

# Memorandum

TO: Mr. Ken Kozlik, Vice-President & Chief Operating Officer

FROM: THE STAKEHOLDER ADVISORY COMMITTEE  
of the Independent Electricity System Operator

DATE: November 6, 2009

RE: Feedback from Stakeholders Advisory Committee on the Maximum  
Adjustment Period

Dear Ken:

On October 28<sup>th</sup>, 2008, Ms. Karen Backman made a presentation to the committee members on the Maximum Adjustment Period for settlement statements.

We found the presentation was well done and with the right level of detail for the committee.

Ms. Backman asked the Stakeholder Advisory Committee to recommend whether to proceed with a maximum adjustment period and that the IESO would also appreciate any recommended period for the sunset clause.

As you know, some of our members are not market participants and are not directly impacted by this, and did therefore not provide recommendations. Mr. Steve Dorey representing Transmitters is no longer on the committee and I understand the Transmitters in the province can provide input directly to the IESO if they so wish to.

All members at the meeting provided discussion and comments on this subject and these have been captured in the meeting minutes. Below is a summary of the input from the members.

Generators - supportive

Mr. Richard Horrobin responded that having the maximum adjustment period is supported by Bruce Power as well as a number of generators and that a two - to five-year range would be reasonable. He added that the generators would like to see is some benchmarking as to what is best practice for the period, and then a recommendation back to the SAC.

Mr. Daniel Whyte stated he was surprised it has taken this long to move forward. He added that the IESO should move this forward as quickly as possible.

In addition to the members Mr. Dave Butters from APPrO added input to support the generator community. The generators see this as a good initiative, in the two to three year range, and harmonized with the significant trading partners. Mr. Butters added that it is important to understand how this lines up with the International Financial Reporting Standards before moving forward on this. Another point to consider is intergenerational equity - when people leave the system or come onto the system; how does that get managed.

#### Brokers/Marketers - supportive

Mr Gary Wight from the Marketer/Broker community supported Mr. Daniel Whyte and Mr. Richard Horrobin to go forward with the adjustment period, provided it is benchmarked for best practices in the three- to five-year period.

#### Distributors – supportive

Mr. Brian Bentz was not at the meeting and the Electrical Distributors Association has since submitted their input from the distributor's perspective. They too are supportive of moving this forward. The EDA recommends implementing a maximum adjustment period of 2 years for settlement adjustments instead of the current indefinite period.

Mr. Paul Ferguson from Newmarket-Tay Hydro attended the meeting and voiced a level of support as well.

#### Wholesale Consumer Market Participants

Following the meeting, Mr. Adam White provided feedback that he did not see anything major at this time, to prevent this going forward. At their next Board meeting on November 19, he will gather input from his members on the period itself as well as thoughts on a grandfathering period and the probability of the adjustments happening. He added that the IESO should continue and the details mentioned above can be dealt with through the Technical Panel during the market rule amendments.

If you have any questions, please feel free to contact me

John Witjes , Vice-Chair, Stakeholders Advisory Committee

cc. Stakeholders Advisory Committee members