

IESO SETTLEMENT PROCESS

1. PURPOSE

This evidence provides a description of the IESO settlement process used for OPG's regulated generation facilities.

2. DESCRIPTION OF SETTLEMENT PROCESS

The general IESO settlement process is described in Chapter Nine of the Ontario Market Rules. OPG understands that in order for revised payment amounts and riders to be implemented on the first of a given month, a final rate order establishing the new payment amounts and riders would have to be issued by the 20th of the second month prior to the implementation month in order for the IESO to update their systems and perform the settlement without retroactive adjustment. For example, for implementation on June 1, the rate order would have to be issued on April 20.

OPG expects that retroactive adjustment will be used for the months prior to the implementation date back to the effective date of new payment amounts and riders. For example, assuming a rate order on April 20, retroactive adjustment would be used for the months of January through May, with unadjusted implementation for the month of June and beyond.

As OPG is seeking approval of a Hydro incentive mechanism that will require the IESO to apply an adjustment factor to market prices OPG will work with the IESO and, where embedded generation is involved, the distributor, to develop a settlement solution to enable implementation of this proposal in advance of implementation.

The timelines for implementation are based on the changes proposed in this submission. Material changes to the proposed rate structure may require a longer lead time for implementation.