

I. Summary

A maximum adjustment period defines how far back in time a settlement adjustment will be applied. Under the current framework, settlement adjustments can go back an unlimited number of years.

For market participants, the introduction of a maximum adjustment period will provide, after a certain date, finality to settlement statements. Market participants may also realize cost savings as they will not be required to have the necessary tools, processes, and support to verify these types of long duration settlements.

Within IESO's current settlement system, cost savings will be realized with the amount of time IESO staff must spend to retrieve, verify, calculate and check long duration settlement adjustments. These costs increase with the duration of the re-calculation required.

The proposal is for the maximum adjustment period to be fixed, for example at one or two years. All market participants are impacted by this change and the IESO is seeking advice prior to taking the recommendation to IESO Senior Management.

The [Stakeholder Advisory Committee](#) will be the venue for stakeholder advice to the IESO Senior Management on this proposed change. All [market participants](#) will be asked to provide feedback on this proposal to their sector member on the Stakeholder Advisory Committee.

II. Introduction

This stakeholder engagement plan has been developed to provide the opportunity for stakeholder awareness and involvement in the proposed changes to the maximum adjustment period.

III. Background

In certain instances the IESO will make adjustments to final settlement statements. More explanation can be found in the published paper which can be found at <http://www.ieso.ca/imoweb/pubs/consult/sac/sac-20091028-Item4 Maximum Adjustment Period Proposal for SAC.pdf>.

It has been the IESO's experience that adjustments due to errors with meter registration and amounts calculated under ancillary contracts can go back many years, possibly back to when the electricity market opened in May, 2002. The calculation of an adjustment is applied to a market participant's settlement statement, and the offsetting balance is either charged or credited to the rest of the market.

Currently market participants who finalize their year-end financial statements are unable to do so with any certainty knowing that further changes may occur as a result of settlement adjustments. Long duration settlement adjustments could have the effect of requiring the market participants to restate their financial statements. The introduction of a maximum adjustment period will provide, after a certain date, finality to settlement statements. Market participants may also realize cost savings as they will not be required to have the necessary tools, processes, and support to verify these types of long duration settlements.

Within IESO's current settlement system, cost savings will be realized with the amount of time IESO staff must spend to retrieve, verify, calculate and check long duration settlement adjustments. These costs increase with the duration of the re-calculation required.

IESO will also realize cost efficiencies with the eventual replacement of a settlement system that need not require the technology or capacity to support long duration recalculations. Currently IESO's production systems are not capable of retaining the data necessary to calculate longer duration adjustments, and as a result, offline systems have been created to both store the data and do the calculations. A shorter, defined settlement adjustment period means that an offline system does not need to be maintained. In fact a replacement system can be specified to keep all settlement data in the production system, and therefore post-final calculations can be quickly and easily calculated.

IV. Stakeholders

Changes to the maximum adjustment period are of interest to all market participants. This impacts all types of market participants, including Consumers, Distributors, Generators, Traders and Transmitters. Stakeholder Advisory Committee members will seek input from their constituent groups where appropriate.

V. Stakeholder Engagement Goals and Objectives

Goal

The goal of the stakeholder engagement plan is to recommend a change that will allow a maximum adjustment period.

Objectives

1. To communicate to participants the proposed change to the adjustment period and to then gather input from market participant sectors, via the sector representative on the Committee, on how the changes impact them;
2. To provide IESO Management with feedback from the Committee on the recommendation for a maximum adjustment period.

VI. Stakeholder Engagement Approach and Methods

The stakeholder engagement approach will be utilizing the Stakeholder Advisory Committee. Input will be solicited at an open stakeholder Committee meeting along with the opportunity for written feedback from members.

The proposal will be posted in advance so members will have the ability to gather input from their constituency prior to the open meeting. In addition, stakeholders may provide written feedback via e-mail (stakeholder.engagement@ieso.ca).

All advice will be provided to IESO Management and will be posted publically.

The IESO will consider all input in the decision and will use this input to develop options that try to address different points of view. All stakeholders will have the opportunity to communicate their view and positions directly to the IESO Senior Management through their Stakeholder Advisory Committee member in advance of any final decisions. IESO decisions, and the rationale for those decisions, will be posted along with an explanation of how stakeholder input was taken into account in the decision.

Following this, any market rule amendments will be initiated with the [Technical Panel](#). This procedure can be found at: http://www.ieso.ca/imoweb/pubs/marketAdmin/ma_MarketRuleAmendProcedure.pdf.

The implementation of the stakeholder engagement process will be in accordance with the IESO's approved [Stakeholder Engagement Principles](#).

This stakeholder engagement plan may be subject to review and update as the process evolves and stakeholder comments are incorporated, and as revisions are warranted.

This is a public consultation process. Information supplied by stakeholders will be posted on the IESO website including identification of the participant. Web-based postings provide all interested stakeholders with an efficient low-cost method to be informed with the opportunity to communicate their views.

VII. IESO Sponsor

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VIII. Schedule of Activities

Stakeholder Engagement Schedule		
Activity	Expected Actions	Target Date
1. Posting of Stakeholder Engagement Plan and Proposal Paper on a maximum adjustment period	Stakeholders to provide written feedback on Stakeholder Engagement Plan.	Posting on October 15, 2009. Feedback on plan by October 30.
2. Stakeholder Advisory Committee meeting. IESO will present the proposal and each member will be asked individually to provide their sectors position.	Committee members to provide input.	October 28, 2009
3. Revisions to Stakeholder Engagement Plan based on input received.	Posting of revised plan.	November 3, 2009
4. Deadline for written input on the Proposal.	Committee members or individual stakeholders to provide. All written comments will be posted.	November 6, 2009
5. Proposal is revised to including the IESO response to stakeholder input and options that try to address different points of view.	Posting of revised Proposal.	November 10, 2009
6. IESO Senior Management decision.	Posting of decision.	November 19, 2009

Process Evaluation

Stakeholders will be provided the opportunity to provide feedback on the effectiveness of the process in achieving stated objectives following each key stakeholder engagement event.