

ISO Rules

Part 100 General

Division 103 Administration

Section 103.9 Capacity Market Financial Settlement



External Consultation Draft
August 31, 2018

Applicability

- 1 Section 103.9 applies to:
- (a) a **capacity market participant**; and
 - (b) the **ISO**.

Requirements

Currency

- 2 The **ISO** must determine all payments, charges, amounts and calculations under this section 103.9 in Canadian dollars.

Adjusted Capacity Payment Amount

- 3 The **ISO** must, for each **settlement period** in an **obligation period** for each asset for which the **ISO** has determined that payments, charges, amounts or calculations pursuant to subsection 2 apply, calculate an adjusted capacity payment amount equal to the sum of the following:
- (a) the capacity payment, calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*, subject to subsection 6;
 - (b) any uplift payment;
 - (c) for each delivery assessment hour in such **settlement period**, any under-delivery adjustment or over-delivery adjustment, as applicable;
 - (d) where that **settlement period** is the last **settlement period** in the **obligation period**, any under-availability adjustment or over-availability adjustment for the **obligation period**, as applicable, subject to subsection 7;
 - (e) any adjustments to the items in subsection 3(1)(c) or subsection 3(1)(d) relating to any of the prior **settlement periods** referenced in subsection 7;
 - (f) any adjustments relating to the resolution of any disputes referenced in subsections 15 or 17; and
 - (g) the payment adjustment balance for the previous **settlement period**, whether or not the previous **settlement period** is in the current **obligation period** or is the last **settlement period** of the previous **obligation period**, or where the relevant **settlement period** is the first **settlement period** for that asset, \$0;

where:

“delivery assessment hour” means any **settlement interval** or portion thereof that is subject to an energy emergency alert;

“over-availability adjustment” means an amount calculated pursuant to Section 206.8 of the **ISO rules**, *Obligation Period Performance Assessments* with respect to the over-availability of an asset subject to a **capacity commitment** during any **obligation period**;

“over-delivery adjustment” means an amount calculated pursuant to Section 206.8 of the **ISO rules**, *Obligation Period Performance Assessments* with respect to the over-delivery by an asset subject to a **capacity commitment** during a delivery assessment hour;

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“payment adjustment balance” means an amount calculated pursuant to subsection 4(1) with respect to any portion of the adjusted capacity payment amount determined pursuant to subsection 3 for a **settlement period** that is not cash settled in respect of such **settlement period** but is instead recorded by the **ISO** as either an amount owing by the **ISO** to the **capacity market participant** or owing by the **capacity market participant** to the **ISO**;

“under-availability adjustment” means an amount calculated pursuant to Section 206.8 of the **ISO rules**, *Obligation Period Performance Assessments*;

“under-delivery adjustment” means an amount calculated pursuant to Section 206.8 of the **ISO rules**, *Obligation Period Performance Assessments*; and

“uplift payment” means any payment determined in accordance with Section 201.13 of the **ISO rules**, *Capacity Market Clearing* if the **ISO** clears the **offer** for an asset at a price greater than the clearing price.

Net Capacity Payment

4(1) The **ISO** must, for each **settlement period** in an **obligation period** for each asset subject to a **capacity commitment** and a positive capacity payment amount calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*, pay the **capacity market participant** an amount equal to the following:

- (a) if the adjusted capacity payment amount determined pursuant to subsection 3 is less than or equal to 0, then the payment is \$0; in which case the payment adjustment balance for the **settlement period** is equal to the adjusted capacity payment amount;
- (b) if the adjusted capacity payment amount determined pursuant to subsection 3 is greater than 0 but less than or equal to two times the capacity payment, calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*, then the payment is equal to the adjusted capacity payment amount; in which case the payment adjustment balance for the **settlement period** is equal to \$0; and
- (c) if the adjusted capacity payment amount determined pursuant to subsection 3 is greater than two times the capacity payment, calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*, then the payment is an amount equal to two times the capacity payment; in which case the payment adjustment balance for the **settlement period** is equal to that adjusted capacity payment amount less the amount of the payment.

(2) A **capacity market participant** must, for each **settlement period** in an **obligation period** for each asset subject to a **capacity commitment** and a negative capacity payment amount calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*, pay the **ISO** an amount equal the adjusted capacity payment amount determined pursuant to subsection 3, if that amount is negative.

(3) The **ISO** must, for each **settlement period** in an **obligation period** for each asset subject to a **capacity commitment** and a negative capacity payment amount calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*, pay the **capacity market participant** an amount, subject to the limitation in subsection 7(1), equal to the adjusted capacity payment amount determined pursuant to subsection 3, if that amount is positive.

Payment Adjustment Balance

5(1) Subject to subsection 5(2) and subsection 5(3), the **ISO** must pay the amount of any payment adjustment balance for a **settlement period** only in accordance with subsection 3, including where such **settlement period** is the first **settlement period** in the subsequent **obligation period**.

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(2) Notwithstanding subsection 5(1), the **ISO** must, if an asset has a negative payment adjustment balance and will receive a **capacity payment** for the subsequent **obligation period** that is lower than the **capacity payment** for the current **obligation period**, adjust the payment adjustment balance for that asset by an amount equal to:

the lesser of the difference between the **capacity payment** for the current **obligation period** and the **capacity payment** for the subsequent **obligation period** divided by the **capacity payment** for the current **obligation period**, or 1,

multiplied by the absolute value of the payment adjustment balance that has accrued with respect to such asset.

(3) Notwithstanding subsection 5(1), if, at the end of an **obligation period**, an asset has a positive payment adjustment balance and is no longer subject to a **capacity commitment** in the next **obligation period**, the **ISO** must pay the payment adjustment balance to the **capacity market participant** over a number of **settlement periods** such that the payment for each settlement period is:

- (a) equal to or less than two times the amount of the previous capacity payment for that asset from the prior **obligation period**, calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*; and
- (b) subject to the limitation in subsection 7(1).

(4) The **capacity market participant** must pay the amount identified in subsection 5(2) over a number of **settlement periods** such that the payment for each **settlement period** is equal to the amount of the previous capacity payment for that asset from the prior **obligation period**, calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Payment Calculation*.

(5) A **capacity market participant** may submit a request to pay all or a portion of an existing negative payment adjustment balance of an asset.

(6) The **ISO** must, after receiving a request pursuant to subsection 5(5), issue a statement to the **capacity market participant** in the amount requested and adjust the payment adjustment balance to reflect the payment.

New Capacity Asset – Failure to Achieve Energization and Commissioning

6(1) The **ISO** must, if a **capacity market participant** has not achieved energization and commissioning in respect of an asset with a **capacity commitment** before the start of the **obligation period**, withhold all payments calculated in accordance with subsection 3 for that asset, subject to the following:

- (a) withhold from the **capacity market participant** all **capacity payments** for **settlement periods** prior to and including the **settlement period** during which energization and **commissioning** is achieved until availability assessments for the **obligation period** are performed; and
- (b) if energization and **commissioning** is achieved during such **obligation period**, pay to the **capacity market participant** all **capacity payments** less an existing negative payment adjustment balance that has been withheld from the **capacity market participant** on the **settlement date** for the last **settlement period** for the **obligation period** in which energization and **commissioning** is achieved.

Over-Availability Adjustments and Over-Delivery Adjustments

7(1) The **ISO** must only make payments to the **capacity market participants** for over-availability adjustments and over-delivery adjustments from funds wholly collected by the **ISO** for under-availability adjustments and under-delivery adjustments, respectively.

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(2) The **ISO** must, if any amounts from under-availability adjustments or under-delivery adjustments remain with the **ISO** after funding the over-availability adjustments and over-delivery adjustments payable to **capacity market participants** in accordance with subsection 7(1), use such remaining amounts to offset capacity market costs incurred by the **ISO** to procure **capacity**.

Post Final Adjustments

8 The **ISO** must not make post final adjustments to any capacity market statement or calculation in relation to any post final adjustments made pursuant to Section 103.4 of the **ISO rules**, *Power Pool Financial Settlement*.

Preliminary Capacity Market Statement

9(1) The **ISO** must, no later than the close of business on the 5th **business day** after the last day of each **settlement period**, issue a preliminary capacity market statement to each **capacity market participant**, in respect of all assets listed opposite a **capacity market participant** on the list the **ISO** publishes pursuant to Section 206.4 of the **ISO rules**, *Capacity Market Participant Registration* determined on:

- (a) an initial basis for that **settlement period**;
- (b) an interim basis for that **settlement period** which is 2 **months** prior to that **settlement period**; and
- (c) a final basis for that **settlement period** which is 4 **months** prior to that **settlement period**.

(2) The **ISO** must include the line items as per subsection 3(1) and any interest, late payment or other costs or charges, as applicable, under Section 103.7 of the **ISO rules**, *Financial Default and Remedies* in the preliminary capacity market statement.

(3) Subject to the provisions of Section 103.1 of the **ISO rules**, *Confidentiality*, and upon reasonable written request, the **ISO** must provide to a **capacity market participant** supporting records used in determining the line items and net amounts contained in a capacity market statement.

Final Capacity Market Statement

10(1) The **ISO** must, no later than the close of business on the 15th **business day** after the end of each **settlement period**, issue a final capacity market statement to each **capacity market participant** containing the amounts set out in the preliminary capacity market statement and determined on:

- (a) an initial basis for that **settlement period**;
- (b) an interim basis for that **settlement period** which is 2 **months** prior to that **settlement period**; and
- (c) a final basis for that **settlement period** which is 4 **months** prior to that **settlement period**.

(2) The final capacity market statement may also contain any updated items and information not previously appearing on the preliminary capacity market statement.

Settlement Date and Payment Obligations

11(1) The **ISO** must use the 20th **business day** following the last day of that **settlement period** as the settlement date for a **settlement period**.

(2) The **ISO** must, each January publish on the AESO website the calendar dates which are settlement dates for the current and next calendar year, being the dates for the financial settlement for the final capacity market statements.

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(3) The **ISO** must, if the **ISO** owes an amount to the **capacity market participant** pursuant to subsection 4, pay that amount by the settlement date.

Interest and Other Late Payment Costs and Charges

12 A **capacity market participant** must, if it fails to pay on or before a settlement date any outstanding **financial obligation** dollar amount owing to the **ISO** as set out in any of the **capacity market participant's** final capacity market statements, pay interest, a late payment charge, and any other costs and charges in accordance with the provisions of Section 103.7 of the **ISO rules**, *Financial Default and Remedies*.

Method of Payment

13 A **capacity market participant** must pay an amount the **capacity market participant** owes, as set out in its final capacity market statement, to the **ISO** by the method the **ISO** specifies.

Prepayment Procedures

14(1) A **capacity market participant** may prepay by the method the **ISO** specifies at any date during a **settlement period** other than a specified **settlement period** date.

(2) The **ISO** may apply any prepayment amount against any outstanding **financial obligations** of that **capacity market participant**.

Informal Disputes

15 If a **capacity market participant** has a dispute with the **ISO** about the content of a final capacity market statement of the **capacity market participant** prior to the **ISO** issuing that final capacity market statement on a final basis in accordance with subsection 10(1)(c), then the **capacity market participant** and the **ISO** must make reasonable efforts to informally resolve the dispute in accordance with subsection 2 of Section 103.2 of the **ISO rules**, *Dispute Resolution*.

Formal Dispute Periods

16 The **ISO** must, each January, publish on the AESO website the formal dispute submission periods for each of the **settlement periods** of that calendar year.

Capacity Market Statement Formal Disputes After Final Capacity Market Statement

17(1) Subject to subsection 15, a **capacity market participant** may not formally dispute a final capacity market statement for a **settlement period** until the **ISO** has issued the final capacity market statement on a final basis for that **settlement period** in accordance with subsection 10(1)(c).

(2) If a **capacity market participant** desires to proceed with a formal dispute, then the **capacity market participant** must submit a written dispute notice to the **ISO** in accordance with subsection 3 of Section 103.2 of the **ISO rules**, *Dispute Resolution*, prior to the expiry of the formal dispute submission period for the **settlement period**.

(3) The **ISO** must not make adjustments to any amounts of any final capacity market statement issued on a final basis unless the adjustments result from a formal dispute resolution written agreement between the **ISO** and the **capacity market participant** or from a determination under subsection 5(3) of Section 103.2 of the **ISO rules**, *Dispute Resolution*.

(4) The **ISO** must, if the terms of a formal dispute have been agreed to in principle between the **ISO** and the **capacity market participant**, deliver a written agreement to the **capacity market participant** detailing the dispute resolution terms, the subject **settlement period**, a summary of adjustments, and the

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requirement that the **capacity market participant** confirms and agrees to the formal dispute resolution by signing and returning the written agreement to the **ISO**.

(5) A **capacity market participant** must, no later than the close of business on the thirtieth (30th) **business day** from the receipt of the written agreement from the **ISO**, reply by signing and accepting the written agreement and once signed and accepted and redelivered to the **ISO**, the **capacity market participant** will not have further recourse under Section 103.2 of the **ISO rules**, *Dispute Resolution* or any other legal or equitable remedy with respect to the formal dispute.

(6) The **ISO** may deem that the capacity market participant has accepted the written agreement if the **capacity market participant** fails to respond by the 30th **business day**.

(7) The **capacity market participant** must not have further recourse under Section 103.2 of the **ISO rules**, *Dispute Resolution*, or any other legal or equitable remedy with respect to the formal dispute if the written agreement is accepted or deemed to be accepted pursuant to subsection 17(7).

(8) A **capacity market participant** may, if the **capacity market participant** rejects the written agreement by delivering a rejection notice to the **ISO** by the 30th **business day**, seek to have the formal dispute resolved by a determination under Section 103.2 of the **ISO rules**, *Dispute Resolution*.

Capacity Market Statement Adjustments for Resolved Disputes

18(1) The **ISO** must, if an informal dispute is resolved under subsection 15, adjust the final capacity market statement for that **settlement period** to include any resolved line item adjustments and the adjusted net amount payable by or to the **capacity market participant**.

(2) The **ISO** must, if a formal dispute is resolved under subsection 17, adjust the next final capacity market statement after the resolution to include any resolved line item adjustments and the adjusted net amount payable by or to the **capacity market participant**.

ISO Recourse to Section 103.7 of the ISO Rules, *Financial Default and Remedies*

19 The **ISO** may, in the event that the **capacity market participant** fails to pay an invoice or any dollar amount under this section 103.9, deem such failure to be a **financial obligation** default event which will allow the **ISO** to have recourse to the rights and remedies of the **ISO** under Section 103.7 of the **ISO rules**, *Financial Default and Remedies*.

Revision History

Date	Description
yyyy-mm-dd	Initial release