

To: Stakeholder Advisory Committee

Date: Oct 30, 2013

Subject: **General Conduct Rule (SE-112)**

Information Item

The General Conduct Rule (SE-112) stakeholder engagement initiative was launched in Summer 2013 to develop a general conduct rule that promotes market participant conduct consistent with the objectives of the Market Rules and some of the purposes of the *Electricity Act, 1998*.

A Position Paper introduced and outlined the purpose and need for such a rule in the IESO-administered markets. Stakeholder comments on the Position Paper identified the following themes:

- Schedule of Stakeholder Engagement Activities
- Governance and Enforcement
 - a) Should this rule reside with the IESO?
 - b) Conflict of Interest
 - c) Penalties and Dispute Resolution
- Transparency
 - a) Statute of Limitations
 - b) Obligations to Comply/ Standard of Conduct
 - c) Example Conduct
- Alignment with the Purposes of the Electricity Act
- Markets Within Scope of a General Conduct Rule
- Legitimate Business Purpose

This feedback was considered by the IESO for the development of a second Position Paper on the framework of a general conduct rule.

Subsequently, at its September 2013 meeting, the IESO Board directed IESO Management to develop a market rule amendment, with input from Stakeholders, that relates to the general conduct of Market Participants reflecting the principles articulated in the stakeholder engagement process (SE-112) and that are generally similar to equivalent provisions in other jurisdictions.

The second stakeholder meeting presented the IESO's second Position Paper: Development of a General Conduct Rule Framework for the IESO-Administered Markets. This Position Paper provided a description of the IESO's current enforcement mandate and authorities including the IESO's dispute resolution process, in response to requests from stakeholders. The Paper also included an outline of the IESO's proposed framework for the development of the rule language for the general conduct rule, which included descriptions of proposed framework elements such as intent, materiality and legitimate business purpose. Also at the meeting, supplemental materials were introduced for discussion by the Association of Power Producers of Ontario that the IESO is considering.

Stakeholder comments regarding topics discussed in the second Position Paper will be considered and responded to in November 2013. Another stakeholder meeting will be scheduled later in November which is expected to present a draft version of the proposed market rule language for comment through the market rule amendment process in early 2014.