

1 SEC INTERROGATORY 10

2 **1.1-SEC-10**

3 INTERROGATORY

4 [Auditor General of Ontario, 2017 Annual report, Section 3.06 - Independent Electricity System  
5 Operator— Market Oversight and Cybersecurity] Please provide a copy of all material provided  
6 to the IESO's Board of Directors and Senior Management regarding the 2017 Auditor General of  
7 Ontario's Report.

8 RESPONSE

9 Materials provided to the IESO's Board of Directors and Senior Management regarding the 2017  
10 Auditor General of Ontario's Report relevant to this proceeding, are provided as attachments to  
11 this exhibit as follows:

12 Attachment 1 – March 2017 - December 2017 Board – President's Reports Excerpts

13 Attachment 2 – August 29, 2017 - Update AG Market Enforcement Excerpt

14 Attachment 3 – February 27, 2018 - MACD Report Excerpt

15 Attachment 4 – April 10, 2018 - MACD Report Excerpt

16 Attachment 5 – June 12, 2018 - MACD Report Excerpt

17 For further context, MACD staffing budgeted for enforcement activities are funded separately  
18 from the IESO revenue requirement as permitted by section 6.18.6 of Chapter 9 of the Market  
19 Rules:

20 6.18.6 The *IESO* shall open and maintain the *IESO adjustment account*, which *account*  
21 shall operate as follows:

22 6.18.6.1 the *IESO adjustment account* shall be a single bank account established to  
23 receive and disburse payments related to penalties, damages, fines and  
24 payment adjustments arising from resolved *settlement* disputes, and to  
25 reimburse the *IESO* for any associated costs or expenses;

26 6.18.6.2 any amounts paid into the *IESO adjustment account* by *market participants*  
27 shall first be applied to reimburse the *IESO* in respect of any costs or expenses  
28 described in section 6.18.6.1 which it has or will incur. Any remaining amount  
29 shall be credited to the *IESO adjustment account*; and

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Exhibit I

Tab 1.1

Schedule 8.10 SEC 10

Page 2 of 2

- 1                    6.18.6.3 the IESO Board shall review, at least annually, the allocation of any  
2                    credit balance of the IESO adjustment account, and may:
- 3                    a. establish an amount to be retained in the *IESO adjustment account*;
  - 4                    b. direct that some or all of the credit balance be applied to special education  
5                    projects or initiatives; and/or
  - 6                    c. direct that some or all of the balance be distributed to *market participants* on a  
7                    basis to be determined by the *IESO board*.