

Memorandum of Understanding
between
the Market Assessment and Compliance Division of the
Independent Electricity System Operator
and the Market Surveillance Administrator of Alberta

Introduction

The Market Assessment and Compliance Division (“MACD”) of the Independent Electricity System Operator (“IESO”) and the Market Surveillance Administrator of Alberta (“MSA”) (or the “Agencies”) wish to acknowledge and recognize that cooperation and information sharing between MACD and MSA can contribute to improved delivery of MACD’s and MSA’s respective mandates.

The IESO is an independent electricity agency established by the Government of Ontario under the *Electricity Act, 1998* with the responsibility to, among other things, direct the operation and maintain the reliability of the electrical grid and to operate the IESO-administered markets to promote the purposes of the *Electricity Act*. The purposes of the *Electricity Act* include, among other things, protecting the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service, promoting economic efficiency and sustainability in the generation, transmission, distribution and sale of electricity, and facilitating the maintenance of a financially viable electricity industry.

The *Electricity Act* permits the IESO to make rules governing the IESO-controlled grid and establishing and governing markets related to electricity and ancillary services. As confirmed in a Delegation of Compliance Enforcement letter from the IESO’s President and CEO to the Director of MACD, the IESO has also agreed to be bound by the market rules.

MACD supports the objectives of the IESO by fostering compliance with the IESO’s market rules through enabling and enforcement measures, and by assessing the market’s performance. The Director of MACD has the authority to issue non-compliance rulings and impose sanctions, including financial penalties.

Pursuant to its market rules, the IESO is obligated to disclose, where required by applicable law or lawful requirement, information, including confidential information, to any government or governmental body, regulatory body, authority or agency having jurisdiction over it or a market participant.

The MSA is an independent enforcement agency established by the Government of Alberta under the *Alberta Utilities Commission Act* with the responsibility to protect and promote the fair, efficient and openly competitive operation of Alberta’s wholesale electricity market and its retail electricity and natural gas markets (“Alberta energy

markets”). The role of the MSA includes the surveillance, investigation and enforcement of market participants within Alberta energy markets pursuant to the *Alberta Utilities Commission Act*, the *Electric Utilities Act*, the *Gas Utilities Act*, the *Fair, Efficient and Open Competition Regulation*, the *Market Surveillance Regulation* and other related regulations. The MSA is responsible for the enforcement of Alberta’s Independent System Operator Rules and the Alberta Reliability Standards.

Understanding

In recognition of the important roles that MACD and MSA have in enforcing compliance with market rules and reliability standards in their respective electricity markets, and the benefits to both Agencies that result from cooperation and information sharing, MACD and MSA enter into this Memorandum of Understanding (“MOU”).

The proposed cooperation and information sharing may include, but is not limited to:

- a) notifying the other Agency with respect to a matter that is materially relevant to the other Agency and that could be carried out by the other Agency under its mandate. The Agencies will endeavour to provide such notification as soon as practicable and, if relevant, on an ongoing basis;
- b) sharing of relevant information in relation to:
 - i. regulatory and investigatory approaches and practices, including major developments in competition case law, and
 - ii. market monitoring activities and other energy market developments of interest to both Agencies;
- c) sharing of advanced analytical techniques to support complex market manipulation investigations;
- d) sharing of aggregated data in respect of investigations by either Agency;
- e) sharing of information in relation to observed market behaviours or market impacts;
- f) considering and implementing any appropriate opportunities for collaboration between the Agencies in training, staff development, or staff exchanges;
- g) undertaking joint education or advocacy activities relating to competition issues in energy markets that are of mutual interest to the Agencies;
- h) exchanging best practices and lessons learned in relation to information gathering and investigatory practices; and

- i) meeting annually at the senior management level to discuss the items enumerated above and to explore further opportunities for cooperation and collaboration.

This MOU is not intended to be a binding contract enforceable in a court of law or in an administrative forum, and it is not intended to impose any legal commitments on MSA or MACD. It is intended only to establish a process for further cooperation between the Agencies signing this document.

Confidentiality

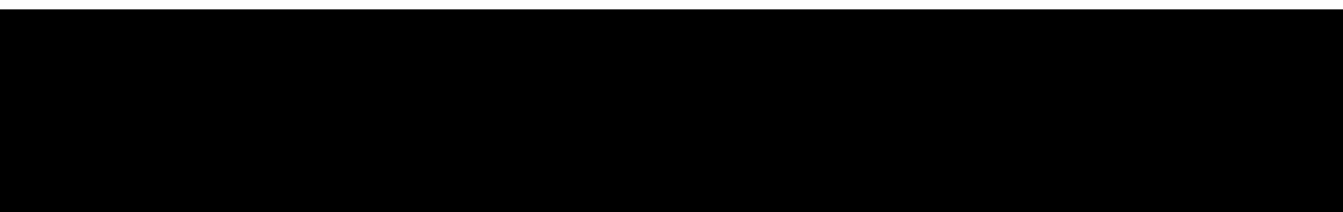
The Agencies will not exchange information if doing so would contravene any relevant legislation, policies, guidance documents or market rules. Each Agency will maintain the confidentiality of any information obtained from the other and will notify the other if it receives a request from a third party for disclosure of such information. Neither Agency will disclose any confidential information obtained from the other Agency to any third party without the written consent of the other Agency, except as required by law or the market rules.

Where disclosure is required by law, the Agency required to disclose the confidential information will give notice to, and consult with, the other Agency on how to protect their interests and the interests of any third party whose information is to be disclosed, as required by the market rules. The Agency will give this notice as soon as it becomes aware of the disclosure requirement.

Either of the Agencies may request a binding confidentiality agreement be signed prior to sharing of certain sensitive confidential information.

Conclusion

This MOU will take effect on the date it is signed by both parties and will be reviewed within five years from that date. Either Agency may terminate this MOU by providing written notice to the other Agency at least 30 days in advance. This MOU may be amended upon the mutual written consent of the Agencies.



CEO, Market Surveillance
Administrator

Director of MACD
IESO