



BY EMAIL AND WEB POSTING

March 11, 2025

NOTICE OF PROPOSAL TO AMEND A CODE

**PROPOSED AMENDMENTS TO THE RETAIL SETTLEMENT CODE
AND THE STANDARD SUPPLY SERVICE CODE
TO FACILITATE IMPLEMENTATION OF THE IESO MARKET RENEWAL PROGRAM**

BOARD FILE NO.: EB-2024-0300

**To: All Licensed Electricity Distributors
All Licensed Electricity Retailers
Independent Electricity System Operator
All Other Interested Parties**

The Ontario Energy Board (OEB) is giving notice under section 70.2 of the *Ontario Energy Board Act, 1998* (Act) of proposed amendments to the Retail Settlement Code (RSC) and the Standard Supply Service Code (SSSC). These proposed amendments are intended to facilitate the implementation of the renewed market under the Market Renewal Program (MRP) which the Independent Electricity System Operator (IESO) has indicated it is targeting to go live on May 1, 2025.¹

A. Background

The IESO Board of Directors (IESO Board) formally adopted and published the Market Rule amendments related to the MRP on October 18, 2024.²

On November 7, 2024, the OEB received an application to review the Market Rule amendments which was assigned OEB file number [EB-2024-0331](#) (Application).³ Given that there was a pending application requesting that the Market Rule amendments be revoked, the OEB decided to delay issuing these proposed Code amendments until after the OEB issued its decision on the Application. The OEB's decision was issued on

¹ [Market Renewal Program \(MRP\): Readiness Plan for Market Renewal Launch](#), February 2025, p.3.

² [Proposed Market Rule Amendment webpage](#) and [IESO Board Reasons – Adoption of MRP-related Market Rule Amendments, October 18, 2024](#).

³ Under section 33(4) of the *Electricity Act, 1998*, any person may file an application with the OEB for review of an amendment to the Market Rules within 21 days after the amendment is published.

March 6, 2025, and did not have any effect on the Market Rule amendments. Accordingly, the OEB is issuing these proposed Code amendments for comment.

Currently, there is only a real-time market (RTM) for energy in Ontario which is referred to as the Hourly Ontario Energy Price (HOEP). The MRP will introduce a day-ahead market (DAM) for energy. The RTM will only function as a balancing market in the renewed market. Both markets will employ locational marginal prices (LMP) for dispatchable load consumers (as well as generators and price responsive loads). All non-dispatchable loads (NDLs), including electricity distributors, will be settled on the basis of the Ontario Zonal Price (OZP), which is an hourly price that is uniform across the province (like the HOEP). Since non-dispatchable loads (NDLs) will not actively participate in the DAM like a dispatchable load, the IESO will need to forecast NDL demand that is scheduled in the DAM. The IESO will therefore use a Load Forecast Deviation Adjustment (LFDA) to calculate the hourly settlement amount which will reflect the cost impact of the difference between IESO forecasted demand that is scheduled a day ahead and the actual quantity of energy consumed in real-time by NDLs. As a result, the LFDA is an adjustment to the DAM OZP, which can be positive or negative.⁴

For electricity distributors (and other NDLs), the HOEP will therefore be replaced by the sum of the DAM OZP and the LFDA in the renewed market, except when market conditions are not normal as discussed below. Non-RPP consumers will be billed a price combining DAM OZP and the LFDA. RPP consumers and consumers with retail contracts will continue to pay the prices set by the OEB or through their retail contract, respectively.⁵ Certain generators are also settled based on the HOEP.

The MRP-related Market Rule amendments include the potential for the IESO to declare a DAM failure due to various factors (e.g., software interruption) or a DAM suspension during which time the IESO will calculate the hourly price for non-dispatchable loads using only the RTM OZP (i.e., LFDA would not apply). The IESO currently derives a HOEP, as a form of administrative pricing, when there is a market failure. Since the HOEP is currently used in the Codes, these situations did not need to be addressed.⁶

Summary of Notice and Approach to Amendments

With this Notice, based on its review of the IESO Board-approved Market Rule amendments, the OEB is proposing amendments to the settlement provisions of two

⁴ The LFDA is explained in more detail in an [IESO presentation](#) to stakeholders (p.7– 8). The LFDA was initially called the Load Forecast Deviation Charge (LFDC) before it was renamed.

⁵ Consumers on the Regulated Price Plan (RPP) and non-RPP consumers on the spot market price both currently pay the HOEP (plus the Global Adjustment (GA)). The only difference is forecasts of the HOEP and the GA are combined in RPP prices, while the HOEP and the GA are separate line items on the bill for those non-RPP consumers. Replacing the HOEP with the OZP plus the LFDA would not change that.

⁶ [Guide to Prices in the Renewed Market](#), IESO, October 2024, p.16

Codes – the Retail Settlement Code (RSC) and the Standard Supply Service Code (SSSC), collectively the “Codes”.

The proposed amendments to the Codes are described in detail in the next two sections.

B. Proposed Amendments to the RSC

This section provides details on the proposed amendments to the RSC. Appendix A to this Notice contains the proposed amendments to the RSC showing both additions (underlined) and deletions (strikethrough). Appendix B contains a clean version of the relevant provisions of the RSC as they would appear if all proposed amendments are adopted.

The OEB is proposing to amend Appendix A of the RSC which currently states the following:

The hourly price to be used in the determination of any of the calculations shall be the Hourly Ontario Energy Settlement Price published by the IMO for the settlement hour. This price shall be used for the purpose of calculating equations 3.3.1(a) and 3.3.2(a) and for the purpose of calculating settlements with retail embedded generators.⁷

The proposed amendment to the RSC would replace the HOEP with the sum of the DAM OZP and the LFDA.

As discussed above, the RSC does not currently address situations when the IESO declares a market failure or suspension because the IESO produces a HOEP when those situations arise. The OEB is therefore proposing an addition to Appendix A to reflect that, when the DAM is suspended or fails, the RTM OZP would need to be used for the applicable settlement hours (since the DAM OZP would not be available).

Housekeeping Amendments

The OEB is also taking this opportunity to amend all the applicable sections in the RSC to replace all references to the “Independent Market Operator” and the “IMO” with the terms “Independent Electricity System Operator” and the “IESO”.

C. Proposed Amendments to the SSSC

This section provides details on the proposed amendments to the SSSC. Appendix C to this Notice contains the proposed amendments to the SSSC showing both additions

⁷ The equations in sections 3.3.1(a) and 3.3.2(a) are the calculations of settlement costs for interval-metered and non-interval metered customers, respectively. Appendix A of the RSC refers to the “Hourly Ontario Energy Settlement Price” which became known as the HOEP.

(underlined) and deletions (strikethrough). Appendix D contains a clean version of the relevant provisions of the SSSC as they would appear if all proposed amendments are adopted.

Section 3.2 of the SSSC sets out how to determine the spot market price for various classes of consumers for billing purposes. “Spot market price” is defined in the SSSC as follows: “for a given hour, the Hourly Ontario Energy Price established by the IESO for that hour”.

Similar to the proposed amendments to Appendix A of the RSC, the OEB is proposing to amend section 3.2 of the SSSC to: (1) replace the HOEP with the sum of the DAM OZP and the LFDA; and (2) reflect that the RTM OZP – rather than the DAM OZP plus the LFDA – would be used for the applicable settlement hours, when the DAM is suspended or fails.

D. Anticipated Costs and Benefits

The OEB is proposing these changes to align the Codes with those Market Rule amendments in order to facilitate MRP implementation. The OEB expects the costs of implementing these proposed amendments to the Codes to be minimal. The OEB understands that the changes electricity distributors will need to make to their billing systems will be limited to reflecting the replacement of the HOEP with the OZP and the LFDA. Other changes (e.g., settlement systems) that will need to be made by distributors will be necessary to implement the IESO’s MRP-related Market Rule amendments.

E. Coming into Force

The OEB proposes that the proposed amendments to the RSC and the SSSC, as set out in Appendix A and Appendix C, respectively, come into force on the date that the IESO’s MRP goes live. As noted above, the IESO’s current target date for the renewed market is May 1, 2025.

The OEB notes that the IESO has identified that it expects a go-live decision will be made and communicated to the sector in early April 2025 to advise whether all necessary conditions for a May 1, 2025 go-live have been achieved. If all the conditions have not been met, the IESO will communicate a new go-live date.⁸ According to the IESO, the new go-live date would be the 1st day of a subsequent month, and a minimum of two weeks notice would be provided.⁹

⁸ Market Renewal Program (MRP): Readiness Plan for Market Renewal Launch, September 2024, p.9

⁹ IESO MRP Go Live Plan, April 25, 2024, p.70

F. Invitation to Comment

The OEB invites comments from any interested stakeholder on the proposed Code amendments. Anyone interested in providing written comments are invited to submit them by **March 18, 2025**. Your written comments must be received by the Registrar by **4:45 p.m.** on that date.

Instructions for Submitting Comments

Stakeholders are responsible for ensuring that any documents they file with the OEB **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number **EB-2024-0300** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website
- Stakeholders are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance

This Notice, including the proposed RSC amendments in Appendices A and B, and the proposed SSSC amendments in Appendices C and D, and all related written comments received by the OEB will be available for public viewing on the OEB's web site at www.oeb.ca.

G. Cost Awards

Cost awards will not be available given these proposed Code amendments are minor and administrative in nature.

If you have any questions regarding the proposed amendments to the Codes described in this Notice, please contact Chris Cincar at Chris.Cincar@oeb.ca. The OEB's toll free number is 1-888-632-6273.

DATED at Toronto, March 11, 2025

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

Attachments:

- Appendix A — Proposed Amendments to the Retail Settlement Code –
Comparison Version to Current Code
- Appendix B — Proposed Amendments to the Retail Settlement Code – Clean
Version
- Appendix C — Proposed Amendments to the Standard Supply Service Code –
Comparison Version to Current Code
- Appendix D — Proposed Amendments to the Standard Supply Service Code –
Clean Version

Appendix A
to
Notice of Proposed Amendments to the
Retail Settlement Code and the Standard Supply Service Code

March 11, 2025

EB-2024-0300

Proposed Amendments to the Retail Settlement Code –
Comparison Version to Current Code

Note: Underlined text indicates proposed additions to the Retail Settlement Code and strikethrough text indicates proposed deletions from the Retail Settlement Code. Numbered titles are included for convenience of reference only.

Appendix A of the Retail Settlement Code is amended as follows:

Competitive Electricity Costs

Section 3.1 of the Retail Settlement Code indicates that the Board shall establish the sub-set of the ~~IMO~~IESO-billed services that are deemed to be Competitive Electricity Services for the purposes of calculating settlement costs in accordance with Chapter 3 of the Code.

The hourly price to be used in the determination of any of the calculations shall be the sum of the Day-Ahead Market Ontario Zonal Price and the Load Forecast Deviation Adjustment ~~Hourly Ontario Energy Settlement Price~~ published by the ~~IMO~~ IESO for the settlement hour. This price shall be used for the purpose of calculating equations 3.3.1(a) and 3.3.2(a) and for the purpose of calculating settlements with retail embedded generators. This price shall be used during normal market conditions.

When the IESO declares a failure or suspension of the Day-Ahead Market, the hourly price to be used for the applicable settlement hours shall be the Real-Time Market Ontario Zonal Price.

Appendix B
to
Notice of Proposed Amendments to the
Retail Settlement Code and the Standard Supply Service Code

March 11, 2025

EB-2024-0300

Proposed Amendments to the Retail Settlement Code – Clean Version

Appendix A of the Retail Settlement Code is amended as follows:

Competitive Electricity Costs

Section 3.1 of the Retail Settlement Code indicates that the Board shall establish the sub-set of the IESO-billed services that are deemed to be Competitive Electricity Services for the purposes of calculating settlement costs in accordance with Chapter 3 of the Code.

The hourly price to be used in the determination of any of the calculations shall be the sum of the Day-Ahead Market Ontario Zonal Price and the Load Forecast Deviation Adjustment published by the IESO for the settlement hour. This price shall be used for the purpose of calculating equations 3.3.1(a) and 3.3.2(a) and for the purpose of calculating settlements with retail embedded generators. This price shall be used during normal market conditions.

When the IESO declares a failure or suspension of the Day-Ahead Market, the hourly price to be used for the applicable settlement hours shall be the Real-Time Market Ontario Zonal Price.

Appendix C
to
Notice of Proposed Amendments to the
Retail Settlement Code and the Standard Supply Service Code

March 11, 2025

EB-2024-0300

Proposed Amendments to the Standard Supply Service Code –
Comparison Version to Current Code

Note: Underlined text indicates proposed additions to the Standard Supply Service Code and strikethrough text indicates proposed deletions from the Standard Supply Service Code. Numbered titles are included for convenience of reference only.

The definition of “spot market price” in the Standard Supply Service Code is amended as follows:

1.2 Definitions

1.2.1 In this Code, unless the context otherwise requires:

“spot market price” means, for a given settlement hour, the sum of the Day-Ahead Market Ontario Zonal Price and the Load Forecast Deviation Adjustment ~~Hourly Ontario Energy Price~~ established by the IESO for that hour. When the IESO declares a failure or suspension of the Day-Ahead Market, the hourly price to be used for the applicable settlement hours shall be the Real-Time Market Ontario Zonal Price;

Appendix D
to
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Retail Settlement Code and the Standard Supply Service Code

March 11, 2025

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Proposed Amendments to the Standard Supply Service Code – Clean Version

The definition of “spot market price” in the Standard Supply Service Code is amended as follows:

1.2 Definitions

1.2.1 In this Code, unless the context otherwise requires:

“spot market price” means, for a given settlement hour, the sum of the Day-Ahead Market Ontario Zonal Price and the Load Forecast Deviation Adjustment established by the IESO for that hour. When the IESO declares a failure or suspension of the Day-Ahead Market, the hourly price to be used for the applicable settlement hours shall be the Real-Time Market Ontario Zonal Price;