



Statement of Approach

Market Control Entity Disclosure Requirements



Table of Contents

Table of Contents	1
1. Introduction	2
2. Market Control Entity Disclosure Requirements	2
3. Enforcement Guidance	3
APPENDIX A: Market Rule Amendment Proposal	5

1. Introduction

Within the *IESO*, the authority to conduct investigations and make determinations related to compliance with, and enforcement of, the *market rules*, has been delegated to the Vice-President of the Market Assessment and Compliance Division (“**MACD**”). Complementing its enforcement role, MACD aims to enable a better understanding of the requirements of the *market rules*, including *reliability standards*, through education, so that *market participants* and the IESO may take actions towards being compliant. Compliance with the *market rules* and *reliability standards* supports the efficient and *reliable* operation of the *IESO-controlled grid* and the *integrated power system*.

As part of its efforts to enable compliance MACD may, upon request or on its own initiative, provide Compliance and Enforcement Guidance (“**CEG**”) with respect to specific provisions of the *market rules*. As applicable, a CEG will reflect, on a forward-looking basis, MACD’s view as to the meaning of specific provisions and their potential application to compliance and other enforcement determinations. More information on the different types of CEG can be found on the [CEG webpage](#).



2. Market Control Entity Disclosure Requirements

The *market rule amendments* implementing the *IESO’s* Market Renewal Program (“**MRP**”) came into effect on November 11, 2024. One of the registration parameters introduced as part of MRP is *market control entities*. The criteria for disclosing a *market participant’s market control entities* are set out in Chapter 0.7, section 22.9.2 of the renewed *market rules*.

This Statement of Approach (“**SOA**”)¹ document (which is one form of CEG)² provides guidance on MACD’s view regarding the interpretation and application of section 22.9.2 of Chapter 0.7, particularly in light of recent proposed *market rule amendments*. Notably, the *IESO* has proposed to *amend* section 22.9.2 to clarify the disclosure requirements for *market control entities*, in order to remove unnecessary administrative burden on *market participants* during the registration process. The

¹ This SOA is provided without consideration of specific facts, actions, events, or conduct and does not provide a binding statement as to how MACD will proceed in particular cases. MACD retains discretion to apply the *market rules* appropriately in the particular circumstances of each case and to amend this SOA as needed. Terms that are not defined in this SOA bear the same meaning as in the *market rules* or *Electricity Act, 1998*, SO 1998 c 15 Schedule A (the “**Electricity Act**”), as the case may be. This guidance document does not supersede any findings of the *dispute resolution panel*, the *Ontario Energy Board*, the courts, or any other adjudicative body with jurisdiction over the subject matter of this document.

² CEG documents have two forms: (1) SOAs – which provide non-binding direction as to MACD’s interpretation of the rules and how they may be applied in given circumstances; and (2) Interpretation Bulletins – these are similar to SOAs in terms of general purpose, but are developed and published by the IESO under the authority of Chapter 1, section 12 of the *market rules*. Interpretation Bulletins are binding on the IESO, subject to the conditions listed in Chapter 1, section 12.1.5 of the *market rules*.

proposed *amendment* is set out in a Market Rule Amendment Proposal Form on the *IESO's* website³ and is attached hereto as Appendix A. The proposed *amendment* provides for the following changes:

- Remove the word “ultimately” from ss.22.9.2.1, 22.9.2.2, and 22.9.2.6.
- Delete section 22.9.2.5, which requires a *market participant* to disclose *affiliated* entities as *market control entities* of that *market participant*.

The combined effect of these changes will be to remove the administrative burden on *market participants*, since they will no longer be required to provide as much information on *affiliates*, but rather will only need to disclose information on those *affiliates* up the ownership chain – that is, persons or entities that hold, directly or indirectly, the requisite interest or participation in the *market participant* as set out in the remaining provisions of section 22.9.2.

3. Enforcement Guidance

If MACD determines that a *market participant* has breached the *market rules*, it may issue a non-compliance letter and impose a financial penalty, amongst other possible orders. MACD has some discretion in conducting investigations into compliance with *market rules*, including determining whether orders in respect of *market rule* breach are warranted. As part of carrying out that mandate, MACD may choose to forbear from enforcing specific *market rules* in certain limited circumstances where MACD considers it appropriate.

MACD considers that, until such time as the *IESO Board* has determined whether to adopt the proposed *market rule amendment* regarding section 22.9.2 of Chapter 0.7, as set out in Appendix A, it would be appropriate for MACD to interpret and enforce section 22.9.2 of Chapter 0.7 as if that proposed *amendment* is in effect. Accordingly, until the *IESO Board's* determination regarding this proposed *market rule amendment*, MACD will forbear from enforcing the current section 22.9.2 of Chapter 0.7 of the *market rules* and will instead interpret and enforce as if the proposed *amended* version of section 22.9.2 of Chapter 0.7 of the *market rules*, as set out in Appendix A, is in force. In other words, during this forbearance, *market participants* will not be required to comply with the current section 22.9.2.5 of Chapter 0.7 provided that they have complied with all other parts of section 22.9.2 as indicated in the proposed *amendment* to section 22.9.2 as set out in Appendix A.

The factors warranting this limited forbearance are unique to this situation. The most important considerations include: (i) clear rationale for the forbearance – the objective of reducing the administrative burden to limit the information required in respect of certain *affiliates*, while still ensuring that the *IESO* receives the information regarding upstream persons and entities, is coherent such that there is a reasonable expectation that the proposed *market rule amendment* will be adopted; (ii) precise articulation of the *market rules* to be applied during the forbearance – the

³ <https://www.ieso.ca/Market-Renewal/Stakeholder-Engagements/Implementation-Engagement-Market-Rules-and-Market-Manuals>
Market Control Entity Disclosure Requirements, 07/04/2025 – Public

proposed *market rule amendment* wording that will be interpreted and applied during forbearance is clearly set out; and (iii) limited time frame – this forbearance is temporary and only applies until such time as the *IESO Board* has the opportunity to determine whether to adopt the proposed *market rule amendment*.

MACD's decision to provide this limited forbearance through this SOA is based on currently available information and may be subject to change at any time. If there is a change to the forbearance set out in this SOA, MACD will revise or withdraw the SOA accordingly.

APPENDIX A: Market Rule Amendment Proposal



Market Rule Amendment Proposal Form

Part 1 - Market Rule Information

Identification No.:	MR-00484-R00
Subject:	Renewed Market Rules: Market Power Mitigation – Market Control Entities
Title:	Renewed Market Rules: Market Power Mitigation – Market Control Entities
Nature of Proposal:	<input checked="" type="checkbox"/> Alteration <input checked="" type="checkbox"/> Deletion <input type="checkbox"/> Addition
Chapter:	0.7
Appendix:	
Sections:	22.9.2
Sub-sections proposed for amending:	22.9.2.1, 22.9.2.2, 22.9.2.5 (deletion), 22.9.2.6
Current Market Rules Baseline:	

Part 2 - Proposal History

Version	Reason for Issuing	Version Date
1.0	Draft for Stakeholder Review	January 24, 2025

Approved Amendment Publication Date:

Approved Amendment Effective Date:

Part 3 - Explanation for Proposed Amendment

Provide a brief description that includes some or all of the following points:

- The reason for the proposed amendment and the impact on the IESO-administered markets if the amendment is not made.
- Alternative solutions considered.
- The proposed amendment, how the amendment addresses the above reason and impact of the proposed amendment on the IESO-administered markets.

Summary

The IESO proposes to amend the market rules to clarify the disclosure requirements for market control entities, in order to remove unnecessary administrative burden on market participants during the registration process via the following changes:

- Remove the word “ultimately” from ss.22.9.2.1, 22.9.2.2, and 22.9.2.6;
- Delete section 22.9.2.5, which requires a market participant to disclose affiliated entities as market control entities of that market participant.

Background

The market rule amendments implementing the IESO’s Market Renewal Program (MRP) came into effect on November 11, 2024. One of the registration parameters introduced as part of MRP is market control entities. The criteria for disclosing a market participant’s market control entities are set out in MR Ch.0.7 s.22.9.2.

Further information on MRP can be found on the IESO’s [Market Renewal webpage](#).

Discussion

These changes are being made in response to stakeholder feedback. The market rules currently require a market participant to disclose affiliated entities that have limited or no ability to control or influence the participation of that market participant, causing unnecessary administrative burden in the registration process. As failure to register a market participant’s market control entities restricts its ability to progress to subsequent stages of the registration process, the IESO is proposing these market rule amendments to clarify the disclosure requirements, remove unnecessary administrative burden, and ensure that market participants can advance through the registration process.

4. Part 4 - Proposed Amendment

Chapter 0.7

22.9 Market Control Entities

22.9.2 A *market participant* shall disclose to the *IESO* the name, address, relationship to the *market participant*, and, if applicable, jurisdiction of formation, of each person or entity that meets any of the following criteria:

- 22.9.2.1 a person or entity that ~~ultimately~~ beneficially owns, directly or indirectly, whether through one or more subsidiaries or otherwise, voting securities carrying more than 10 per cent of the voting rights attached to all voting securities of the *market participant*;
- 22.9.2.2 a person or entity that is ~~ultimately~~ able to elect or appoint, directly or indirectly, whether through one or more subsidiaries or otherwise, at least 10 per cent of the directors of the *market participant*, other than ex officio directors;
- 22.9.2.3 a person or entity that is a partner in or of the *market participant*;
- 22.9.2.4 a person or entity that has a substantial beneficial interest in the *market participant* or that serves as a trustee in the *market participant*, if the *market participant* is a trust;
- 22.9.2.5 ~~[Intentionally left blank – section deleted] a person or entity that is an affiliate of the *market participant*, excluding affiliates of the *market participant* that are controlled by the *market participant*;~~
- 22.9.2.6 a person or entity that ~~ultimately~~ holds, directly or indirectly, whether through one or more subsidiaries or otherwise, an interest in the *market participant* that entitles the entity or individual to receive more than 10 per cent of the profits of the *market participant*, if the *market participant* is an entity other than a corporation; or
- 22.9.2.7 a person or entity that has any form of agreement with the *market participant* whereby: (i) the *market participant* confers the right or ability to determine a *resource's* energy offers and bids or offers for operating reserve to that person or entity or the ability to follow the *dispatch* instructions given to the *resource*; and (ii) that person or entity is entitled to receive more than 10 per cent of the amounts paid to the *market participant* in respect of all energy and operating reserve transacted through the energy and operating reserve markets for a *resource*.

**Independent Electricity
System Operator**

1600-120 Adelaide Street West
Toronto, Ontario M5H 1T1

Phone: 905.403.6900

Toll-free: 1.888.448.7777

E-mail: customer.relations@ieso.ca

ieso.ca

 [@IESO_Tweets](https://twitter.com/IESO_Tweets)

 facebook.com/OntarioIESO

 linkedin.com/company/IESO