

IESO Bill Presentment Review

Public Webinar

December 13, 2019

Meeting Participation

- Webcast participation (including audio):
 - <https://www.meetview.com/ieso20191213/>
 - Use the chat function to ask a question during the webcast
- Teleconference participation (audio only):
 - Local (+1) 416 764 8640; Toll Free (+1) 888 239 2037
 - Press *1 to alert the operator that you have a question
- When asking a question, please state your name and who you represent so those participating are aware.
- This webinar is conducted according to the IESO Engagement Principles.

Context and Scope

- The IESO was asked to review and report back to the Ministry of Energy, Northern Development and Mines (ENDM), on ways to improve billing and settlement processes for market participants, with a particular focus on simplification.
- The IESO is consulting with and seeking feedback from stakeholders as we conduct this review.
- The scope of this engagement is on the final monthly invoices issued by the IESO pursuant to the market rules to settle the physical electricity markets.
- Electricity bills issued by local distribution companies, preliminary IESO settlement statements, and changes to settlements timelines, processes and billing accuracy controls are outside the scope of this engagement.

Purpose

- The objective of this engagement initiative and the purpose of this webinar is to ensure stakeholders:
 - Have general understanding of the final monthly invoices issued pursuant to the market rules,
 - Have sufficient understanding that there are market rules and manuals, and legislative requirements for invoices, and
 - Understand the principles the IESO will to apply when developing options to improve and simplify IESO invoices.
- All input from stakeholders within scope of this review will be considered to develop recommended options to improve IESO invoices that will be included in the report back to ENDM.

Approach and Work plan

- As part of the review, the IESO is conducting a jurisdiction scan of other electricity jurisdictions and markets in Canada and the U.S. to identify improvement opportunities that may apply in Ontario. Will be conducted in parallel with stakeholder engagement.
- January 13, 2020 - Written stakeholder input due
- January 20, 2020 - Summary stakeholder feedback, IESO responses to feedback and summary of jurisdiction scan observations posted to the IESO Bill Presentment Review engagement [webpage](#)
- By February 28, 2020 - report back to ENDM

Overview - IESO Invoice Production

- The IESO administers the physical market for participants to buy and sell energy and is responsible to settle the market.
- Settling the market is a complex multi-step process that applies requirements, specifications, formulas and variables defined Market Rules Chapter 9 Settlements and Billing and related market manuals
 - Every 2-years (as required by the market rules), an external audit of the IESO's settlement controls, processes and procedures takes place. 100% clean audit in 2019.
- Monthly invoices are published 10-business days after the last trade date of the previous month.
- Market Participants retrieve monthly invoices from the IESO's [secure reporting site](#).

Charge Types Overview

- All charges and payments are identified on IESO invoices by *charge type*. The [IESO Charge Types and Equations](#) document, lists and explains all charge types. Examples include:

100 Series: energy purchases and sales in the real-time markets

200 Series: energy purchases and sales in the operating reserve market

400 Series: ancillary services needed to help maintain a reliable grid

600 Series: transmission service charges (regulated by the Ontario Energy Board) cover the cost of Ontario's transmission network infrastructure

700 Series: regulatory charges

900 Series: taxes

1000, 1100, 1300, 1400 Series: market adjustments to ensure Ontario's system is reliable including day ahead commitment process, demand response, ancillary services and conservation

9990 Series: IESO administration fee, covering IESO administrative costs, including market support and grid operations

Monthly Invoices – Key requirements

- Key elements required by the Canada Revenue Agency ([Records you need to support your claim](#) or other legal requirements include:
 - GST/HST account number
 - GST/HST credits/debits (Represented by Charge Type 900 and 950)
 - Market participant name, date of invoice, total paid or payable, IESO name, brief description of the goods or services, terms of payment
- Market rules require the IESO to publish an invoice with line items that can easily be referenced on relevant settlement statements (e.g. by individual charge type).
 - Invoices are designed to suit all market participants (generators, consumers, transmitters, etc.)
- Market participants depend on invoices to be machine readable in a layout and format that is compatible with existing tools.

Jurisdiction Scan – Preliminary Observations



- XML, CSV, and PDF formats
- High-level cover followed by detailed list by Billing Line Item
- A sample invoice [on-line](#)
- Publish a [billing guide](#)
- MPs use the PJM Market Settlement Reporting System to obtain details of the charges and credits on the billing invoice
- No changes in many years



- CSV and PDF formats
- High-level cover followed by detailed list by Billing Line Item
- A sample invoice [on-line](#)
- Publish a [directory of billing line items](#)
- No changes in many years

A summary of the results of the scan will be posted by January 20, 2020.

Guiding Principles

- Principles guiding options development include:
 - address policy objective to reduce complexity or simplify IESO invoices (e.g. through presentment changes or methods to improve understanding of invoices)
 - minimizing implementation burden to market participants and the IESO. For example, minimize need for tools (e.g. API) and process changes, leverage existing processes where possible
 - maintain compliance with market rules, market manuals, and legislative requirements (e.g. Canada Revenue Agency)
 - maintain information value (e.g. MPs depend on information conveyed in IESO invoices for making energy management decisions and managing input costs)

Options

- The options that follow considered the principles guiding the IESO review:

Option 1 – No changes to the IESO invoice and enhance reference resources

Option 2 – No changes to the IESO invoice and add supplementary bill

Option 3 – Modify IESO invoice

Option 1 – Enhance reference resources

- No changes to the IESO invoice but enhance resources available for reference and to enhance understandability.
- Among currently available information are:
 - Guide to Wholesale Electricity Charges (available [here](#))
 - Training materials like Settlement Statements and Invoices (available [here](#))
- May consider website enhancements to help improve understandability of invoices, informed by the jurisdiction scan to identify potential good practices.
- This option minimizes implementation burden and impact on IESO and MP tools and processes, and compliance with market rules, market manuals, and legislative requirements.

Option 2 – Add supplementary bill

- No changes to the IESO invoice and develop a supplementary condensed or summarized bill, available on the IESO reporting site (i.e., the same location as where market participants already retrieve their final monthly invoice).
- The official IESO invoice would continue as is today, but would be supplemented (as observed at PJM and ISONE).
- Consistent with principles to minimize implementation burden and impact on IESO and MP tools and processes and compliance with market rules, market manuals, and legislative requirements.
- Supplementary bill can contain the past 12 months of information at a summary level which may likely be useful to MPs who wish to monitor trends and seasonality.

Option 3 – Modify IESO invoice

- Change the IESO invoice to include summary level data.
- Changing the invoice is likely to be a resource intensive project for the IESO and market participants:
 - Requires changes to IESO market rules and manuals.
 - Requires changes to IESO and tools and processes to implement.
 - Because most market participants pull IESO invoices electronically into their systems and tools (financial systems, energy management, etc.) would create implementation burden on market participants.

Stakeholder feedback

- The IESO is seeking feedback from stakeholders to help develop the options to improve and/or simplify IESO invoices:
 - Based on experience in other relevant jurisdictions, are there features of electricity market invoices and/or billing summaries that the IESO could consider?
 - What could the IESO do to help improve understandability invoices?
 - What are your preferences from among the three options included here?
 - What are the implementation considerations that are important to you? (e.g. impact on systems and tools, information value for making business decisions, etc.)
 - Other feedback the IESO should consider?

Next Steps

- Send comments and feedback to the IESO to engagement@ieso.ca by **January 13, 2020**.
- Post on the IESO Bill Presentment Review engagement [webpage](#) by **January 20, 2020**:
 - Summary stakeholder feedback and IESO responses
 - Summary jurisdiction scan observations
- All input from stakeholders within scope of this review will be considered as the IESO develops recommended options to improve IESO invoices that will be included in the report back to ENDM.

Appendices

Appendix – Sample IESO Bill (1)

Illustrative

The header section starts with the *invoice* title followed by the *IESO* address and HST identification number.

Independent Electricity System Operator
PHYSICAL INVOICE

Independent Electricity System Operator
Station A, Box 4474
Toronto, ON
M5W 4E5
HST: 870513959RT0002

NOTE 1: The second line of the title depends on the market type. For *physical market*, it is “PHYSICAL INVOICE” and for *financial markets*, it is “FINANCIAL INVOICE”. *Invoices* for financial charges will indicate “FINANCIAL CHARGE”.

Issue / re-issue date, *market participant* information, *invoice* date, and other information that is used to uniquely identify the *invoice* are provided next.

ENERGYABC CORPORATION
123 MAIN ST
Toronto, ON A1B 2C3
Canada

Issue / Re-Issue Date:	16-NOV-2015
Invoice:	P100123456
Invoice Date:	16-NOV-2015
MP ID:	123456
MP GST/HST:	123456789RT0001

The first date indicated in the header is the issue / re-issue date which is the date the *invoice* is sent by the *IESO*. The second date indicated in the header is the “*invoice* date” which is the original date that the *IESO* generates an *invoice* for a *market participant*.

The header section then contains the *IESO* bank information and *IESO* help desk contact information.

Please send payment by WIRE or EFT to:

Bank Name: TD Bank
Bank ID Number: 0004
Bank Account Number: 0690-0458762

Bank Acc Type: Settlement Clearing
Bank Transit Number: 10202

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

Appendix – Sample IESO Bill (2)

Illustrative

The second section provides the *billing period* start and end dates for settlement invoices and the description and amounts invoiced for each charge type billed during the *billing period*.

Charges for settlement statements issued: From 01-OCT-2015 To 31-OCT-2015

Charge Type	Description	Amount
101	NET ENERGY MARKET SETTLEMENT FOR NON-DISPATCHABLE LOAD	\$30,596.88
148	CLASS B GLOBAL ADJUSTMENT SETTLEMENT AMOUNT	\$93,027.95
150	NET ENERGY MARKET SETTLEMENT UPLIFT	\$553.72
155	CONGESTION MANAGEMENT SETTLEMENT UPLIFT	\$383.46
169	STATION SERVICE REIMBURSEMENT DEBIT	\$20.61
183	GENERATION COST GUARANTEE RECOVERY DEBIT	\$421.18
186	INTERTIE FAILURE CHARGE REBATE	(\$8.67)
250	10-MINUTE SPINNING MARKET RESERVE HOURLY UPLIFT	\$48.47
252	10-MINUTE NON-SPINNING MARKET RESERVE HOURLY UPLIFT	\$68.31
254	30-MINUTE OPERATING RESERVE MARKET HOURLY UPLIFT	\$38.12
450	BLACK START CAPABILITY SETTLEMENT DEBIT	\$12.02
451	HOURLY REACTIVE SUPPORT AND VOLTAGE CONTROL SETTLEMENT DEBIT	\$304.45
452	MONTHLY REACTIVE SUPPORT AND VOLTAGE CONTROL SETTLEMENT DEBIT	\$33.62
454	REGULATION SERVICE SETTLEMENT DEBIT	\$307.36
650	NETWORK SERVICE CHARGE	\$7,817.04
651	LINE CONNECTION SERVICE CHARGE	\$2,036.48
652	TRANSFORMATION CONNECTION SERVICE CHARGE	\$4,736.00
753	RURAL RATE SETTLEMENT CHARGE	\$1,002.98
754	OPA ADMINISTRATION CHARGE	\$541.31
900	GST/HST CREDIT	(\$16.91)
950	GST/HST DEBIT	\$18,789.37
1351	CAPACITY BASED DEMAND RESPONSE PROGRAM RECOVERY AMOUNT FOR CLASS B LOADS	\$680.07
1463	RENEWABLE GENERATION CONNECTION - MONTHLY COMPENSATION AMOUNT SETTLEMENT DEBIT	\$6.53
1550	DAY-AHEAD PRODUCTION COST GUARANTEE RECOVERY DEBIT	\$204.91
1560	DAY-AHEAD GENERATOR WITHDRAWAL REBATE	(\$2.01)
1650	FORECASTING SERVICE BALANCING AMOUNT	\$5.00
9990	IESO ADMINISTRATION CHARGE	\$990.15

Appendix – Sample IESO Bill (3)

Illustrative

The last section provides the *invoice* total. *Invoice* amounts owing to the *IESO* will appear as a positive number with a statement indicating the payment due date. *Invoice* amounts owing to the *market participant* will appear within the bracket indicating a negative number with a statement that the *market participant* need not send payment. The mandatory CCRA comment regarding the *invoice* constituting a debit/credit note for GST/HST purposes is the closing line for all *invoices*.

Invoice Total:

\$CAD 16,981.99

Payment Due Date 18-NOV-2015

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

NOTE 3: If the *invoice* total is greater than zero then it will be followed by the text “Payment Due Date: DD-MMM-YYYY” where DD-MMM-YYYY is the payment due date.

OR

Invoice Total:

\$CAD (3,276,615.15)

Do Not Send Payment

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

NOTE 4: If the *invoice* total is zero or less than zero it will be followed by the text “Do Not Send Payment”.

NOTE 5: CCRA requires the debit/credit note to appear on *invoices* to which GST/HST applies, i.e. *invoices* for the *physical market*. However, this final note will appear on *invoices* of all types.