



Market Manual 5: Settlements

Part 5.0 Settlements

Overview

Issue 10.0

This manual provides *market participants* with an overview of the procedures contained in the “Settlements Manual” and the timelines for *IMO* and *market participant* actions related to those procedures.

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This *market manual* may contain a summary of a particular *market rule*. Where provided, the summary has been used because of the length of the *market rule* itself. The reader should be aware, however, that where a *market rule* is applicable, the obligation that needs to be met is as stated in the "Market Rules". To the extent of any discrepancy or inconsistency between the provisions of a particular *market rule* and the summary, the provision of the *market rule* shall govern.

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Related Documents

Document ID	Document Title

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Reference (Paragraph and Section)	Description of Change
Whole document	Corrected Market Manual Part 5.1 title to Settlement Schedule and Payments Calendars (SSPCs)
Table 4-1	Corrected the first event as the market has commenced.

1. Market Manuals

The *market manuals* consolidate the market procedures and associated forms, standards, and policies that define certain elements relating to the operation of the *IMO-administered markets*. Market procedures provide more detailed descriptions of the requirements for various activities than is specified in the “Market Rules”. Where there is a discrepancy between the requirements in a document within a *market manual* and the *market rules*, the *market rules* shall prevail. Standards and policies appended to, or referenced in, these procedures provide a supporting framework.

– End of Section –

2. About This Manual

This document is Volume 5.0 of the *market manuals*, and provides an overview of “Market Manual 5: Settlements”.

The “Settlements Manual” is composed of the following document set:

Document ID	Part No.	Name of Procedure Document
MDP_MAN_0005	5.0	Settlements Overview
MDP_PRO_0031	5.1	Settlement Schedule and Payments Calendars (SSPCs)
MDP_PRO_0032	5.2	Meter Data Processing
MDP_PRO_0034	5.3	Submission of Physical Bilateral Contract Data
MDP_PRO_0045	5.4	Prudential Support
MDP_PRO_0033	5.5	Physical Markets Settlement Statements
MDP_PRO_0035	5.6	Physical Markets Settlement Invoicing
MDP_PRO_0046	5.7	Financial Markets Settlement Statements
MDP_PRO_0047	5.8	Financial Markets Settlement Invoicing
MDP_PRO_0036	5.9	Settlement Payment Methods and Schedule

2.1 Purpose

The “Settlements Manual” is designed to provide *market participants* with a brief overview of the *settlement process*, which is the process of transferring payments from *market participants* who are required to make payment to those who are required to be paid under the “Market Rules” Procedures for *settlements* follow schedules set by the “Market Rules”. Certain related procedures are included.

2.2 Scope

This *market manual* is intended to provide *market participants* with the procedures required to interface with the *IMO* in the *settlements*-related areas. Each procedure in this manual provides a summary of the steps and interfaces between *market participants*, the *IMO*, and other parties. The procedural work flows and steps described in component documents serve as a roadmap for *market participants* and the *IMO*, and reflect the requirements set out in the “Market Rules” and applicable *IMO* policies and standards.

The information provided in the “Settlements Manual” is not intended for use as training material for *market participants* with regard to the above referenced procedures, and specific procedures internal to the *IMO* are not provided.

This procedure describes the activities and schedule for the *IMO* and applicable *market participants* in both the *physical markets* and the financial market. The financial market consists of two elements:

- the *energy forward market (EFM)*, which has been deferred at present and will be addressed in a future release of this document; and
- the transmission rights market (TRM).

At present, only activities relating to the TRM are addressed in those parts of the “Settlements Manual” addressing the financial markets.

2.3 Who Should Use This Manual

The “Settlements Manual” is intended for *market participants* in the following roles:

- **Market participants** participating in the Real-time Energy Markets for *energy*, who are responsible for:
 - submitting comments and objections to the draft Settlement Schedule and Payments Calendars (*SSPCs*) in the required timeframe;
 - reviewing the quantities stored in the *metering database*;
 - identifying to the *IMO* and associated *metered market participant* and/or *metering service provider* any *meter data* errors discovered through *meter* database queries;
 - downloading *preliminary* and *final settlement statements* and associated data files;
 - identifying errors in the *preliminary settlement statements* and data files and providing a *notice of disagreement* if errors are identified in the *preliminary settlement statements*;
 - providing bilateral contract data to the *IMO* in the appropriate format, if desired to reveal the bilateral contract to the *IMO*;
 - receiving notice of a potential *margin call*, and reacting to a *margin call*, if necessary, and taking appropriate action to maintain market participation;
 - providing appropriate *prudential support*, as requested by the *IMO*;
 - receiving *settlement invoices*;
 - processing payments received from the *IMO*;
 - making payments as required to the *IMO settlement account*;
 - providing an alternative means of accomplishing the funds transfer to the *IMO* in the event of failure of the primary *electronic fund transfer* mechanism;
 - reviewing and verifying the monthly Statement of Activity received from the *IMO*;
 - detecting and remedying payment errors;
 - identify payment problems to the *IMO* that may lead to payment default;
 - remedying the conditions that resulted in payment default; and
 - paying *default levies* issued by the *IMO*.
- **Metered market participants**, who are responsible for:

- submitting *physical allocation data* for each *registered wholesale meter (RWM)* or alternatively submitting absolute *meter* readings for each *market participant* associated with an *RWM*; and
- submitting *meter* readings in accordance with the “Market Rules”.

2.4 Conventions

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

- Names of roles and systems are capitalized;
- The word ‘shall’ denotes a mandatory requirement;
- Terms and acronyms in this *market manual* including all parts thereto that are italicized have the meanings ascribed thereto in Chapter 11 of the “Market Rules”; and
- Double quotation marks are used to indicate titles of legislation, publications, forms and other documents.

Any procedure-specific convention(s) shall be identified within the procedure document itself.

– End of Section –

3. Procedures Summary

3.1 Interrelationship of the Procedures

Figure 3–1, shows the composition of this *market manual* and how the procedures, trigger events, and other *market manuals* interrelate.

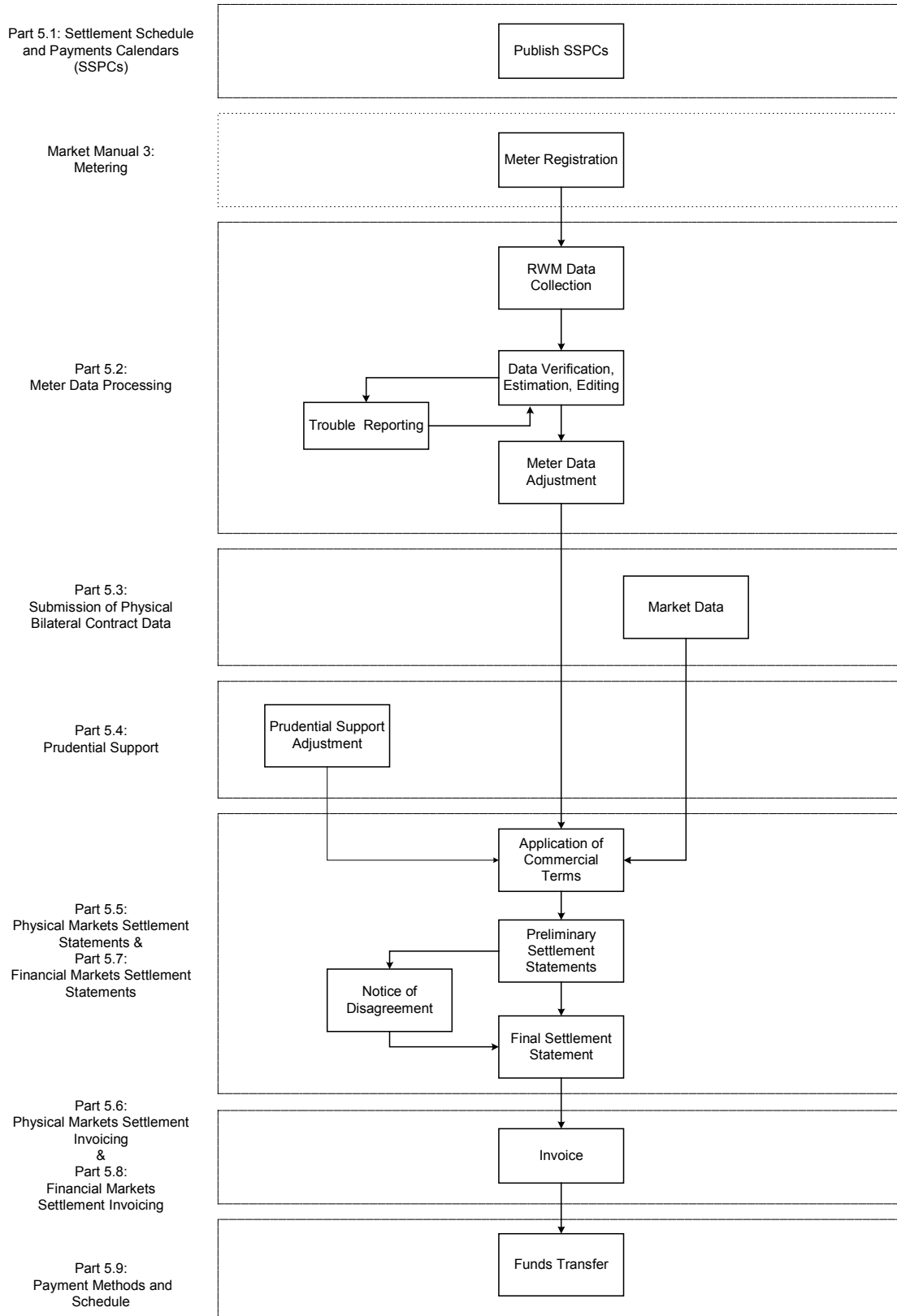


Figure 3–1: Interrelationships of the Settlements Manual Procedures and other Market Manuals

3.2 About the Procedures in This Manual

This manual addresses the steps that *market participants* must take in order to submit the information needed by the *settlement process*, obtain *settlement statements*, submit *notices of disagreement*, process *invoices*, and make payments associated with the *settlement process* for the *IMO-administered markets*. These markets include the financial markets (*energy forward market*¹ and *transmission rights market*), and *physical markets* (*Real-Time energy* and *operating reserve markets* and *capacity reserve market*).

Participation in the *IMO-administered markets* requires that *market participants* and the *IMO* perform certain actions within clearly defined timeframes. The timeframes for performing these actions are specified within each procedure included in this manual and many are summarized in the Settlements Schedule and Payments Calendars (*SSPCs*). See “Part 5.1, Settlement Schedule and Payments Calendars (*SSPCs*)” for more information.

– End of Section –

¹ The *energy forward market* and the *capacity reserve market* have been deferred by the *IMO Board* and are not addressed in detail in this release of the “Settlements Manual”.

4. Applicability of Procedures

The table below summarizes the most common situations or events that are likely to trigger activities described in this *market manual*. To use this table, select the event that most closely matches your area of interest under the “Event” column, then refer to the appropriate procedures document listed in the “Procedure” column.

A list of all procedures documents that comprise this *market manual* is found in Section 2 of this document.

Table 4–1: Events and Procedures

Event	Procedure
On October 15 of each year.	Part 5.1: Settlement Schedule and Payments Calendars (SSPCs)
<i>A metered market participant</i> wishes to submit <i>physical allocation data</i> for allocating <i>metering data</i> among <i>market participants</i> .	Part 5.2: Meter Data Processing
<i>A market participant</i> enters into a physical bilateral contract and wishes to submit contract data to the <i>IMO</i> .	Part 5.3: Submission of Physical Bilateral Contract Data
<i>A market participant</i> wishes to adjust its <i>prudential support</i> , or is required to so do by the <i>IMO</i> .	Part 5.4: Prudential Support
<p><i>A market participant</i> wishes to obtain a <i>preliminary</i> or <i>final settlement statement</i> and associated data files for the <i>real-time market</i>.</p> <p><i>A market participant</i> wishes to obtain information about the data fields on the <i>preliminary settlement statements</i> and associated data files for the <i>real-time market</i>.</p> <p><i>A market participant</i> wishes to submit a query about the contents of the <i>preliminary settlement statement</i> and/or associated data files for the <i>real-time market</i></p> <p><i>A market participant</i> wishes to submit a <i>notice of disagreement</i> pertaining to a <i>settlement statement</i> for the <i>real-time market</i>.</p>	Part 5.5: Physical Markets Settlement Statements
<p><i>A market participant</i> requires information on reading and interpreting the <i>settlements invoice</i> for the <i>real-time market</i>.</p> <p><i>A market participant</i> wishes to submit a query about the <i>settlement invoice</i> for the <i>real-time market</i>.</p>	Part 5.6: Physical Markets Settlement Invoicing

Event	Procedure
<p><i>A market participant wishes to obtain a preliminary or final settlement statement for the TR market.</i></p> <p><i>A market participant wishes to obtain information about the data fields on the preliminary settlement statements for the TR market.</i></p> <p><i>A market participant wishes to submit a query about the contents of the preliminary settlement statement for the TR market.</i></p> <p><i>A market participant wishes to submit a notice of disagreement pertaining to a settlement statement for the TR market.</i></p>	Part 5.7: Financial Markets Settlement Statements
<p><i>A market participant requires information on reading and interpreting the settlements invoice for the TR market.</i></p> <p><i>A market participant wishes to submit a query about the settlement invoice for the TR market.</i></p>	Part 5.8: Financial Markets Settlement Invoicing
<p><i>A market participant wishes to make a settlements payment to the IMO.</i></p> <p><i>A market participant wishes to make a prepayment of funds to the IMO prior to the market participant payment date.</i></p> <p><i>A market participant is seeking information about payments (credits) made by the IMO to the market participants.</i></p> <p><i>A market participant is seeking information pertaining to the monthly confirmation notice issued by the IMO.</i></p> <p><i>A market participant is seeking to inquire about a payment error (overpayment or underpayment).</i></p> <p><i>A market participant's payment to the IMO will be delayed, and the market participant is seeking information about this.</i></p> <p><i>A market participant is seeking information about default levies imposed on non-defaulting market participants.</i></p>	Part 5.9: Settlement Payment Methods and Schedule

– End of Document –