PROCEDURE

Independent Electricity System Operator

Market Manual 5: Settlements

Part 5.6: Physical Markets Settlement Invoicing

Issue 16.0

This procedure provides information required by the *IESO* and *market participants* to prepare and process settlement *invoices* for the *physical markets* administered by the *IESO*.

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This *market manual* may contain a summary of a particular *market rule*. Where provided, the summary has been used because of the length of the *market rule* itself. The reader should be aware, however, that where a *market rule* is applicable, the obligation that needs to be met is as stated in the "Market Rule*s*". To the extent of any discrepancy or inconsistency between the provisions of a particular *market rule* and the summary, the provision of the *market rule* shall govern.

Document ID	MDP_PRO_0035
Document Name	Part 5.6: Physical Markets Settlement Invoicing
Issue	Issue 16.0
Reason for Issue	Update to Baseline 44.1
Effective Date	December 2, 2020

Document Change History

Issue	Reason for Issue	Date
1.0	Unapproved version released for Baseline 3	June 19, 2000
2.0	Unapproved version released for Baseline 4	October 2, 2000
3.0	Unapproved version released for Baseline 5	December 15, 2000
4.0	Unapproved version released for Baseline 6.1	March 26, 2001
5.0	Issue released for Baseline 6.2	May 22, 2001
6.0	Issue released for Baseline 6.3	July 6, 2001
7.0	Issue released for Baseline 6.6	November 26, 2001
8.0	Update to Baseline 7.0	March 25, 2002
9.0	Update to Baseline 12.0	September 1, 2004
10.0	Update to Baseline 14.0	September 14, 2005
11.0	Update to Baseline 20.0	September 10, 2008
12.0	Update to Baseline 29.1	June 5, 2013
13.0	Update to Baseline 30.1	December 4, 2013
14.0	Update to Baseline 31.1	June 4, 2014
15.0	Update to Baseline 34.1	December 2, 2015
16.0	Updated to meet accessibility requirements pursuant to the *Accessibility for Ontarians with Disabilities Act* for Baseline 44.1	December 2, 2020

Related Documents

Document ID	Document Title
IMO_GDE_0003	Energy Market Graphical User Interface User's Guide
IMO_MAN_0024	Market Manual 6: Participant Technical Reference Manual

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Reference (Paragraph and Section)	Description of Change
Cover Page	To update Logo

Market Manuals

The *market manuals* consolidate the market procedures and associated forms, standards, and policies that define certain elements relating to the operation of the *IESO-administered markets*. Market procedures provide more detailed descriptions of the requirements for various activities than is specified in the *market rules*. Where there is a discrepancy between the requirements in a document within a *market manual* and the "Market Rules", the "Market Rules" shall prevail. Standards and policies appended to, or referenced in, these procedures provide a supporting framework.

Market Procedures

The "Settlements Manual" is Volume 5 of the *Market Manuals*, where this document forms "Part 5.6: Physical Markets Settlement Invoicing"

A list of the other component parts of the "Settlements Manual" is provided in "Part 5.0: Settlements Overview", in Section 2, "About This Manual".

Structure of Market Procedures

Each market procedure is composed of the following sections:

1. **"Introduction"**, which contains general information about the procedure, including an overview, a description of the purpose and scope of the procedure, and information about roles and responsibilities of the parties involved in the procedure.

2. **"Procedural Work Flow"**, which contains a graphical representation of the steps and flow of information within the procedure.

3. **"Procedural Steps"**, which contains a table that describes each step and provides other details related to each step.

4. **"Appendices"**, which may include such items as forms, standards, policies, and agreements.

Conventions

The *market manual* standard conventions are as defined in the "Market Manual Overview" document.

– End of Section –

1.   Introduction

1.1   Purpose

This procedure describes the activities and schedule required by the *IESO* and *market participants* to prepare and process *settlement invoices* for the *physical market*s administered by the *IESO*. For the purposes of this procedure, all references to the *physical markets* should refer to:

- the real-time *energy* (RTE) markets, which consists of:

  - a market for *energy*; and

  - a market for several classes of *operating reserve*;

- *procurement markets*, which consists of:

  - markets for *contracted ancillary services*, including *regulation*, voltage control & *reactive support service*, and *black start capability*; and

  - a market for *reliability must-run contracts*;

- the *transmission rights (TR) market*, with the exception of *settlement amounts* paid in respect of the purchase or sale of a *transmission right* in any round of a *transmission rights auction*[1].

The *physical markets settlement invoice* will indicate all *market participant* payments due to the *IESO* and all *IESO* payments due to *market participants* for all *settlement charge types* that appear on *physical markets settlement statement*s. "Market Manual 5: Settlements, Part 5.5: Physical Markets Settlement Statements" provides detailed information on these *charge types*. For the purpose of this procedure all references to *settlement invoices* should be taken to refer to the *physical markets settlement invoice*, unless otherwise stated.

This document covers the following topics:

- receiving *settlement invoices*;

- interpreting the *settlement invoice* line items; and

- submitting queries for more information regarding the *invoice*.

1.2   Scope

This procedure is intended to provide *market participants* with a summary of the steps and interfaces between *market participants*, the *IESO*, and other parties for receiving and reviewing a *physical*

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[1] The settlement amounts relating to the sale or purchase of *transmission right*s in any round of a *transmission rights auction* appear on the financial markets *settlements* invoice. See "Market Manual 5: Settlements, Part 5.8: Financial Markets Settlement Invoicing "for more details on this invoice".

markets settlement invoice generated by the *IESO*. The procedural work flows and steps described in this document serve as a roadmap for *market participants* and the *IESO*, and reflect the requirements set out within the *market rules* and applicable *IESO* policies and standards.

The overview information in Section 1.3, below, is provided for context purposes only, highlighting the main actions that comprise the procedure as set out in Section 2.

The information in this document is relevant only to the *physical markets* administered by the *IESO*. The procedures for *settlement invoices* associated with the Financial Markets administered by the *IESO* are provided in "Market Manual 5: Settlements, Part 5.8: Financial Markets Settlement Invoicing".

The *payment dates* on which the *IESO* and *market participants* must submit payments with respect to all *settlement invoices* issued by the *IESO* are specified in the *IESO Settlement Schedule and Payment Calendar (SSPC)*. See "Market Manual 5: Settlements, Part 5.1: Settlement Schedule and Payment Calendars (SSPCs)" for more information on this calendar.

The process by which payments with respect to all *settlement invoices* issued by the *IESO* are processed is set out in "Market Manual 5: Settlements, Part 5.9: Settlement Payment Methods and Schedule".

1.3   Overview of Physical Markets Settlement Invoicing

Annually, the *IESO publishes* an *IESO Settlement Schedule and Payments Calendar* (*SSPC*) that specifies the dates for issuance of *settlement invoices*. The *IESO* must, on the date specified in the *SSPC*, issue an *invoice* to each *market participant* who has undertaken a transaction in the *physical markets* during the *billing period*. The *billing period* is a calendar month for the *physical markets settlement invoice*.

All transactions in the *physical markets* are *invoiced* according to the available *settlement* data, as previously issued on either final or *preliminary settlement statement*s during the *billing period*. Each *invoice* issued by the *IESO* to a *market participant* is based on all *final settlement statements* that are available for that *billing period*. Where a *final settlement statement* is not yet available for days within the *billing period*, *preliminary settlement statements* are used to prepare the *invoice*. Any net difference between these preliminary statements and the subsequent *final settlement statements* is reflected in the *invoice* for the next *billing period*.

The *IESO* will issue debit *settlement invoices*, where a net payment is due to the *IESO* from a *market participant*, and credit *settlement invoices*, where a net payment is due to a *market participant* from the *IESO*. Debit *settlement invoices* will indicate that the *market participant* is required to submit a payment to the *IESO*. Credit *settlement invoices* will indicate that the *invoice* is for information only and that the *market participant* is not required to submit a payment. The *settlement invoice* in Appendix B is an example of a credit *settlement invoice*.

The *IESO* may also produce manual *invoices* for various costs relating to the *physical markets* but which are not addressed by the *settlement charge types* that form part of the *physical markets settlement statement*s. These may include (but are not restricted to) costs relating to:

- interest charged on late payments;

- default charges; and

- costs relating to arbitration

- compliance penalties.

The *IESO* will issue manual *invoices* on an 'as-needed' basis. Manual *invoices* are not explicitly addressed in the work-flow in section 2 of this procedure, but the same process will be followed by the *IESO* when issuing a manual *invoice*.

1.3.1   Receiving/Retrieving Invoices

Market participants retrieve their own *settlement statements* and *invoices* through:

- Web delivery via the *IESO* Report Site. *Invoices* are available in XML format.

Invoices are considered issued to *market participants* when released by the *IESO* through the IESO Reports Site, in accordance with the dates in the *SSPC*. It is the responsibility of each *market participant* to notify the *IESO* if it fails to receive an *invoice* on the date specified in the *SSPC*. The *market participant* should notify the *IESO* immediately if a *settlement invoice* is not received at the expected time and date. Each *market participant* shall be deemed to have received its *invoice* on the relevant date specified in the *SSPC*, unless the *market participant* notifies the *IESO* to the contrary.

In the event that a *market participant* notifies the *IESO* that it has failed to receive a *settlement invoice* on the specified date, the *IESO* will re-issue the appropriate *invoice*. The *settlement invoice* will be considered to be received on the date that the re-issued *invoice* is submitted to the *market participant*.

1.3.2   Reading the Settlement Invoice

As a minimum, the *settlement invoice* will contain the following information:

- a unique *invoice* number;

- the dollar amounts which are to be paid by, or to the *market participant*, identified by *charge type* and a description of the charge;

- the *market participant payment date* by which such amounts (if any) are to be paid by the *market participant*, no later than the *close of banking business* of the bank at which the *IESO settlement* clearing account is held; and

- details of the *IESO settlement* clearing account - including the bank name and the account number - to which any amounts owed by the *market participant* are to be paid.

A sample *settlement invoice* can be located in the Funds Administration area of the Technical Interfaces page on the *IESO* public Web site (IESO home page). Charges transferred from the *settlement* statements that appear on *market participant invoices* are detailed in Section 2.2 of "IESO Charge Types and Equations".

Manual *invoices* will have the same format as a *settlement invoice* but will have manual line entries in place of the standard *charge types* that appear in the *settlement invoice*, except where the *invoice*

relates to financial penalties[2]. *Market participants* will be notified that a *manual invoice* is available for retrieval when released by the *IESO* via the *IESO* Report Site. See "Market Manual 5: Settlements, Part 5.9: Settlement Payment Methods and Schedule" for more information on the payment process.

1.4   Invoice Delays and Estimated Invoices

Where the *IESO* determines that significant inaccuracies exist in a *preliminary settlement statement* for a *trading day*, it may delay the issuing of that statement from the dates specified in the *SSPC*. In such a situation, the *IESO* will *publish* a notice of delay. See "Market Manual 5: Settlements, Part 5.5: Physical Markets Settlement Statements" for more information on this process.

The *IESO* may determine that a delay in issuing the *settlement statement* (or another, unrelated, reason) will prevent the *IESO* from issuing the *invoice* for a *billing period* on, or within one *business day* of, the date specified in the *SSPC*[3]. In such situations, the *IESO* will issue an estimated *invoice* to *market participants* within two *business day*s of the date specified in the *SSPC*. The process for estimating an *invoice* is set out in Appendix C.

Where the *IESO* delays issuing an *invoice*, as described above, it will *publish* a notice that indicates whether the *IESO* intends to delay the *market participant payment date* and the *IESO payment date* associated with the delayed *invoice* by one *business day* from that specified in the *SSPC*. The notice of revised *payment dates* will be *published* on the *IESO's* public Web site.

Where an estimated *invoice* is issued to a *market participant*, the *IESO* will adjust the *invoice* for the *market participant* covering the next *billing period* to reflect any net difference between the estimated *invoice* and the *invoice* that would have been issued if the estimating process had not been required.

1.5   Roles and Responsibilities

Responsibility for *settlement invoices* is shared among:

- *Market participants*, which are responsible for:
    - receiving *settlement invoices*; and
    - reviewing the *invoices* for correctness.
- The *IESO*, which is responsible for:

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[2] In the case of a dispute relating to a financial penalty, payment may be deferred until the dispute is resolved in accordance with the dispute resolution process set out in "Market Manual 2, Market Administration, Part 2.1, Dispute Resolution".

[3] Part of the information provided in the notice of delay for a settlement statement is whether the *IESO* intends to invoke the estimated invoice process. Other reasons for delaying an invoice would include market system problems.

- preparing *invoices* to be issued to *market participants*;

- issuing *settlement invoices* to *market participants*; and

- responding to queries from the *market participant* regarding *settlement invoices*.

1.6   Contact Information

As part of the participant authorization and registration process, *applicants* are able to identify a range of contacts within their organization that address specific areas of market operations. For real time *energy settlement invoices*, this contact will most likely be the Invoicing Contact Type as indicated in CDMS (MP Contacts screens). If a *market participant* has not identified a specific contact, the *IESO* will seek to contact the Main Contact that is established during the participant authorization process. The *IESO* will seek to contact these individuals for activities within this procedure, unless alternative arrangements have been established between the *IESO* and the *market participant*. For more information on CDMS and the participant authorization process see "Market Entry, Maintenance and Exit, Part 1.1 – Participant Authorization Maintenance and Exit*"*.

If the *market participant* wishes to contact the *IESO*, the *market participant* can contact the *IESO* Customer Relations via email at IESOCustomerRelations@ieso.ca or via telephone, mail or courier to the numbers and addresses given on the *IESO's* Web site (IESO home page - or click on 'Have a question?' to go to the 'Contacting the *IESO*' page). If the *IESO* Customer Relations is closed, telephone messages or emails may be left in relevant voice or electronic *IESO* mail boxes, which will be answered as soon as possible by Customer Relations staff.

Market participants should note that payments are due on the participant *payment date* regardless of any outstanding queries or disputes regarding the *invoices*, except where the *invoice* relates to financial penalties[4]. See "Market Manual 5: Settlements, Part 5.9: Settlement Payment Methods and Schedule" for more information on the payment process.

– End of Section –

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[4] In the case of a dispute relating to a financial penalty, the obligation to settle the penalty payment may be deferred until the dispute is resolved in accordance with the dispute resolution process set out in "Market Manual 2, Market Administration, Part 2.1, Dispute Resolution".

2.   Procedural Work Flow

Figure 2-1 in this section represents the flow of work and information related to the *physical markets settlement invoicing* process between the *IESO* and the *market participant* to whom the *settlement invoice* is being submitted.

The steps illustrated in Figure 2-1 are described in detail in Section 3.

<div align="center">

Table 2–1: Legend for Work Flow Diagrams

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Legend	Description
Oval	An event that triggers task or that completes task. Trigger events and completion events are numbered sequentially within procedure (01 to 99)
Task Box	Shows reference number, party responsible for performing task (if "other party"), and task name or brief summary of task. Reference number (e.g., 1A.02) indicates procedure number within current Market Manual (1), sub-procedure identifier (if applicable) (A), and task number (02)
Solid horizontal line	Shows information flow between the *IESO* and external parties
Solid vertical line	Shows linkage between tasks
Broken line	Links trigger events and completion events to preceding or succeeding task

Market Participant	**IESO**	**Other Parties**

01
On date specified in the SSPC

6.02

Receive settlement invoice

6.01

Prepare and deliver settlement invoice

02
Invoice not received by specified date

6.03

Notify IESO that invoice was not received

6.04

Re-issue settlement invoice (refer to Step 6.01)

6.05

Review settlement invoice against previous settlement statements and identify errors

03
Invoice re-issued

Errors identified

Has questions

No errors or questions

04
See *Part 5.9: Settlement Payment Methods and Schedule*

6.06

Contact the IESO for more information about settlement invoice

6.07

Respond to information request

07
See Market Admin. Manual, Part 2.1: Dispute Resolution
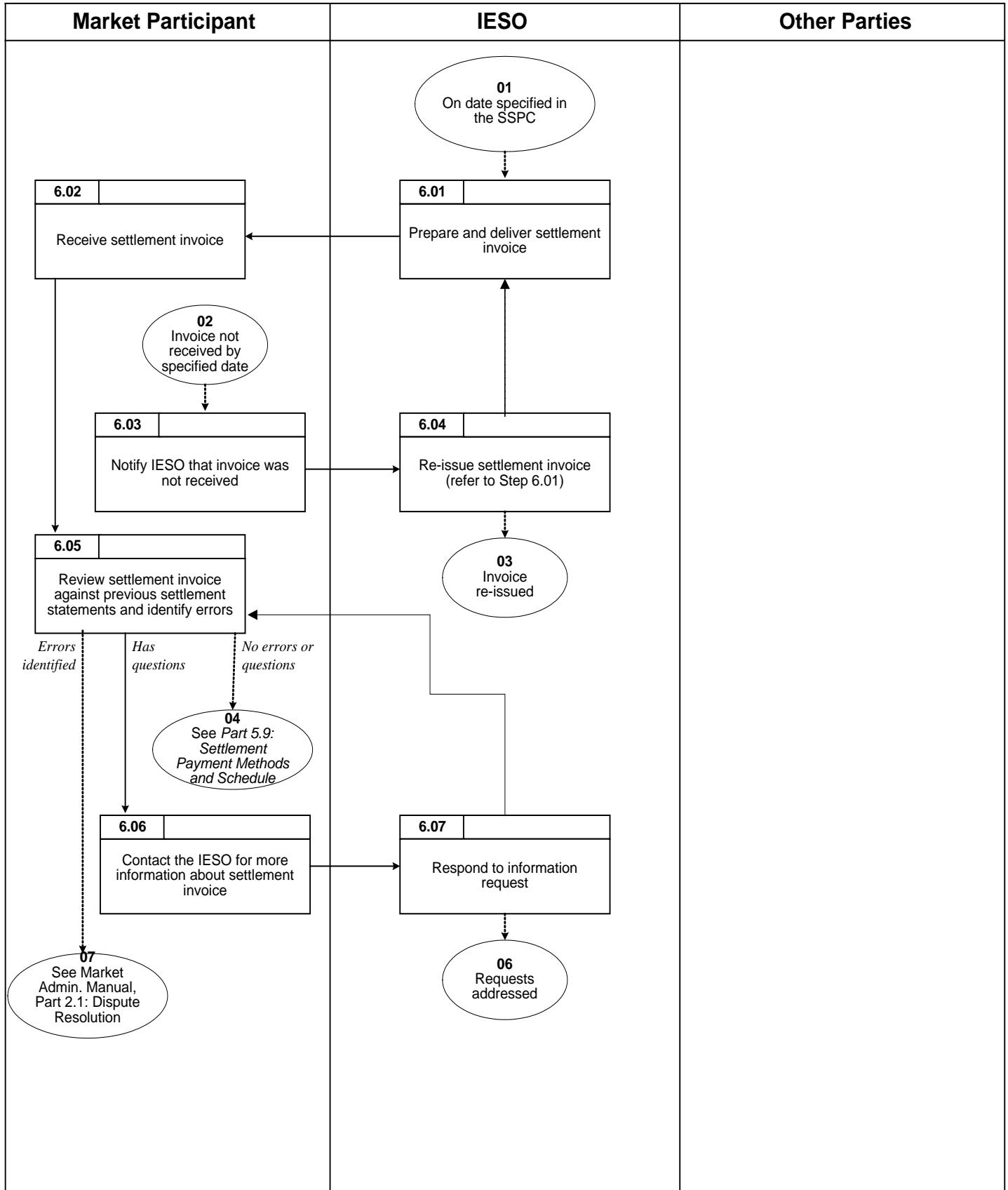
06
Requests addressed

Figure 2–1: Work Flow for *Physical Markets Settlement Invoicing*

– End of Section –

3.   Procedural Steps

This section contains detail on the tasks (steps) that comprise the procedure for *physical markets settlement invoicing*. The table contains seven columns, as follows:

Ref

The numerical reference to the task.

Task Name

The task name as identified in Section 2.

Task Detail

Detail about the task.

When

A list of all the events that can trigger commencement of the task.

Resulting Information

A list of the information flows that may or must result from the task.

Method

The format and method for each information flow are specified.

Completion Events

A list of all the circumstances in which the task should be deemed finished.

3.2 Physical Markets Settlement Invoicing

The steps in the following table are illustrated in Section 2, Figure 2-1.

Table 3–1: Procedural Steps for *Physical Markets Settlement Invoicing*

Ref.	Task Name	Task Detail	When	Resulting Information	Method	Completion Events
6.01	Prepare and deliver *settlement invoice*.	The *IESO* prepares *physical markets settlement invoice* and delivers the *invoice* to the *market participant* via the delivery mechanism selected by the *market participant*.	As specified in the *IESO Settlement Schedule and Payments Calendar* (*SSPC*).	*Settlement Invoice* (See Appendix B)	Delivery method is via the *IESO* Reports Site	Delivery of *settlement invoice* to the *market participant*.
6.02	Receive *settlement invoice*.	*Market participant* receives the *settlement invoice* from the *IESO*	After Step 6.01 and on or before the date specified in the *SSPC*.	None	None	*Market participant* receives *settlement invoice*.
6.03	Notify *IESO* that *invoice* was not received.	If the *settlement invoice* was not received for a specified *billing period* by the expected date, the *market participant* should notify the *IESO*.	After expected date for receipt of *invoice*, as specified in the *SSPC*, if *invoice* not received.	Notice that *invoice* was not received.	Telephone call or e-mail to the *IESO*'s Customer Relations	*IESO* notified that *settlement invoice* was not received.
6.04	Re-issue *settlement invoice* (refer to Step 6.01).	The *IESO* investigates the problem, and re-issues the *settlement invoice* to the *market participant*.	After Step 6.03.	*Settlement Invoice* (See Appendix B)	Fax or delivery method using web delivery via the *IESO* Reports Site	Delivery of *settlement invoice* to the *market participant*.

Table 3–1: Procedural Steps for *Physical Markets Settlement Invoicing*

Ref.	Task Name	Task Detail	When	Resulting Information	Method	Completion Events
6.05	Review *settlement invoice* against previous *settlement statements* and identify errors.	The *market participant* reviews the *settlement invoice* to identify errors, and to determine if there are any questions regarding the *invoice*. If there is an error in the *invoice*, the *market participant* follows the dispute resolution process set out in "Market Manual 2: Market Administration, Part 2.1: Dispute Resolution".	After Step 6.02 as required.	None	None	Review of *settlement invoice* completed by the *market participant*. Questions and possible errors have been identified. Dispute Resolution. (Refer to "Market Manual 2: Market Administration, Part 2.1: Dispute Resolution)".
6.06	Contact the *IESO* for more information about *settlement invoice*.	The *market participant* submits a query to the *IESO* requesting additional information pertaining to the *settlement invoice*.	After Step 6.05 if additional data is needed.	Queries to request additional information about the *settlement invoice*.	Telephone call or e-mail to the *IESO*'s Customer Relations	Query submitted to the *IESO*.
6.07	Respond to information request.	The *IESO* provides a *response* to the query submitted by the *market participant*.	As soon as possible after Step 6.06, depending on the nature of the query.	Query *response*.	Telephone, e-mail, or fax	Query *response* returned to the *market participant*.

– End of Section –

Appendix A: Forms

There are no forms used in this procedure.

– End of Section –

Appendix B: Sample Invoice

A sample *physical markets settlement invoice* can be located in the Funds Administration area of Technical Interfaces page on *IESO* public Web site [IESO home page](#).

– End of Section –

Appendix C: Estimating Invoices

As set out in the "Market Rules", Chapter 9, Section 6, the amount of an estimated *invoice* will be the aggregate of:

- the net total for that *market participant* for all *trading day*s that occurred during the *billing period* prior to the date on which the issuance of *preliminary settlement statement*s commenced to be delayed; and

- for each *trading day* in the *billing period* that occurred subsequent to this date, the net total for that *market participant* as set forth in the *final settlement statements* issued to that *market participant* in the preceding *billing period*, commencing with the *final settlement statement* issued for the last *trading day* of such preceding *billing period* and using a number of *final settlement statements* equal to the number of *trading day*s in the current *billing period* occurring subsequent to the date referred to in the first bullet.

Where the data required to determine the amount of an estimated *invoice* in accordance with the above process is not readily available at the relevant time, the *IESO* shall issue to each applicable *market participant* an estimated *invoice* in an amount equal to:

- the net amount of the *invoice* issued to the *market participant* for the preceding *energy* market *billing period*; or

- zero, if no *invoice* was issued to the *market participant* for the preceding *energy* market *billing period*.

– End of Section –

References

Document ID	Document Title
MDP_RUL_0002	Market Rules
MDP_PRO_0014	Market Manual 1: Market Entry, Maintenance & Exit Part 1.1: Participant Authorization, Maintenance & Exit
MDP_PRO_0017	Market Manual 2: Market Administration, Part 2.1: Dispute Resolution
MDP_MAN_0005	Market Manual 5: Settlements, Part 5.0: Settlements Overview
MDP_PRO_0031	Market Manual 5: Settlements Part 5.1: Settlement Schedule and Payments Calendars (SSPCs)
MDP_PRO_0033	Market Manual 5: Settlements, Part 5.5: Physical Markets Settlement Statements
MDP_PRO_0047	Market Manual 5: Settlements, Part 5.8: Financial Markets Settlement Invoicing
MDP_PRO_0036	Market Manual 5: Settlements, Part 5.9: Settlement Payment Methods and Schedule
IMP_LST_0001	IESO Charge Type and Equations

− **End of Document** −