

FEBRUARY 15, 2022

Education on Upcoming Market Rule Amendment: Recalculated Settlement Statements & 2 Year Limitation on Resettlement

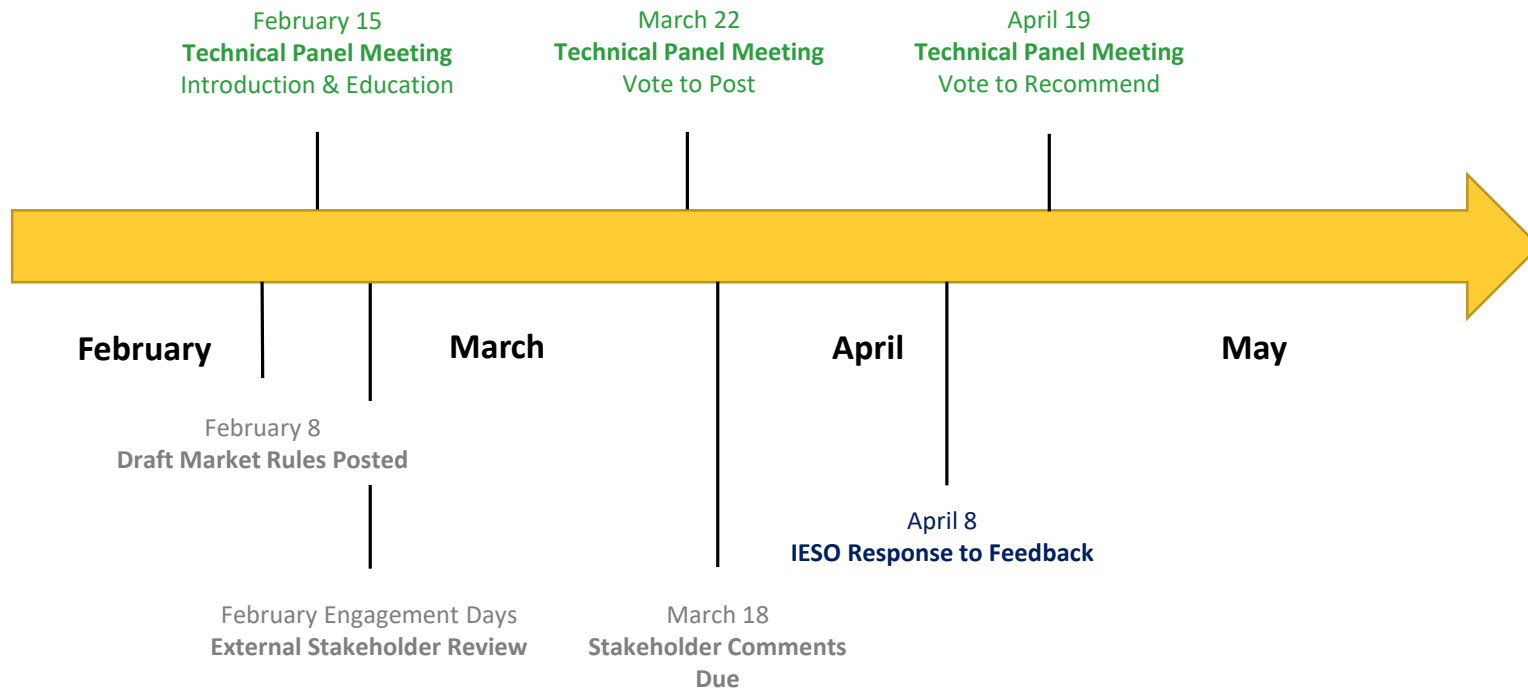
Phil Bosco
Abbas Zaidi

Settlement Business Services Manager
Sr. Specialist, Market Settlements

Agenda

- Timeline for technical panel meetings on the Replacement of the Settlement System (RSS) Market Rule Amendments
- Purpose and Summary of the RSS Market Rule Amendments
- Legislative Amendments
- Stakeholder Feedback
- Next Steps
- Appendix A – RSS Implementation

RSS Technical Panel Overview: Timeline



Purpose and Summary

- Purpose of Item
 - Information and education on the market rule amendments occurring as part of the replacement of the IESO settlement system (RSS)
- Executive Summary
 - Market rule amendments are required to implement:
 - The recalculated settlement statement (RCSS); and
 - The 2 year limitation period on the resettlement of trade dates

Background

- As part of the RSS project, the IESO is modifying its settlement disagreements and resettlements process with the following objectives:
 - Mitigate financial risk to the market;
 - Provide more clarity and transparency for market participants;
 - Make timelines more practical for submitting settlement data, disagreement notices, and for resolving settlement disagreements;
 - Improve efficiency of Settlements processing timelines
 - Adhere to government legislative changes

Legislative Amendments

- As part of Bill 13, which received Royal Assent December 2, 2021, amendments to the Electricity Act, 1998 were instituted as Schedule 9
- The Schedule amends the Electricity Act, 1998 to add a new section 36.1.1 creating a two-year limitation period (or such other limitation period as may be prescribed) that applies to certain payments, adjustments and amounts settled by the IESO.

What's Changing Under RSS?

1. Enhancements to Online Settlement Form submissions and Notice of Disagreement systems
2. **Settlements Disagreement and Resettlements Process**
 - **Associated market rule amendments**
 - **New recalculated settlement statements**

Settlement Disagreements and Resettlements Process

The following modifications are included in the settlement disagreements and resettlements process:

- Extending the deadline for Notice of Disagreement for the Physical Market from 4 business days to 6 business days following the Preliminary Settlement Statement
- Refining the scope of the current disagreements and dispute processes by extending, clarifying or introducing limitation periods to address specified errors
- Introducing a limitation for resettlements two years after the trade month, after which the IESO will not further restate a trade date

Settlement Disagreements and Resettlements Process (Cont'd)

- Introducing recalculated settlement statements (RCSS) between Final Settlement Statements (FSS) and the end of the limitation period for resettlements to restate a trade date's settlement charges
- Establishing an ultimate limitation period of two years for disputes, after which no market participant may submit or serve, and no action shall be taken with respect to, a notice of dispute.

Limitation Period Changes by Disagreement Channel

Settlement Statement Errors and Omissions

- Extending the current Notice of Disagreement period for the Physical Market from 4 business days to 6 business days after the Preliminary Settlement Statement (PSS), and applying it to all new or resettled charges on every settlement statement; apply to all new or resettled charges on every settlement statement including PSS, FSS and applicable RCSS up to two-years after the trade date.

Metering Disagreements

- Establishing a limitation period of up to 23 months after the trade date

IESO Statement Validation Process

- Establishing a limitation period of up to 23 months after the trade date

Market Rule Amendments

Changes to several chapters in the market rules will be required to reflect modifications to the settlement disagreements and resettlements process:

- Define the ultimate limitation period
- Establish the two-year limit on resettlements
- Aligning the metering disagreement channel to the limitation period
- Define the RCSS frequency and schedule process

Stakeholder Engagement

- The IESO launched a stakeholder engagement in Q1 2021 as part of the Market Renewal Program (MRP) engagement program
- The IESO held 1:1 meetings with certain market participants as well as the LDC MRP preparedness group
- Stakeholder feedback on the design centered mostly on implementation considerations
- The draft market rules were posted for comment on February 8 in the stakeholder engagement

Next Steps

- February 22: Stakeholder engagement update (present draft market rules, high level implementation details)
- March 15: Technical Panel meeting (present draft market rules, ask for vote to post for stakeholder comment)
- April 19: Technical Panel meeting (final market rules, ask for vote to recommend to IESO Board)
- The IESO is targeting Q2 2022 for adoption by the IESO Board

Appendix: RSS Implementation

- **RSS Go-Live is Scheduled for November 1, 2022**
- **When will market trials testing happen?**
 - Testing is slated to begin during Q3 2022
- **Who should be involved?**
 - MP staff who are involved in the submission and retrieval of settlement data
- **What is being tested during market trials?**
 - The Online Settlement Forms and Notice of Disagreement Systems

RSS Implementation (cont'd)

- **What documentation will be available?**
 - Customers will have access to the test cases and training guides for the limited system changes; Sample and schema files will be created and shared for the settlement statement.
 - These documents as well as updated technical specifications and charge type and equations documents will be available to market participant at the end of Q2 2022.

Implementation Timeline

Activity	2022												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Market Rule Amendments		[Purple Bar]											
Technical Specifications			[Blue Bar]										
Market Trials								[Brown Bar]					
Go-Live											[Red Bar]		

Thank You

ieso.ca

1.888.448.7777

customer.relations@ieso.ca

engagement@ieso.ca



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