

# Draft Engagement Plan

## Options to Address Uninsured Liability Risk

### Introduction

The IESO is seeking feedback from stakeholders on options to address its uninsured liability risk. The IESO was unable to replace its errors and omissions insurance coverage and is proposing two options to address its uninsured risk: bring its liability risk under the Market Rules into alignment with available insurance and the liability risk of other independent system operators; or recover losses through the market.

Under the Market Rules, the IESO may be liable for negligence, with some limitations. Until recently, the IESO obtained errors and omissions insurance to match this liability risk. Due to factors such as the hardened insurance market in 2020, the IESO was unable to renew or obtain alternate errors and omissions insurance that matches the IESO's liability risk under the market rules.

The IESO intends to address this uninsured liability risk for negligence through changes to the market rules and is seeking stakeholder feedback on the two options described below.

### **Option 1 (IESO preferred Option)**

In order to align the Market Rules with available gross negligence insurance and align the IESO indemnity with that provided by most North American ISOs, the Market Rules would be amended to change the IESO indemnity from negligence to a gross negligence standard.

### **Option 2**

Retain the existing IESO indemnity in the Market Rules for negligence, and establish a compensation mechanism under the Market Rules for losses by doing the following:

- Enable the recovery of amounts paid by the IESO under its indemnity pursuant to the Market Rules to the extent that insurance coverage is not available.
- Enable the recovery of compensation paid by the IESO pursuant to the market rules, relating to a dispatch scheduling error to the extent that insurance coverage is not available.

Compensation recovery mechanisms would apply to claims made before or following the amendment. Under this option, recovery of compensation paid could be from loads (similar to non-hourly settlement amounts) or broadly from all market participants (similar to default levy). Stakeholders are asked to comment on whether compensation should be recovered from loads or all market participants.

Additional details on the background, objectives, and outputs can be found on the [Options to Address Uninsured Liability Risk engagement webpage](#).

## Stakeholders and Communities

The IESO encourages all interested parties to participate in this engagement through the public webinars and written feedback as described in the Approach section below. The IESO anticipates that this initiative will be of particular interest to all stakeholders, particularly market participants and consumers.

## Engagement Objectives

The objectives of this engagement are to ensure that stakeholders first understand the purpose and scope of the options to address the IESO uninsured liability and second, to inform and provide comment on the two options.

## Approach

The implementation of this engagement plan will be in accordance with the IESO's [engagement principles](#).

This is a public engagement process. All materials related to this initiative will be posted on the dedicated IESO engagement webpage. In addition, any information and feedback supplied by interested parties will become part of the public domain. Information and feedback that is marked confidential will be treated accordingly by the IESO. There will be opportunities for stakeholders to provide input through in-person meetings, webinars, and written feedback. In some instances, the IESO may hold targeted meetings to gather feedback from specific stakeholders with a particular interest and/or knowledge of an issue. The IESO will consider all relevant input and illustrate how feedback was considered in the development of the final outcomes.

## Proposed Engagement Schedule

Anticipated timing for this engagement is presented below.

<b>Timing</b>	<b>Engagement Activity</b>
December 2020	Options to Address Uninsured Liability Risk engagement launched.
December 2020	Engagement meeting / webinar <ul style="list-style-type: none"><li>• Presentation / background information</li><li>• Discussion on two options</li></ul>
January 2021	Feedback due from stakeholders on two options.
February 2021	Discuss feedback from stakeholders and next steps including Technical Panel.

## Additional Background and Resources

For more information and background on this engagement, please visit the engagement webpage.