

# Industrial Accelerator Program

## Payment Transition to Market Invoice

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February 2, 2017

# Agenda

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- Overview, Objective and Timeline
- Background
- Key Considerations
- Proposed Changes
- Next Steps
- Q&A

# Overview – Settlements Transition

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- Who?
  - This change will impact all IAP Participants
- What?
  - A proposal to move the payment of IAP conservation incentives through the IESO Market Invoice process
- Where?
  - No change in submitting invoices, but a potential change from paying via an accounts payable process to combining all IESO interactions into the market settlements process
- When?
  - Pending customer proposals and feedback, the change could be in place as early as March 2017
- Why?
  - Customer requests for consistency
  - Benefits to IAP Participants and the IESO in streamlining the process
  - Benefit to customers as credits can offset potential margin calls

# Launch of Stakeholder Engagement

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- A stakeholder engagement (SE) has been established to support a review of the IESO's plan to transition Industrial Accelerator Program (IAP) payments into the Market Invoice
- The SE will provide stakeholders with a transparent opportunity to provide feedback / comments on the transition process
- Process changes will be weighted against the following key principles:
  - The IESO will follow sound practices that promote confidence for all market participants in the electricity market;
  - The new process should provide a balance between impacts and benefits

# Timelines

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- Webinar: February 2, 2017
- Comments Due: February 23, 2017
- Posting of Responses: March 2, 2017
- Update / Outreach: Mid March 2017

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# IAP Settlements Background

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- Current IAP payments are processed by the IESO according to the following process:
  - IAP Participant submits invoice and supporting documents to IESO Business Managers (or through [IA@ieso.ca](mailto:IA@ieso.ca));
  - IESO forwards invoice and supporting documents to Technical Reviewer;
  - Technical Reviewer verifies invoice and supporting documents and provides IESO with payment recommendation;
  - Invoice and supporting documents processed and approved; and
  - Payment released

# IAP Settlements Background – cont'd

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- The merger of OPA and IESO in January 1, 2015 introduced opportunities to streamline processes of the two former organizations
- IAP payments are proposed to be combined with the monthly market settlements invoice to achieve administrative and process efficiencies for both IAP Participants and the IESO
  - Vast majority of IAP customer already Market Participants, and familiar with the settlement process
  - LDCs went through this transition earlier in 2016



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# Key Considerations

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- Key Benefits:
  - Scheduled monthly settlement with notifications
  - Reduced number of instances funds are transferred between IESO and IAP Participants each month (administratively efficient for IESO)
  - Reduced risk of margin calls
- Potential impacts on IAP Participants:
  - Time/effort required to review and implement changes within the organization
  - Sorting more line items on the IESO Monthly Settlement Statement

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# Proposed Changes

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- Continue with the initial steps (no changes here):
  - IAP Participant submits invoice and supporting documents to IESO Business Manager
  - IESO Business Manager initiates Technical Review;
  - Technical Reviewer verifies invoice and supporting documents and provides IESO with payment recommendation;
- Proposed changes:
  - Notifications to IAP Participants with respect to upcoming payments via email supplied by the IAP Participants
  - Payments released follow Physical Market Settlement Schedule and Payments Calendar (<http://www.ieso.ca/Pages/Participate/Calendars/2017-Physical-Market-SSPC.aspx>)

# Proposed Changes – cont'd

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- General inquiries related to IAP program settlements will be directed to IESO Business Managers
- Monthly invoice inquiries other than IAP program settlements continue to follow current “Notice of Disagreement” (NOD) process

# Proposed Changes – cont'd

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- The IAP amount payable to the Participant will be reflected on its monthly Market invoice in one charge code # 1416 named: *'Conservation and Demand Management – Compensation Settlement Credit'*
- Tax applicable to CDM amounts will be reflected as part of charge code 900 (GST/HST credit) or 950 (GST/HST debit) on the invoice

1416	CONSERVATION AND DEMAND MANAGEMENT-COMPENSATION SETTLEMENT CREDIT	(\$1,826,730.00)
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# Sample Monthly Market Invoice

## Independent Electricity System Operator PHYSICAL INVOICE

Independent Electricity System Operator  
Station A, Box 4474  
Toronto, ON  
M5W 4E5  
870513929  
NST:  
Issue / Re-Issue Date: 16-NOV-2015  
Invoice: 7000000001  
Invoice Date: 16-NOV-2015  
MP ID: 123456  
MP GST/HST: 000000001

ABC Inc.

100 Road A  
City A, ON A0A 0A0  
Canada

Please send payment by WIRE or EFT to:

Bank Name: Bank A  
Bank ID Number: 0001  
Bank Account Number: 0000-0000-0001

Bank Acc Type: Settlement Clearing  
Bank Transit Number: 00001

For all inquiries contact:  
IESO Account Representative  
Tel: 905-403-6900  
Toll Free: 1-888-448-7777

**Comments:**

Charges for settlement statements issued: From 01-MAR-2017 To 31-MAR-2017

Charge Type	Description	Amount
101	NET ENERGY MARKET SETTLEMENT FOR NON-DISPATCHABLE LOAD	\$11,094,368.83
118	EMERGENCY ENERGY REBATE	(\$572,024.98)
142	REGULATED PRICE PLAN SETTLEMENT AMOUNT	\$2,467,289.23
147	CLASS A GLOBAL ADJUSTMENT SETTLEMENT AMOUNT	\$732,642.34
148	CLASS B GLOBAL ADJUSTMENT SETTLEMENT AMOUNT	\$24,738,943.10
150	NET ENERGY MARKET SETTLEMENT UPLIFT	\$423,832.10
153	CONGESTION MANAGEMENT SETTLEMENT UPLIFT	\$243,764.38
169	STATION SERVICE REIMBURSEMENT DEBIT	\$23,637.83
183	GENERATION COST GUARANTEE RECOVERY DEBIT	\$112,643.82
186	INTERTIE FAILURE CHARGE REBATE	(\$7,541.09)
230	10-MINUTE SPINNING MARKET RESERVE HOURLY UPLIFT	\$456,762.10
232	10-MINUTE NON-SPINNING MARKET RESERVE HOURLY UPLIFT	\$763,864.62
234	30-MINUTE OPERATING RESERVE MARKET HOURLY UPLIFT	\$101,623.87
450	BLACK START CAPABILITY SETTLEMENT DEBIT	\$2,642.23
451	HOURLY REACTIVE SUPPORT AND VOLTAGE CONTROL SETTLEMENT DEBIT	\$78,456.31
452	MONTHLY REACTIVE SUPPORT AND VOLTAGE CONTROL SETTLEMENT DEBIT	\$26,343.75
454	REGULATION SERVICE SETTLEMENT DEBIT	\$654,283.83
630	NETWORK SERVICE CHARGE	\$3,245,674.04
631	LINE CONNECTION SERVICE CHARGE	\$3,067,589.56
632	TRANSFORMATION CONNECTION SERVICE CHARGE	\$130,674.70
733	RURAL RATE SETTLEMENT CHARGE	\$206,799.33
734	OPA ADMINISTRATION CHARGE	\$362,789.28
900	GST/HST CREDIT	(\$765,168.84)
930	GST/HST DEBIT	\$20,346,321.47
1410	RENEWABLE ENERGY STANDARD OFFER PROGRAM SETTLEMENT AMOUNT	(\$80,143.23)
1412	FEED-IN TARIFF PROGRAM SETTLEMENT AMOUNT	(\$215,873.92)
1413	RENEWABLE GENERATION CONNECTION - MONTHLY COMPENSATION AMOUNT SETTLEMENT CREDIT	(\$98,331.33)
1416	CONSERVATION AND DEMAND MANAGEMENT-COMPENSATION SETTLEMENT CREDIT	(\$1,826,730.00)
1463	RENEWABLE GENERATION CONNECTION - MONTHLY COMPENSATION AMOUNT SETTLEMENT DEBIT	\$234,361.87
1550	DAY-AHEAD PRODUCTION COST GUARANTEE RECOVERY DEBIT	\$64,872.11
1650	FORECASTING SERVICE BALANCING AMOUNT	\$14,330.20
9980	SMART METERING CHARGE	\$345,721.23
9990	IESO ADMINISTRATION CHARGE	\$134,269.30
9992	ONTARIO CLEAN ENERGY BENEFIT (-10%) PROGRAM SETTLEMENT AMOUNT	(\$8,437,613.20)

Invoice Total:

SCAD 58,936,315.22

Payment Due Date: 24-APR-2017

This invoice also constitutes a debit/credit note for GST/HST purposes

# Proposed Changes – cont'd

- Monthly settlement statements will provide Participants with details of all IAP amounts invoiced to the IESO, applicable taxes, and a summary line with the total before-tax payment

Month	Effective Date	Market Participant ID	Market Participant Name	Chrg Type Id	Stlmt Amount	Stlmt Description	Tax Rate	Tax Amount	Total Stlmt
31-Mar	3/31/2017	102120	ABC, INC.	1416	\$1,800,000.00	CDM-IAP-ABC Inc.-XXXX-001-II INV#?	0.13	\$234,000.00	\$2,034,000.00
31-Mar	3/31/2017	102120	ABC, INC.	1416	\$26,730.00	CDM-IAP-ABC Inc.-XXXX-002-DS INV#?	0.13	\$3,474.90	\$30,204.90



# Sample Market Settlement Schedule

Owner	Activity	Date
Technical Reviewer	Payment Recommendation issued to IESO	By the 15th day of the month ( <b>March 15, 2017</b> )
IESO, Conservation	Advanced Payment Notifications issued to IAP Participants	March 21, 2017
IESO, Markets	Preliminary Settlement Statements and invoice issued to IAP Participants, Markets	April 18, 2017
IESO, Markets	IESO Payment Date to IAP Participants, Markets	April 24, 2017
Note: If the Market Invoice results in a net Debit to the IAP Participant, the Market Participant Payment Date to IESO is April 20, 2017.		

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# Stakeholder Feedback Request

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Stakeholder feedback is due on **February 23, 2017**

When submitting feedback, please consider:

- Comments on the proposed changes
- Recommendations for implementation of proposed changes

Please send feedback to: [engagement@ieso.ca](mailto:engagement@ieso.ca)

IESO will respond to stakeholder feedback on [the IAP engagement webpage](#) as well as sent to all participants by **March 2, 2017**

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