

## **IESO Joint MOU Frequently Asked Questions:**

**What is the impact to Ontario market participants of the joint MOU?** Given that NERC reliability standards have been and will continue to be mandatory and enforceable under the Ontario market rules, it is expected that the MOU will have little impact on the daily operations of Ontario market participants.

**Why do we need an MOU?** In Ontario, the OEB-NERC MOU provides the policy level guidance regarding Ontario's regulatory and procedural relationship with the ERO. The IESO's joint MOU was developed in recognition of the integral role played by the IESO in dealing with market participants; both in relation to the existing reliability and compliance program, and as the primary Ontario interface with NERC and NPCC. The joint MOU sets out the framework for our day-to-day workings of our relationship with NERC and NPCC.

**How do I know what standards I must comply with?** This issue was identified as an area that required further enhancements at the IESO-hosted ERO workshop held in June 2006. In response, the IESO Board approved a market rule amendment at its June 28, 2007 meeting (MR-00330) that obligates the IESO to "advise the market participant of the reliability standards' obligations or requirements that the IESO determines apply to that market participant" (Chapter 5, Section 3.2.5-3.2.7). The IESO has now mapped each requirement from NERC Reliability Standards and NPCC criteria to a market participant's assets based on a set of established criteria ([Stakeholder engagement 44](#)) and has notified each market participant of these obligations accordingly.

If you have any question specifically related to standards applicability please contact Ron Falsetti at 905-855-6187 or email at [IRCP@ieso.ca](mailto:IRCP@ieso.ca).

**Do I need to register with NERC?** Because the IESO performs the compliance and enforcement role in Ontario and is the sole entity accountable to NERC and NPCC for compliance with reliability standards, Ontario market participants are not required to register with NERC or NPCC. In line with the IESO's obligation in Chapter 5, Section 3.2.5, the IESO will identify what standards Ontario market participants are required to follow and when new standards become applicable in Ontario. NERC must register entities in the United States in order to provide new standards notification and to enforce compliance with reliability standards.

**What does the creation of the ERO mean to me?** Ontario market participants will continue to work with the IESO on reliability matters and will remain subject to mandatory compliance as required in the Ontario market rules. As such, there will be little day-to-day change in your operations and relationship with the IESO with the recognition of the ERO in Ontario. The IESO will continue to manage reliability compliance and enforcement issues with NERC and NPCC on behalf of Ontario and market participants.

With respect to developing standards, the IESO anticipates that NERC standards will evolve steadily in the coming years. This benefits Ontario both from improved reliability within the Ontario and through the better performance in other jurisdictions. Market Participants and others in Ontario have the opportunity to participate in the standard development process, and the IESO will continue to encourage that participation through the IESO's [Reliability Standards Standing Committee](#).

**What is the compliance framework in Ontario?** Since market opening in 2002, Ontario has used an umbrella approach in dealing with NERC and NPCC. As a result of these arrangements, the IESO is the organization in Ontario that is accountable to NERC and NPCC for any and all Ontario-based NERC or NPCC reliability violations. NERC and NPCC will identify the IESO as the entity responsible for violating a standard and may issue non-financial sanctions accordingly. The IESO's Market Compliance and Assessment Division (MACD) monitors and enforces reliability standard on market participants and the IESO business units. MACD is ring-fenced from the rest of the IESO operations. Even though NPCC and NERC are monitoring the IESO only MACD can assess financial penalties on the IESO business units and market participants and only in amounts established in accordance with the Ontario market rules. Similarly, the IESO has also been the point of contact for information flows between NERC and NPCC, and market participants. This framework supports an effective, fair and open working relationship between MACD, the IESO and market participants.