO is modifying its settlements disagreement and resettlements process with the following objectives:

- Mitigate financial risk to the market by limiting resettlement to 2 years instead of the current 7 years
- Provide more transparency for market participants by creating a new statement for resettlements
- Make timelines more practical for submitting settlement data, disagreement notices and for resolving settlement disagreements
- Improve efficiency of settlements disagreement processing timelines

Additional information can be found on the stakeholder engagement [webpage](#).

The IESO Board had approved the previous iteration of market rule amendments for RSS (MR-00472-R00) in June of 2022, to support the expected November 1, 2022 go-live date. Following implementation testing for the RSS project, technical issues led to the need to revise the RSS go-live date, resulting in market rule amendments (MR-00473-R00) to supersede the MR-00472-R00 market rule amendments and maintain the current version of the market rules published on the IESO website.

MR-00475-R00 – Replacement of the IESO Settlement System (RSS): New Implementation Date, are the market rule amendments to support the revised May 1, 2023 go-live date. The proposed market rule amendments are the same as the previously IESO Board approved package of RSS market rules (MR-00472-R00), with the exception of removing the specific effective date within the market rules, and clarifying language to some sections based on Technical Panel feedback.

Proposal and Analysis

Proposed changes to the market rules are required to:

- Define the ultimate limitation period to initiate a dispute
- Establish the two-year limit on resettlements
- Align IESO metering processes to the new limitation period
- Define the frequency and schedule process for a new recalculated settlement statement

- Align IESO resettlements with new provincial government legislation limiting resettlement of regulated charges to 2 years

Next Steps / Implementation:

I recommend that the Markets Committee recommend that the IESO Board accept the unanimous vote and recommendation of the Technical Panel to approve market rule amendment MR-00475-R00: Replacement of the IESO Settlement System (RSS): New Implementation Date, with an effective date of May 1, 2023.

Requested Committee Resolution:

The Committee is asked to pass the following resolution:

CONCERNING MR-00475-R00: Replacement of the IESO Settlement System (RSS): New Implementation Date, which is a market rule amendment to improve the efficiency of IESO resettlements and settlement disagreement processes.

WHEREAS the IESO engaged with the Technical Panel and incorporated their suggestions into the proposed market rule amendment.

WHEREAS the Technical Panel voted to recommend MR-00475-R00 for approval by the IESO Board.

NOW THEREFORE the Markets Committee of the IESO Board recommends MR-00475-R00 for approval by the IESO Board, to come into effect on May 1, 2023.

Michael Lyle

Cc: IESO Records

Encls.

- a. Market Rule Amendment Proposal form
- b. Technical Panel Materials
 - i. Memo to Technical Panel from IESO staff
 - ii. Technical Panel member Rationale
- c. Stakeholder feedback summary, stakeholder engagement and Technical Panel
- d. Consumer Impact Assessment