

PROCEDURE

Market Manual 5: Settlements

Part 5.3: Physical Bilateral Contract Data

Issue 14.3
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 describes the activities for the submission of *physical bilateral contract* data to the *IESO* by *selling market participants* for *settlement* purposes

Document Change History

Issue	Reason for Issue	Date
For history prior to MRP, refer to version 13.0 and prior.		
14.0	Updated for Baseline 28.0	September 12, 2012
14.1	Updated for stakeholder engagement To reflect: Market Renewal Program	December 1, 2022
14.2	Updated for stakeholder engagement	April 24, 2023
<u>14.3</u>	<u>Updated for MRP – Final Alignment</u>	<u>June 7, 2024</u>

Related Documents

Document ID	Document Title
N/A	

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Reference	Description of Change
<u>Section 1</u>	<u>Added note that following a <i>market transition</i>, the contents of this <i>market manual</i> shall not apply unless and until the <i>IESO publishes</i> a notice indicating otherwise in accordance with MR Ch.8 s.2.0.1.</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

Note: Following a *market transition*, the contents of this *market manual* shall not apply unless and until the *IESO publishes* a notice indicating otherwise in accordance with **MR Ch.8 s.2.0.1.**

1.1 Purpose

This *market manual* provides administrative and procedural details to the *market rules* governing the *settlement of physical bilateral contracts*, 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* provides the steps and interfaces between *market participants* and the *IESO* for submitting *physical bilateral contract data* through to *settlement* of the *physical bilateral contract data* in both the *day-ahead market* and the *real-time market*.

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

- MR Ch.3 s.6.3.4: Notice of Intent to Suspend
- MR Ch.8 s.2.1: Overview
- MR Ch.8 s.2.2: The Content of Physical Bilateral Contract Data
- MR Ch.8 s.2.3: The Form of Physical Bilateral Contract Data
- MR Ch.8 s.2.4: Submitting and Revising Physical Bilateral Contract Data
- MR Ch.9 s.2.7: Collection of Physical Bilateral Contract Data
- MR Ch.9 s.3.10: Hourly Uplifts

1.3 Overview

A *physical bilateral contract* is an agreement between a *buying market participant* to buy and a *selling market participant* to sell a specified quantity of *energy* at a specific price. The *settlement process* will apply the applicable *market price* for *energy* and allocate *hourly uplift* components from the *buying market participant* to the *selling market participant*.

In the *IESO-administered markets*, *market participants* may purchase all or part of their *energy* from other *market participants* through *physical bilateral contracts*. *Market participants* do not need to have physical *facilities* or actually inject *energy* into or withdraw *energy* from the *IESO-controlled grid* in order to have a *physical bilateral contract*. The *IESO* will settle the *physical bilateral contract data* that has been submitted, whether or not *energy* has been supplied or consumed.

The submission of *physical bilateral contract data* to the *IESO* for *settlement* purposes is an optional process available to *market participants* and is available in both the *day-ahead market* and the *real-time market*.

The *IESO* will receive, validate and use the *physical bilateral contract data* within the *settlement process* for each *settlement hour* indicated in the *physical bilateral contract data* submission. *Market participants* can submit their *physical bilateral contract data* to the *IESO* as either daily *physical bilateral contract data* or standing *physical bilateral contract data* as described in [section 3](#).

Physical bilateral contracts are not part of the *IESO's* scheduling and *dispatch* process – the *physical bilateral contract data* is only used in the *settlement process*.

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 process¹, *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*, you can email *IESO* Customer Relations at 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.

If you have a specific inquiry regarding a *settlement amount* on any of your *settlement statements*, refer to **MM 5.10: Settlement Disagreements** for further details.

– End of Section –

¹ Refer to MM 1.5: Market Registration Procedures for more information on adding and updating contact roles with the *IESO*.

2 Content and Form of Physical Bilateral Contract Data

2.1 Content of Physical Bilateral Contract Data

(MR Ch.8 s.2.2)

Physical bilateral contract data, submitted by *selling market participants* to the *IESO* in either the *day-ahead market* and/or the *real-time market*, must contain the following information:

- identification of the *selling market participant* and the *buying market participant*;
- identification of the *energy* quantities to be sold for each *settlement hour* (in MWh) (not quantities for metering intervals within the *settlement hour*);
- identification of the specific *trading day(s)* and *settlement hour(s)*;
- identification of the specific location of the transaction (which will be associated with a single *delivery point* or *intertie metering point*); and
- specification of the *hourly uplift* component(s), if any, to be allocated from the *buying market participant* to the *selling market participant*.

2.2 Form of Physical Bilateral Contract Data Quantities

(MR Ch.8 s.2.3)

Selling market participant shall submit *physical bilateral contract data* for the same *delivery point* or *intertie metering point* on the same *trading day* in one of the two following forms:

1. absolute quantities of *energy*, as described in **MR. Ch.8 s.2.3.1.2**; and
2. derived quantity of *energy*, as described in **MR. Ch.8 s.2.3.1.1**.

Selling market participants who submit *physical bilateral contract data quantities* as derived quantity of *energy* should refer to *IESO* Charge Types and Equations for examples of derived quantities of *energy*. The derived quantity of *energy* option:

- is only available where one of the two parties to the *physical bilateral contract* is the *metered market participant* for the *registered wholesale meter* associated with the *delivery point*; and

- is not available for *day-ahead market physical bilateral contracts* as the quantities of *energy* are derived from the *day-ahead schedule*.

– End of Section –

3 Submission of Physical Bilateral Contract Data

(MR Ch.8 s.2.4)

Physical bilateral contract data may be submitted to the *IESO* as either:

- daily *physical bilateral contract data*, which applies to a specific *trading day*, or
- standing *physical bilateral contract data*, which applies to multiple *trading days* and will remain in effect until the specified expiry date or until it is superseded by another *physical bilateral contract data* submission for the same *trading day*.

Refer to the [Energy Market Interface - Submitting, Revising and Cancelling Energy Bids](#) training guide on the [Participant Tool Training](#) webpage for information on how to electronically submit the *physical bilateral contract data*.

Market participants without physical *facilities* can select the appropriate *resource*, which excludes *virtual zonal resources*, from the [List of Resources for Physical Bilateral Contracts](#). A *selling market participant* and a *buying market participant* can have multiple *physical bilateral contracts* between them, however, only one *physical bilateral contract* can be in effect at a particular location (*delivery point* or *intertie metering point*).

A *buying market participant* has read-only access to the *physical bilateral contract data* submitted.

3.1 Submission Timelines for Daily Physical Bilateral Contract Data

(MR Ch.8 s.2.4.1)

For *settlement* purposes, *market participants* must submit daily *physical bilateral contract data* for a specified *trading day* no earlier than seven calendar days prior to that *trading day* and no later than six *business days* after that *trading day*.

3.2 Submission Timelines for Standing Physical Bilateral Contract Data

(MR Ch.8 s.2.4.2)

For *settlement* purposes, standing *physical bilateral contract data* will be converted to daily *physical bilateral contract data*, and this will come into effect on the second *trading day* after submission.

Standing *physical bilateral contract data* will remain in effect until the earlier of:

- the expiration date specified in the standing *physical bilateral contract data* submission; or
- the date the standing *physical bilateral contract data* has been superseded by another submission for the same *trading day*.

The following figure illustrates how the *IESO* applies standing *physical bilateral contract data*.

Day 0	Day 1	Day 2	Day 3
Submission of standing <i>physical bilateral contract data</i> for Day 2	Conversion of standing <i>physical bilateral contract data</i> for Day 2 to <i>physical bilateral contract data</i>	<i>Physical bilateral contract data</i> for Day 2 effective Conversion of standing <i>physical bilateral contract data</i> for Day 3 to <i>physical bilateral contract data</i>	<i>Physical bilateral contract data</i> for Day 3 effective Conversion of standing <i>physical bilateral contract data</i> for Day 4 to <i>physical bilateral contract data</i>

Figure 3-1: Conversion of Standing Physical Bilateral Contract Data in the System

When standing *physical bilateral contract data* is submitted with an expiry date, the expiration of such data will come into effect the following *trading day*. A *selling market participant* that wants a standing *physical bilateral contract data* submission to be in effect until a specified date (x), must specify an expiration date of date (x-1).

– End of Section –

4 Revisions to Physical Bilateral Contract Data

(MR Ch.8 ss.2.4.1 and 2.4.2)

When *energy delivery point* relationships, such as the *metered market participant* to *delivery point* relationship are changed, *market participants* should ensure *physical bilateral contracts* are withdrawn for the period following the transfer and updated *physical bilateral contracts* be submitted to the *IESO* for processing.

4.1 Revisions to Daily Physical Bilateral Contract Data

(MR Ch.8 s.2.4.1)

The *selling market participant* may make a revision to, including withdrawal of, already submitted *physical bilateral contract data* at any time within the submission window of seven calendar days before and six *business days* after the *trading day* in accordance with **MR Ch.8 s.2.4.1**.

A *selling market participant* can revise a daily *physical bilateral contract*:

- for all *settlement hours* in a *trading day*, by submitting the revised data; or
- for less than all *settlement hours* in a *trading day*, withdraw the existing *physical bilateral contract* and make a new submission containing the *physical bilateral contract data* for the *IESO* to process.

A portion of the *physical bilateral contract* can be revised, including being withdrawn, within the same submission for a specific *trading day*. Refer to the [Energy Market Interface – Submitting, Revising and Cancelling Energy Bids](#) training guide for instructions.

4.2 Revisions to Standing Physical Bilateral Contract Data

(MR Ch.8 s.2.4.2)

The *selling market participant* may make a revision to, including withdrawal of, standing *physical bilateral contract data*. To do so, the standing *physical bilateral contract* must first be withdrawn for the *trading days* to be revised and then resubmitted with the revised data to be processed by the *IESO*.

Any revisions to, including withdrawal of, standing *physical bilateral contract data* will come into effect the second *trading day* after submission to the *IESO*.

– End of Section –

5 Settlement of Physical Bilateral Contract Data

(MR Ch.8 ss.2.1.3.1, 2.1.3.2 and 2.1.3.4, MR Ch.9 ss.2.7 and 3.10)

The *settlement process* will collect *physical bilateral contract data* in accordance with **MR Ch.9 s.2.7**, and for each *physical bilateral contract data*, the *settlement process* will:

- adjust the *energy market settlement* for the *buying market participant* and *selling market participant*, regardless of the actual *energy* injections and withdrawals in accordance with **MR Ch.8 s.2.1.3.1**;
- apply the applicable *market price* for *energy* according to the location of the *physical bilateral contract* in accordance with **MR Ch.8 s.2.1.3.2**; and
- allocate *hourly uplift* components assigned to the *selling market participant* and the *buying market participant* in accordance with **MR Ch.8 s.2.1.3.4** and **MR Ch.9 s.3.10**.

Refer to IESO Charge Types and Equations for the components of *hourly uplifts* that may be allocated. All *hourly uplifts* are available to be reallocated, with the exception of the following:

- Day-Ahead Market Reference Level Settlement Charge Uplift;
- Real-Time Reference Level Settlement Charge Uplift; and
- Real-Time Net Interchange Scheduling Limit Uplift.

Physical bilateral contracts will form part of the *market participant's* overall *energy market settlement*.

For *market participants* that have provided *prudential support* to the *IESO*, refer to [MM 5.4: Prudential Support](#) for information regarding how *physical bilateral contracts* impact *prudential support*.

The results of the *settlement process* will appear on the *settlement statements* of the *buying market participant* and *selling market participant*. Refer to MM 5.7: Settlement Process for more information.

– End of Section –

6 Defaults and Suspensions

(MR Ch.3 s.6.3.4 and Ch.8 ss.2.4.4-2.4.5)

Where the *IESO* issues a *notice of intent to suspend* or a *suspension order* in accordance with **MR Ch.3 s.6.3.4**, *market participants'* existing *physical bilateral contracts* and their ability to submit additional *physical bilateral contracts* may be impacted as further described in **MR Ch.3 s.6.3.4**.

For more information regarding the suspension process, refer to [MM 2.6: Treatment of Compliance Issues](#).

– 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_0022	Market Manual 2: Market Administration, Part 2.6: Treatment of Compliance Issues
MDP_PRO_0045	Market Manual 5: Settlements, Part 5.4: Prudential Support
MDP_PRO_0033	Market Manual 5: Settlements, Part 5.5: IESO-Administered Markets Settlement Amounts
MDP_PRO_0035	Market Manual 5: Settlements, Part 5.6: Non-Market Settlement Programs
MDP_PRO_0046	Market Manual 5: Settlements, Part 5.7: Settlement Process
TBD	Market Manual 5: Settlements, Part 5.10: Settlement Disagreements
IMO_MAN_0024	Market Manual 6: Participant Technical Reference Manual
IMP_LST_0001	<i>IESO</i> Charge Types and Equations
IMO_PBCL_0001	List of Resources for Physical Bilateral Contracts
IMP_SPEC_0005	Format Specifications for Settlement Statement Files and Data Files
Training Guide	Physical Bilateral Contracts Workbook
Training Guide	Energy Market Interface – Submitting, Revising and Cancelling Energy Bids

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