



BY EMAIL AND WEB POSTING

April 28, 2025

**To: All Licensed Rate-regulated Electricity Distributors  
All Licensed Electricity Retailers  
Independent Electricity System Operator  
All Other Interested Stakeholders**

**Re: Final Updates to the OEB's Accounting Guidance related to Accounts 1588  
RSVA Power and 1589 RSVA Global Adjustment resulting from the  
Independent Electricity System Operator's Market Renewal Program**

---

The Ontario Energy Board (OEB) has issued final updates to the [Accounting Guidance Related to Commodity Pass-Through Accounts 1588 & 1589](#) (Accounting Guidance) related to market rule amendments that have now been adopted by the Independent Electricity System Operator (IESO) to implement its Market Renewal Program (MRP).<sup>1</sup> The Accounting Guidance will come into effect on the date the MRP goes live, targeted by the IESO to occur on May 1, 2025.<sup>2</sup>

## Background

On June 12, 2024, the OEB issued for comment a [draft update](#) to the Accounting Guidance and a [draft update](#) to the Illustrative Commodity Model to assist electricity distributors in preparing for the accounting changes that result from the implementation of the MRP. Additionally, the OEB provided a draft mapping ([Draft Mapping](#)) of the IESO Charge Types expected under the MRP to the OEB's Uniform System of Accounts (USoA).<sup>3</sup>

---

<sup>1</sup> [MR-00481-R00-R13: Market Renewal Program - Final Alignment](#), October 18, 2024

<sup>2</sup> [IESO Market Renewal Newsletter - April Update](#), April 7, 2025

<sup>3</sup> OEB Letter: Draft Accounting Guidance related to Accounts 1588 RSVA Power and 1589 RSVA Global Adjustment resulting from the IESO's Market Renewal Program, [Appendix A](#), June 12, 2024

On March 27, 2025, the OEB issued a [Notice](#) of final amendments to the [Retail Settlement Code](#) and the [Standard Supply Service Code](#) to facilitate the implementation of the renewed market under the MRP. The final amendments to the Codes will also come into force on the date the MRP goes live.

### **Final Updates to the Accounting Guidance and Illustrative Commodity Model**

Under the MRP, the Hourly Ontario Energy Price (HOEP) will be replaced by the sum of the day-ahead market (DAM) Ontario Zonal Price (DAM OZP) and the Load Forecast Deviation Adjustment (LFDA) under normal market conditions. When market conditions are not normal (e.g., DAM failure), the IESO will calculate the hourly price for non-dispatchable loads using only the real-time market Ontario Zonal Price (RTM OZP), i.e., the LFDA would not apply.<sup>4</sup> The final Accounting Guidance update related to the MRP applies under all market conditions.

Relative to the draft updates to the Accounting Guidance and Illustrative Commodity Model issued for comment in June, the final updates reflect the following changes:

#### **1. DAM OZP and LFDA Value Clarification**

Updates have been to clarify that distributors should calculate distributor-specific weighted average values for DAM OZP and LFDA values.

#### **2. Naming Update**

References to Load Forecast Deviation Charge (LFDC) has been replaced with references to LFDA.<sup>5</sup>

#### **3. Minor Housekeeping Edits**

A few minor housekeeping updates were made in response to comments received and to improve clarity and consistency.

### **Updates to the Mapping of IESO Charge Types under the MRP to the OEB's USoA**

An updated mapping of IESO Charge Types under the MRP to the OEB's USoA (including a list of IESO Charge Types to be recorded in Account 4708, Charges WMS) is provided in Appendix A to this letter. Relative to the Draft Mapping, updates were

---

<sup>4</sup> [Guide to Prices in the Renewed Market](#), IESO, October 2024, p.16

The IESO has indicated that, when there is a DAM failure, it will impact all hours for that trade day.

<sup>5</sup> 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.

made to reflect the use of the term LFDA and the addition of one new IESO Charge Type (CT1941).

### **Effective Date of Updated Accounting Guidance**

The MRP-related updates to the Accounting Guidance will take effect on the date on which the MRP goes live, targeted by IESO to occur on May 1, 2025. The updated version of the Accounting Guidance will supersede the previous version at that time.

### **Guidance under a “Rollback” Scenario**

The IESO’s plan for the launch of the MRP includes a “rollback” plan under which the IESO will revert to the legacy market if significant issues are encountered (referred to as a “market transition error”). A decision by the IESO to rollback to the legacy market will be made by the IESO no later than May 2, 2025 (based on a May 1 go live date) and distributors will be informed by the IESO via an Advisory Notice.<sup>6</sup> In the event of a rollback, distributors should follow the Accounting Guidance as it existed prior to the MRP-related updates.

### **Reminder on Terminology for use on Bills to Replace HOEP**

As stated in the March 27, 2025 Notice of Code amendments referred to above, all distributors should use the term ‘Ontario Electricity Market Price’ on bills issued to non-RPP consumers to reflect the combined DAM OZP and LFDA.

Any questions or comments relating to this letter should be directed to the OEB’s Industry Relations hotline, at 1-877-632-2727 or [industryrelations@oeb.ca](mailto:industryrelations@oeb.ca), using the subject “Finalized Accounting Guidance for the MRP”.

Yours truly,

*Original Signed By*

Nancy Marconi  
Registrar

Attachment: Appendix A – Mapping of IESO Charge Types to OEB Uniform System of Accounts

---

<sup>6</sup> [IESO Updates to the Market Renewal Program](#), November 21, 2024, p.9