

Guide to Net Settlement Instructions

Alberta Electric System Operator

3000, 240 4 Avenue SW

Calgary, AB • T2P 4H4

aeso.ca

Registered pool participants buy and sell their electricity in the wholesale market and receive the hourly pool price per megawatt hour (MWh) traded. As an alternative to buying and selling energy at the wholesale market price, pool participants can enter into Net Settlement Instructions (NSIs).

What is the purpose of Net Settlement Instructions?

NSIs allow buyers and sellers to enter directly into contracts with other pool participants for an agreed upon amount of power, at a negotiated price, over a specified time period in the future. The AESO has no visibility to the contracted price; however, the NSI must be registered with the AESO via the Energy Trading System (ETS). This is necessary because the AESO requires visibility to the MW volumes sold for each NSI in order to net against the actual metered volumes. This allows the AESO to determine the amount of MWs settled financially through the AESO at the pool price.

What are the benefits?

NSIs can be attractive to pool participants looking for stable pricing arrangements to hedge against the fluctuating hourly pool price. The contract price is determined and agreed upon by both pool participants. NSIs also reduce the risk of pool price fluctuation faced by load customers.

Eligibility for Net Settlement Instructions

You must be a registered pool participant in good standing with the AESO to enter into a NSI. For a complete list of pool participants, please refer to the [Participant List](#).

Registering a Net Settlement Instruction

- Pool participants must obtain a digital certificate with NSI access rights. Digital certificates allow secure access to the AESO's ETS, where all NSIs are registered.
- Both pool participants involved in the NSI must have registered assets, as listed in the [Asset List](#) posted on the AESO website.
- For each NSI, there must be a sink and source asset assigned. Sink assets represent load such as retail/self-retail, exporters, and forward market buy assets. Source assets represent a supply source such as generators, importers, or forward market selling assets.
- Only one party (either the sink or the source customer) is required to register the NSI in the ETS. The counter-party acknowledges the NSI.
- A NSI must be registered and acknowledged in ETS by both parties no later than 20 minutes prior to the beginning of the settlement interval in which the NSI is to take effect.

De-registering a Net Settlement Instruction

- If a NSI has yet to take effect, the AESO can reject the NSI upon notification.

Guide to Net Settlement Instructions

- For NSIs that have already taken effect, please contact the AESO and the de-registration process can be initiated. The required information must be submitted to the AESO as described in section 4 of the [ISO Rules](#).
- A request to de-register a NSI must be submitted no less than three business days prior to the requested date for deregistration to info@aeso.ca.

For Further Information

- Section 4 of the [ISO Rules](#) describes the process and conditions by which NSIs of eligible parties will be carried out.
- The [Participant Manual](#) contains supplemental material for those pool participants requiring step-by- step guidance for registering new NSIs in the ETS, as well as troubleshooting questions.
- The [Settlement](#) section of our website offers useful information pertaining to the financial settlement of NSIs and the trading charge application.

For further information, email us at info@aeso.ca.

Helpful Links

- [Understanding the market](#)
- [Joining the energy market](#) as a Pool Participant
- [Settlement and Credit](#)
- [Utilities Consumer Advocate](#)