



## Market Manual 5: Settlements

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# Part 5.10: Settlement Disagreements

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Issue 1.2

June 7, 2024

This *market manual* is provided for stakeholder engagement purposes. Please note that additional changes to this document may be incorporated as part of future engagement in MRP or other *IESO* activities prior to this *market manual* taking effect.

This procedure provides information required by *market participants* to make queries and initiate disagreements in regards to *settlement amounts* and for the *IESO* to investigate and resolve the disagreement.

## Document Change History

Issue	Reason for Issue	Date
1.0	First issuance of new manual covering the settlement disagreement process based on the limitation period for resettlement of a trading day and the addition of new settlement statements (as per market rule amendment MR-00475)	May 1, 2023
1.1	Updated for MRP	September 7, 2023
<u>1.2</u>	<u>Update for MRP – Final Alignment</u>	<u>June 7, 2024</u>

## Related Documents

Document ID	Document Title

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## Table of Changes

Reference	Description of Change
<u>Throughout</u>	<u>Changes made to conform to the new MRP style and convention for <i>market manuals</i>.</u>
<u>Section 1.3</u>	<u>Table 1-1 updated language for reference to rounds of any <i>TR auction</i> to align with <i>market rules</i>.</u>

## Market Transition

A.1.1 This *market manual* is part of the *renewed market rules*, which pertain to:

A.1.1.1 the period prior to a *market transition* insofar as the provisions are relevant and applicable to the rights and obligations of the *IESO* and *market participants* relating to preparation for participation in the *IESO administered markets* following commencement of *market transition*; and

A.1.1.2 the period following commencement of *market transition* in respect of all the rights and obligations of the *IESO* and *market participants*.

A.1.2 All references herein to chapters or provisions of the *market rules* or *market manuals* will be interpreted as, and deemed to be references to chapters and provisions of the *renewed market rules*.

A.1.3 Upon commencement of the *market transition*, the *legacy market rules* will be immediately revoked and only the *renewed market rules* will remain in force.

A.1.4 For certainty, the revocation of the *legacy market rules* upon commencement of *market transition* does not:

A.1.4.1 affect the previous operation of any *market rule* or *market manual* in effect before the *market transition*;

A.1.4.2 affect any right, privilege, obligation or liability that came into existence under the *market rules* or *market manuals* in effect prior to the *market transition*;

A.1.4.3 affect any breach, non-compliance, offense or violation committed under or relating to the *market rules* or *market manuals* in effect prior to the *market transition*, or any sanction or penalty incurred in connection with such breach, non-compliance, offense or violation

A.1.4.4 affect an investigation, proceeding or remedy in respect of,

(a) a right, privilege, obligation or liability described in subsection A.1.4.2, or

(b) a sanction or penalty described in subsection A.1.4.3.

A.1.5. An investigation, proceeding or remedy described in subsection A.1.4.3 may be commenced, continued or enforced, and any sanction or penalty may be imposed, as if the *legacy market rules* had not been revoked.

## Market Manual Conventions

The standard conventions followed for *market manuals* are as follows:

- The word 'shall' denotes a mandatory requirement;
- References to *market rule* sections and sub-sections may be abbreviated in accordance with the following representative format: '**MR Ch.1 ss.1.1-1.2**' (i.e. *market rules*, Ch.1, sections 1.1 to 1.2);
- References to *market manual* sections and sub-sections may be abbreviated in accordance with the following representative format: '**MM 1.5 ss.1.1-1.2**' (i.e. *market manual* 1.5, sections 1.1 to 1.2);
- Internal references to sections and sub-sections within this manual take the representative format: 'sections 1.1 – 1.2';
- Terms and acronyms used in this *market manual* in its appended documents that are italicized have the meanings ascribed thereto in **MR Ch.11**;
- All user interface labels and options that appear on the IESO gateway and tools are formatted with the bold font style;
- Data fields are identified in all capitals.

– End of Section –

# 1. Introduction

## 1.1. Purpose

This *market manual* provides administrative and procedural details to the *market rules* governing *settlement* disagreements, including supplementary information relevant to understanding the rights and obligations of the *IESO* and *market participants*.

*Market manuals* must be read in conjunction with the applicable *market rules*. Where there is a conflict between a *market manual* and the *market rules*, the *market rules* shall prevail.

## 1.2. Scope

This *market manual* describes the process for *market participants* to make queries and initiate disagreements in regards to *settlement statements* issued for the *physical market* and financial market.

This *market manual* supplements the following *market rules*:

- MR Ch.3 s.2: Dispute Resolution
- MR Ch.6 s.10.4: Errors Found in Metering Tests, Inspections or Audits
- MR Ch.9 s.6.8: Market Participant Validation of Settlement Statements
- MR Ch.9 s.6.9: IESO Validation of Settlement Statements
- MR Ch.9 s.6.10: Dispute Resolution
- MR Ch.10 s.6C: Corrections of Errors in Lists

For information regarding the *settlement process* and *settlement statements*, refer to [MM 5.7MM 5.7: Settlement Process](#).

The procedures related to the dispute resolution process are provided in [MM 2.1MM 2.1: Dispute Resolution](#).

## 1.3. Overview

The following markets form the *IESO-administered markets*:

**Table 1-1: IESO-Administered Markets**

Market Type	Transactions
<i>Physical market</i>	<ol style="list-style-type: none"><li>1. <i>Day-Ahead Market</i><ol style="list-style-type: none"><li>a. <i>energy</i> transactions</li><li>b. <i>operating reserve</i> transactions</li></ol></li><li>2. <i>Real-Time Market</i></li></ol>



Market Type	Transactions
	<ul style="list-style-type: none"> <li>a. <i>energy</i> transactions</li> <li>b. <i>operating reserve</i> transactions</li> <li>3. <i>Procurement Market</i> <ul style="list-style-type: none"> <li>a. <i>Contracted ancillary services</i>, including <i>regulation</i>, <i>voltage control</i> and <i>reactive support services</i>, <i>black-start capability</i>, and for <i>reliability must-run contracts</i></li> </ul> </li> <li>4. Payments to <i>TR holders</i><sup>1</sup></li> <li>5. <i>Virtual Transactions</i><sup>2</sup></li> </ul>
Financial market	<ul style="list-style-type: none"> <li>1. <i>Transmission Rights Market (TR Market)</i> <ul style="list-style-type: none"> <li>a. transactions <del>infor</del> all rounds of any <i>TR auction</i><sup>3</sup></li> </ul> </li> </ul>

## 1.4. Contact Information

Changes to this *market manual* are managed via the [IESO Change Management process](#). Stakeholders are encouraged to participate in the evolution of this *market manual* via this process.

As part of the participant authorization and registration process<sup>4</sup>, *market participants* are required to identify a Settlements Contact. If a *market participant* has not identified a specific contact, the *IESO* will seek to contact the Primary Contact for activities within this procedure, unless alternative arrangements have been established between the *IESO* and the *market participant*.

To contact the *IESO*, *market participants* can email *IESO* Customer Relations at [customer.relations@IESO.ca](mailto:customer.relations@IESO.ca) or use telephone or mail. Telephone numbers and the mailing address can be found on the [IESO website](#). *IESO* Customer Relations staff will respond as soon as possible.

– End of Section –

<sup>1</sup> Excludes *settlement amounts* relating to transactions in all rounds of any *TR auction* which will appear on the financial market *settlement statement* and *invoice*.

<sup>2</sup> *Virtual transactions*, although part of the financial market, will be *settled* as part of the *physical market* and will appear on the *physical market settlement statements* and *invoices*.

<sup>3</sup> For more information on the *TR auction* process, refer to ~~MM 4.4~~ [MM 4.4: Transmission Rights Auction](#). Only those *settlement amounts* relating to transactions ~~infor~~ all rounds of any *TR auction* will appear on the financial market *settlement statement*.

<sup>4</sup> Refer to ~~MM 1.5~~ [MM 1.5: Market Registration Procedures](#) for adding and updating contact roles with the *IESO*.

## 2. Validation of Settlement Statements

### 2.1. Market Participant Validation of Settlement Statements

(MR Ch.9 s.6.8)

**Market participant review of settlement statements** - *Market participants* are required to review their *settlement statements* to ensure they are correct in accordance with **MR Ch.9 s.6.8**. A failure to identify an error or omission within the required timeframe may result in losing any potential recourse in regards to such error or omission. Any errors and/or omissions that have been identified within the required timeframe are to be submitted to the *IESO* via a *notice of disagreement*.

**Subject of notice of disagreement** - A *market participant* may submit a *notice of disagreement* in respect of a:

- preliminary settlement statement: any settlement amounts with which it disagrees.
- final settlement statement or a recalculated settlement statement, other than a final recalculated settlement statement:
  - items or calculations that are new (i.e. an item with a *settlement* type of 'P');
  - or
  - an adjustment to an item or calculation that appeared on a previous *settlement statement* (i.e. an item with a *settlement* type of 'A').

For greater certainty, if a *market participant* disagrees with a new item or adjustment contained on a *final recalculated settlement statement*, it should pursue the matter through the dispute resolution process outlined in **MR Ch.3**.

*Market participants* may not submit a *notice of disagreement* regarding the matters listed in **MR Ch.9 s.6.8.12**. Some of these matters, including those identified in **MR Ch.9 s.6.8.12.4** and matters described in the processes outlined in **MR Ch.6 s.10.4** and **MR Ch.10 s.6C**, are still subject to the dispute resolution process outlined in **MR Ch.3**. Other matters, including the calculation of prices listed in **MR Ch.9 s.6.8.12.8** and matters which are subject to the *notice of disagreement* process but the *market participant* missed the timeframe to initiate such a process, are not subject to the dispute resolution process outlined in **MR Ch.3**.

**Concerns regarding final settlement statements and recalculated settlement statements** - An item or calculation in the *final settlement statement* or *recalculated settlement statement* may either:

- consist of an adjustment to a previously issued *settlement statement* as a result of a *notice of disagreement*, but the adjustment does not properly reflect the final resolution of such *notice of disagreement* as communicated to the *market participant*; or

- differ in amount from the same item or calculation set forth on a previously issued *settlement statement*, but the item or calculation on the new *settlement statement* does not have an adjustment flag indicating that an adjustment has been made.

In such cases, the *market participant* may attempt to resolve the disagreement with the *IESO* on an informal basis, separate from the formal *notice of disagreement* process. If the *IESO* cannot resolve the disagreement, the *market participant* may submit the matter to the dispute resolution process outlined in **MR Ch.3**.

## 2.2. IESO Validation of Settlement Statements

(MR Ch.9 s.6.9)

In accordance with **MR Ch.9 s.6.9**, the *IESO* can address material errors within an *IESO* system or *settlement process* which results in *settlement amounts* being calculated incorrectly. This process does not alleviate a *market participant's* responsibility to review and identify any errors in its *settlement statements* and is intended to capture those issues which a *market participant* would not have been reasonably able to identify on their own.

If the *IESO* identifies any such errors that warrant correction, such corrections will appear on a *market participants' settlement statement(s)*. If a *market participant*:

- has any questions in regards to such adjustment, they may submit a *settlement statement* query in accordance with [section 3](#); or
- disagrees with any such adjustment on a *settlement statement*, other than in respect of a *final recalculated settlement statement*, they may submit a *notice of disagreement* in regards to the adjustment, in accordance with [section 2.1](#); or
- disagrees with such an adjustment contained on a *final recalculated settlement statement*, it should pursue the matter through the dispute resolution process outlined in **MR Ch.3**.

## 2.3. Metering Corrections

(MR Ch.6 s.10.4 and MR Ch.10 s.6C)

**MR Ch.6 s.10.4** and **MR Ch.10 s.6C** contain the identification and correction of errors in *metering data* and other *meter*-related information.

If a *market participant* disagrees with an adjustment to its *settlement statement* as a result of these processes, it should pursue the matter through the dispute resolution process outlined in **MR Ch.3**.

For greater clarity, the *market participant(s)* interacting with the *IESO* in regards to **MR Ch.6 s.10.4** or **MR Ch.10 s.6C**, as the case may be, should pursue any disagreement through the dispute resolution process, while other *market participants* that may be impacted by an adjustment as a result of such processes may submit a *notice of disagreement* in regards to such adjustments.

– End of Section –

## 3. Submitting a Notice of Disagreement

(MR Ch.9 s.6.8)

**Notice of disagreement timelines -** If a *market participant* disagrees with a *settlement amount* on a *settlement statement*, other than in respect of a *final recalculated settlement statement*, it may submit a *notice of disagreement*. *Notices of disagreement* must be submitted as per the following timelines:

- *physical market*: within six *business days* after the *settlement statement* has been issued
- *financial market*: within two *business days* after the *settlement statement* has been issued.

The submission timelines are subject to any additional time resulting from *settlement statement* delays or a failure to access a *settlement statement* as determined in accordance with **MM 5.7** [MM 5.7: Settlement Process](#)<sup>5</sup>.

~~For greater clarity, notice of disagreements relating to a settlement statement issued in the physical market for a trading day prior to the RSS Commencement Date must be submitted within four business days after the applicable settlement statement.~~

**Submission of notice of disagreement -** To submit a *notice of disagreement*, all required sections of the *notice of disagreement* form available through Online IESO must be completed. *Market participants* are encouraged to provide as detailed information as possible in the *notice of disagreement* form, as incomplete submissions may result in a delay in processing the *notice of disagreement*.

The *notice of disagreement* form available through Online IESO can be accessed by the *market participant's notice of disagreement* contact(s) registered in Online IESO. For instructions on submitting a *notice of disagreement* through Online IESO, refer to the [Introduction to the IESO Settlement Process](#) training guide available on the [IESO Marketplace Training](#) webpage.

### 3.1. Data Requirements for Submission of a Notice of Disagreement

(MR Ch.9 s.6.8)

**Scope of notice of disagreement -** A *notice of disagreement* may only pertain to one item (or issue). For example, a *notice of disagreement* about *day-ahead market generator offer guarantee* (DAM\_GOG) and reactive support and voltage control (RSVC) during the same trading period must be submitted as two separate *notices of disagreement*, so that the *IESO* can investigate each item or issue.

<sup>5</sup> See **MR Ch.9 ss.6.3.24 and 6.3.25**.

However, when a *notice of disagreement* pertains to input data for multiple *dispatch intervals* on the same *trading day*, only one *notice of disagreement* submission is required.

**Contents of notice of disagreement** - The *notice of disagreement* shall contain the proposed resolution with supporting material in accordance with **MR Ch.9 s.6.8.4**. Supporting material may include, and is not limited to the following:

- schedules, operational commitments;
- *bids, offers*;
- for *intertie* transactions: interchange schedule codes (i.e. TLRe, TLRi, MrNh), NERC tag ID; and
- *physical bilateral contract data* (i.e. *buying market participant* and *selling market participant*; location of *physical bilateral contract*; hourly uplift components).

If the information provided in the *notice of disagreement* is incomplete or invalid, the *notice of disagreement* processing may be delayed.

For samples of the Online IESO *notice of disagreement* form, refer to the [Introduction to the IESO Settlement Process](#) training guide available on the [IESO Marketplace Training](#) webpage.

**IESO acknowledgment of receipt** - An email confirmation will be sent upon receipt of a *notice of disagreement* and will include:

- a unique identifier for the submission, and
- a date and time stamp of when the *notice of disagreement* was received.

**Status of notice of disagreement** - Within the Online IESO *notice of disagreement* form, *market participants* can:

- check the status and the history of their *notice of disagreement*;
- provide additional information requested by the *IESO*, and
- respond to decision notification.

**Ongoing requirement to pay invoice** - *Market participants* must *settle* an *IESO invoice* regardless of whether they have raised a *notice of disagreement* against a *settlement statement* addressed by that *invoice*. Refer to **MM 5.8** **MM 5.8: Settlement Invoicing** for details of the *invoicing* process.

– End of Section –

## 4. Resolving a Notice of Disagreement

(MR Ch.9 s.6.8)

### 4.1. IESO Validation of Notice of Disagreement

Following receipt of a *notice of disagreement*, the *IESO* will first validate the *notice of disagreement*. If the *notice of disagreement* does not relate to a matter which is subject to the *notice of disagreement* process or is otherwise not in accordance with the *market rules*, the *IESO* will notify the *market participant* through the Online IESO *notice of disagreement* form that the submitted *notice of disagreement* is rejected.

Once validated, the *IESO* will determine whether affected parties exist and notify them by email of the submitted *notice of disagreement*. For example:

- in regards to *notices of disagreement* relating to *physical bilateral contracts*, the *IESO* will ensure that both the *buying market participant* and the *selling market participant* are aware of the *notice of disagreement*.

### 4.2. IESO Request for Additional Information

The *IESO* will consider submitted *notices of disagreement*, along with any attached supporting material, and, if necessary, may request clarifications or additional information by sending such request through the Online IESO *notice of disagreement* form. The *market participant* must provide any requested information or clarification within the specified timeframe through the Online IESO *notice of disagreement* form. *Market participants* that fail to provide the requested information within the specified timeframe may have their *notice of disagreement* invalidated.

### 4.3. IESO Resolution of Notice of Disagreement

**Notice of resolution** - The *IESO* will provide notice to the *market participant* and any identified affected parties of the *IESO's* determination and intended resolution once the *IESO* has finished considering the submitted *notice of disagreement*, along with any attached supporting materials and further information or clarifications provided.

**Response to resolution** - The *market participant* has an opportunity to respond to such notice within 10 *business days* by entering a response in the Online IESO *notice of disagreement* form.

**Final determination of notice of disagreement** - Following consideration of any such responses, the *IESO* will take one of the following actions in accordance with **MR Ch.9 s.6.8.9**:

- if the *IESO* determines that no error has occurred in the relevant *settlement statement*, no further action will be taken;
- if the *IESO* determines that an error has occurred, it will make the necessary adjustments on the applicable *settlement statement*, which may be a *final settlement statement*, a *recalculated settlement statement*, or, if it relates to a *trading day* prior to the *RSS commencement date*, a subsequent *preliminary settlement statement*.

**Dispute resolution process** - If the *market participant* does not agree with the *IESO's* determination on its *notice of disagreement*, the *market participant* may pursue the matter by initiating a dispute in accordance with **MR Ch.9 s.6.10** through the dispute resolution process described in **MR Ch.3**. Disputes initiated in response to the *IESO's* determination on a *notice of disagreement* must be raised within either:

- 20 *business days* after the *settlement statement* reflecting the outcome of the *notice of disagreement*, or
- the *IESO* notifying the *market participant* that no adjustments will be made, as the case may be.

**Dispute resolution in absence of final determination** - Where the *IESO* requires a long period of time to consider a *notice of disagreement* or the timelines of the *notice of disagreement* process are otherwise approaching the limitation period to initiate a dispute, *market participants* can initiate a dispute to preserve their rights. More specifically, in accordance with **MR Ch.9 s.6.8.15**, if the *IESO* has not made a determination on a *notice of disagreement* prior to the earlier of:

1. the date that is 23 months after the date on which the relevant *trading day* was first *invoiced*; or
2. twelve months after the date the *notice of disagreement* was issued by the *market participant*,

the *market participant* may initiate a dispute. In such circumstances, the minimum 30 days' period to engage in good faith negotiations does not commence until the *IESO* has made its determination. The procedures related to the dispute resolution process are provided in

**MM 2.1** ~~MM 2.1~~: *Dispute Resolution*.

– End of Section –

# Appendix A: Forms

This appendix contains a list of forms associated with this procedure, which are available on the [IESO website](#). The forms included are as follows:

Table A-1: Forms

Form Name	Form Number
N/A	

– End of Section –



## References

Document ID	Document Title
MDP_RUL_0002	Market Rules for the Ontario Electricity Market
PRO-408	Market Manual 1: Connecting to Ontario's Power System, Part 1.5: Market Registration Procedures
MDP_PRO_0017	Market Manual 2: Market Administration, Part 2.1: Dispute Resolution
MDP_PRO_0029	Market Manual 4: Market Operations, Part 4.4: Transmission Rights Auction
MDP_PRO_0046	Market Manual 5: Settlements, Part 5.7: Settlement Process
MDP_PRO_0047	Market Manual 5: Settlements, Part 5.8: Settlement Invoicing
Training Guide	Introduction to the IESO Settlement Process

– End of Document –