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## Market Manual 5: Settlements

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# Part 5.10: Settlement Disagreements

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Issue 1.1

September 7, 2023

This *market manual* is provided for stakeholder engagement purposes. Please note that additional changes to this document may be incorporated as part of future engagement in MRP or other *IESO* activities prior to this *market manual* taking effect.

This procedure provides information required by *market participants* to make queries and initiate disagreements in regards to *settlement amounts* and for the *IESO* to investigate and resolve the disagreement.

## Document Change History

Issue	Reason for Issue	Date
1.0	First issuance of new manual covering the settlement disagreement process based on the limitation period for resettlement of a trading day and the addition of new settlement statements (as per market rule amendment MR-00475)	May 1, 2023
1.1	Updated for MRP	September 7, 2023

## Related Documents

Document ID	Document Title

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## Table of Changes

Reference	Description of Change
Throughout	<p>“Batch 4” changes for Market Renewal Program, reflecting the design elements in the following detailed design documents:</p> <ul style="list-style-type: none"><li>• Market Settlement;</li><li>• Revenue Meter Registration; and</li><li>• Market Billing and Funds Administration.</li></ul>

## Conventions

The standard conventions followed for *market manuals* are as follows:

- The word 'shall' denotes a mandatory requirement;
- References to *market rule* sections and sub-sections may be abbreviated in accordance with the following representative format: '**MR Ch.1 ss.1.1-1.2**' (i.e. *market rules*, Ch.1, sections 1.1 to 1.2);
- References to *market manual* sections and sub-sections may be abbreviated in accordance with the following representative format: '**MM 1.5 ss.1.1-1.2**' (i.e. *market manual* 1.5, sections 1.1 to 1.2);
- Internal references to sections and sub-sections within this manual take the representative format: 'sections 1.1 – 1.2';
- Terms and acronyms used in this *market manual* in its appended documents that are italicized have the meanings ascribed thereto in **MR Ch.11**;
- All user interface labels and options that appear on the IESO gateway and tools are formatted with the bold font style;
- Data fields are identified in all capitals.

– End of Section –

# 1. Introduction

## 1.1. Purpose

This *market manual* provides administrative and procedural details to the *market rules* governing *settlement* disagreements, including supplementary information relevant to understanding the rights and obligations of the *IESO* and *market participants*.

*Market manuals* must be read in conjunction with the applicable *market rules*. Where there is a conflict between a *market manual* and the *market rules*, the *market rules* shall prevail.

## 1.2. Scope

This *market manual* describes the process for *market participants* to make queries and initiate disagreements in regards to *settlement statements* issued for the *physical market* and financial market.

This *market manual* supplements the following *market rules*:

- MR Ch.3 s.2: Dispute Resolution
- MR Ch.6 s.10.4: Errors Found in Metering Tests, Inspections or Audits
- MR Ch.9 s.6.8: Market Participant Validation of Settlement Statements
- MR Ch.9 s.6.9: IESO Validation of Settlement Statements
- MR Ch.9 s.6.10: Dispute Resolution
- MR Ch.10 s.6C: Corrections of Errors in Lists

For information regarding the *settlement process* and *settlement statements*, refer to [MM 5.7: Settlement Process](#).

The procedures related to the dispute resolution process are provided in [MM 2.1: Dispute Resolution](#).

## 1.3. Overview

The following markets form the *IESO-administered markets*:

**Table 1-1: IESO-Administered Markets**

Market Type	Transactions
<i>Physical market</i>	1. <i>Day-Ahead Market</i> a. <i>energy</i> transactions

Market Type	Transactions
	<ul style="list-style-type: none"> <li>b. <i>operating reserve</i> transactions</li> <li>2. <i>Real-Time Market</i> <ul style="list-style-type: none"> <li>a. <i>energy</i> transactions</li> <li>b. <i>operating reserve</i> transactions</li> </ul> </li> <li>3. <i>Procurement Market</i> <ul style="list-style-type: none"> <li>a. <i>Contracted ancillary services</i>, including <i>regulation</i>, <i>voltage control</i> and <i>reactive support services</i>, <i>black-start capability</i>, and for <i>reliability must-run contracts</i></li> </ul> </li> <li>4. Payments to <i>TR holders</i><sup>1</sup></li> <li>5. <i>Virtual Transactions</i><sup>2</sup></li> </ul>
Financial market	<ul style="list-style-type: none"> <li>1. <i>Transmission Rights Market (TR Market)</i> <ul style="list-style-type: none"> <li>a. transactions in all rounds of any <i>TR auction</i><sup>3</sup></li> </ul> </li> </ul>

## 1.4. Contact Information

Changes to this *market manual* are managed via the [IESO Change Management process](#). Stakeholders are encouraged to participate in the evolution of this *market manual* via this process.

As part of the participant authorization and registration process<sup>4</sup>, *market participants* are required to identify a Settlements Contact. If a *market participant* has not identified a specific contact, the *IESO* will seek to contact the Primary Contact for activities within this procedure, unless alternative arrangements have been established between the *IESO* and the *market participant*.

To contact the *IESO*, *market participants* can email *IESO* Customer Relations at [customer.relations@ieso.ca](mailto:customer.relations@ieso.ca) or use telephone or mail. Telephone numbers and the mailing address can be found on the [IESO website](#). *IESO* Customer Relations staff will respond as soon as possible.

### – End of Section –

<sup>1</sup> Excludes *settlement amounts* relating to transactions in all rounds of any *TR auction* which will appear on the financial market *settlement statement* and *invoice*.

<sup>2</sup> *Virtual transactions*, although part of the financial market, will be *settled* as part of the *physical market* and will appear on the *physical market settlement statements* and *invoices*.

<sup>3</sup> For more information on the *TR auction* process, refer to [MM 4.4: Transmission Rights Auction](#). Only those *settlement amounts* relating to transactions in all rounds of any *TR auction* will appear on the financial market *settlement statement*.

<sup>4</sup> Refer to [MM 1.5: Market Registration Procedures](#) for adding and updating contact roles with the *IESO*.



## 2. Validation of Settlement Statements

### 2.1. Market Participant Validation of Settlement Statements

(MR Ch.9 s.6.8)

*Market participants* are required to review their *settlement statements* to ensure they are correct in accordance with **MR Ch.9 s.6.8**. A failure to identify an error or omission within the required timeframe may result in losing any potential recourse in regards to such error or omission. Any errors and/or omissions that have been identified within the required timeframe are to be submitted to the *IESO* via a *notice of disagreement*.

A *market participant* may submit a *notice of disagreement* in respect of a:

- *preliminary settlement statement*: any *settlement amounts* with which it disagrees.
- *final settlement statement* or a *recalculated settlement statement*, other than a final *recalculated settlement statement*:
  - items or calculations that are new (i.e. an item with a *settlement* type of 'P'); or
  - an adjustment to an item or calculation that appeared on a previous *settlement statement* (i.e. an item with a *settlement* type of 'A').

For greater certainty, if a *market participant* disagrees with a new item or adjustment contained on a *final recalculated settlement statement*, it should pursue the matter through the dispute resolution process outlined in **MR Ch.3**.

*Market participants* may not submit a *notice of disagreement* regarding the matters listed in **MR Ch.9 s.6.8.12**. Some of these matters, including those identified in **MR Ch.9 s.6.8.12.4** and matters described in the processes outlined in **MR Ch.6 s.10.4** and **MR Ch.10 s.6C**, are still subject to the dispute resolution process outlined in **MR Ch.3**. Other matters, including the calculation of prices listed in **MR Ch.9 s.6.8.12.8** and matters which are subject to the *notice of disagreement* process but the *market participant* missed the timeframe to initiate such a process, are not subject to the dispute resolution process outlined in **MR Ch.3**.

An item or calculation in the *final settlement statement* or *recalculated settlement statement* may either:

- consist of an adjustment to a previously issued *settlement statement* as a result of a *notice of disagreement*, but the adjustment does not properly reflect the final resolution of such *notice of disagreement* as communicated to the *market participant*; or

- differ in amount from the same item or calculation set forth on a previously issued *settlement statement*, but the item or calculation on the new *settlement statement* does not have an adjustment flag indicating that an adjustment has been made.

In such cases, the *market participant* may attempt to resolve the disagreement with the *IESO* on an informal basis, separate from the formal *notice of disagreement* process. If the *IESO* cannot resolve the disagreement, the *market participant* may submit the matter to the dispute resolution process outlined in **MR Ch.3**.

## 2.2. IESO Validation of Settlement Statements

(MR Ch.9 s.6.9)

In accordance with **MR Ch.9 s.6.9**, the *IESO* can address material errors within an *IESO* system or *settlement process* which results in *settlement amounts* being calculated incorrectly. This process does not alleviate a *market participant's* responsibility to review and identify any errors in its *settlement statements* and is intended to capture those issues which a *market participant* would not have been reasonably able to identify on their own.

If the *IESO* identifies any such errors that warrant correction, such corrections will appear on a *market participants' settlement statement(s)*. If a *market participant*:

- has any questions in regards to such adjustment, they may submit a *settlement statement query* in accordance with [section 3](#); or
- disagrees with any such adjustment on a *settlement statement*, other than in respect of a *final recalculated settlement statement*, they may submit a *notice of disagreement* in regards to the adjustment, in accordance with [section 2.1](#); or
- disagrees with such an adjustment contained on a *final recalculated settlement statement*, it should pursue the matter through the dispute resolution process outlined in **MR Ch.3**.

## 2.3. Metering Corrections

(MR Ch.6 s.10.4 and MR Ch.10 s.6C)

**MR Ch.6 s.10.4** and **MR Ch.10 s.6C** contain the identification and correction of errors in *metering data* and other *meter-related* information.

If a *market participant* disagrees with an adjustment to its *settlement statement* as a result of these processes, it should pursue the matter through the dispute resolution process outlined in **MR Ch.3**.

For greater clarity, the *market participant(s)* interacting with the *IESO* in regards to **MR Ch.6 s.10.4** or **MR Ch.10 s.6C**, as the case may be, should pursue any disagreement through the dispute resolution process, while other *market participants* that may be impacted by an adjustment as a result of such processes may submit a *notice of disagreement* in regards to such adjustments.

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## 3. Submitting a Notice of Disagreement

(MR Ch.9 s.6.8)

If a *market participant* disagrees with a *settlement amount* on a *settlement statement*, other than in respect of a *final recalculated settlement statement*, it may submit a *notice of disagreement*. *Notices of disagreement* must be submitted as per the following timelines:

- *physical market*: within six *business days* after the *settlement statement* has been issued
- *financial market*: within two *business days* after the *settlement statement* has been issued.

The submission timelines are subject to any additional time resulting from *settlement statement* delays or a failure to access a *settlement statement* as determined in accordance with [MM 5.7: Settlement Process](#)<sup>5</sup>.

For greater clarity, *notice of disagreements* relating to a *settlement statement* issued in the *physical market* for a *trading day* prior to the *RSS Commencement Date* must be submitted within four *business days* after the applicable *settlement statement*.

To submit a *notice of disagreement*, all required sections of the *notice of disagreement* form available through Online IESO must be completed. *Market participants* are encouraged to provide as detailed information as possible in the *notice of disagreement* form, as incomplete submissions may result in a delay in processing the *notice of disagreement*.

The *notice of disagreement* form available through Online IESO can be accessed by the *market participant's notice of disagreement* contact(s) registered in Online IESO. For instructions on submitting a *notice of disagreement* through Online IESO, refer to the [Introduction to the IESO Settlement Process](#) training guide available on the [IESO Marketplace Training](#) webpage.

### 3.1. Data Requirements for Submission of a Notice of Disagreement

(MR Ch.9 s.6.8)

A *notice of disagreement* may only pertain to one item (or issue). For example, a *notice of disagreement* about *day-ahead market generator offer guarantee* (DAM\_GOG) and reactive support and voltage control (RSVC) during the same trading period must be submitted as two separate *notices of disagreement*, so that the *IESO* can investigate each item or issue.

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<sup>5</sup> See MR Ch.9 ss. 6.3.24 and 6.3.25.

However, when a *notice of disagreement* pertains to input data for multiple *dispatch intervals* on the same *trading day*, only one *notice of disagreement* submission is required.

The *notice of disagreement* shall contain the proposed resolution with supporting material in accordance with **MR Ch.9 s.6.8.4**. Supporting material may include, and is not limited to the following:

- schedules, operational commitments;
- *bids, offers*;
- for *intertie* transactions: interchange schedule codes (i.e. TLRe, TLRi, MrNh), NERC tag ID; and
- *physical bilateral contract data* (i.e. *buying market participant* and *selling market participant*; location of *physical bilateral contract*, hourly uplift components).

If the information provided in the *notice of disagreement* is incomplete or invalid, the *notice of disagreement* processing may be delayed.

For samples of the Online IESO *notice of disagreement* form, refer to the [Introduction to the IESO Settlement Process](#) training guide available on the [IESO Marketplace Training](#) webpage.

An email confirmation will be sent upon receipt of a *notice of disagreement* and will include:

- a unique identifier for the submission, and
- a date and time stamp of when the *notice of disagreement* was received.

Within the Online IESO *notice of disagreement* form, *market participants* can:

- check the status and the history of their *notice of disagreement*,
- provide additional information requested by the *IESO*, and
- respond to decision notification.

*Market participants* must *settle* an *IESO invoice* regardless of whether they have raised a *notice of disagreement* against a *settlement statement* addressed by that *invoice*. Refer to [MM 5.8: Settlement Invoicing](#) for details of the *invoicing* process.

– End of Section –

## 4. Resolving a Notice of Disagreement

(MR Ch.9 s.6.8)

### 4.1. IESO Validation of Notice of Disagreement

Following receipt of a *notice of disagreement*, the *IESO* will first validate the *notice of disagreement*. If the *notice of disagreement* does not relate to a matter which is subject to the *notice of disagreement* process or is otherwise not in accordance with the *market rules*, the *IESO* will notify the *market participant* through the Online IESO *notice of disagreement* form that the submitted *notice of disagreement* is rejected.

Once validated, the *IESO* will determine whether affected parties exist and notify them by email of the submitted *notice of disagreement*. For example:

- in regards to *notices of disagreement* relating to *physical bilateral contracts*, the *IESO* will ensure that both the *buying market participant* and the *selling market participant* are aware of the *notice of disagreement*.

### 4.2. IESO Request for Additional Information

The *IESO* will consider submitted *notices of disagreement*, along with any attached supporting material, and, if necessary, may request clarifications or additional information by sending such request through the Online IESO *notice of disagreement* form. The *market participant* must provide any requested information or clarification within the specified timeframe through the Online IESO *notice of disagreement* form. *Market participants* that fail to provide the requested information within the specified timeframe may have their *notice of disagreement* invalidated.

### 4.3. IESO Resolution of Notice of Disagreement

The *IESO* will provide notice to the *market participant* and any identified affected parties of the *IESO's* determination and intended resolution once the *IESO* has finished considering the submitted *notice of disagreement*, along with any attached supporting materials and further information or clarifications provided.

The *market participant* has an opportunity to respond to such notice within 10 *business days* by entering a response in the Online IESO *notice of disagreement* form.

Following consideration of any such responses, the *IESO* will take one of the following actions in accordance with **MR Ch.9 s.6.8.9**:

- if the *IESO* determines that no error has occurred in the relevant *settlement statement*, no further action will be taken;

- if the *IESO* determines that an error has occurred, it will make the necessary adjustments on the applicable *settlement statement*, which may be a *final settlement statement*, a *recalculated settlement statement*, or, if it relates to a *trading day* prior to the *RSS commencement date*, a subsequent *preliminary settlement statement*.

If the *market participant* does not agree with the *IESO's* determination on its *notice of disagreement*, the *market participant* may pursue the matter by initiating a dispute in accordance with **MR Ch.9 s.6.10** through the dispute resolution process described in **MR Ch.3**. Disputes initiated in response to the *IESO's* determination on a *notice of disagreement* must be raised within either:

- 20 *business days* after the *settlement statement* reflecting the outcome of the *notice of disagreement*, or
- the *IESO* notifying the *market participant* that no adjustments will be made, as the case may be.

Where the *IESO* requires a long period of time to consider a *notice of disagreement* or the timelines of the *notice of disagreement* process are otherwise approaching the limitation period to initiate a dispute, *market participants* can initiate a dispute to preserve their rights. More specifically, in accordance with **MR Ch.9 s.6.8.15**, if the *IESO* has not made a determination on a *notice of disagreement* prior to the earlier of:

1. the date that is 23 months after the date on which the relevant *trading day* was first *invoiced*; or
2. twelve months after the date the *notice of disagreement* was issued by the *market participant*,

the *market participant* may initiate a dispute. In such circumstances, the minimum 30 days' period to engage in good faith negotiations does not commence until the *IESO* has made its determination. The procedures related to the dispute resolution process are provided in [MM 2.1: Dispute Resolution](#).

– End of Section –

## Appendix A: Forms

This appendix contains a list of forms associated with this procedure, which are available on the [IESOs website](#). The forms included are as follows:

**Table A-1: Forms**

Form Name	Form Number
N/A	

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## References

Document ID	Document Title
MDP_RUL_0002	Market Rules for the Ontario Electricity Market
PRO-408	Market Manual 1: Connecting to Ontario's Power System, Part 1.5: Market Registration Procedures
MDP_PRO_0017	Market Manual 2: Market Administration, Part 2.1: Dispute Resolution
MDP_PRO_0029	Market Manual 4: Market Operations, Part 4.4: Transmission Rights Auction
MDP_PRO_0046	Market Manual 5: Settlements, Part 5.7: Settlement Process
MDP_PRO_0047	Market Manual 5: Settlements, Part 5.8: Settlement Invoicing
Training Guide	Introduction to the IESO Settlement Process

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