

Information Documents are not authoritative. Information Documents are for information purposes only and are intended to provide guidance. In the event of any discrepancy between an Information Document and any Authoritative Document(s)¹ in effect, the Authoritative Document(s) governs.

1 Purpose

This Information Document relates to the following Authoritative Document:

- Section 103.9 of the ISO rules, *Capacity Market Financial Settlement* (“Section 103.9”).

The purpose of this document is to provide guidance to market participants regarding the capacity market financial settlement process.

2 Background

The AESO has designed the capacity market settlement process to minimize the requirements for capacity market participants to post financial security by limiting the monthly exposure to capacity charges to not exceed the capacity award in most cases. However, there are instances where the capacity market participant will be exposed to charges and may be required to post financial security with the AESO in accordance with Section 103.11 of the ISO rules, *Capacity Market Financial Security Requirements*. Examples of where the capacity market statement would require capacity market participant payment and, therefore, results in a requirement to post financial security are:

- (a) a negative capacity award. (See the Information Document titled *Capacity Market Financial Settlement* for an example of a negative capacity award); and
- (b) a reduction in the capacity award from the current obligation period to the next that results in a lower capacity award, and the asset incurs under-delivery or under-availability adjustments held in the payment adjustment balances that are expected to be greater than 2 times the capacity award.

3 Capacity market settlement process

Appendix 1 illustrates the steps in the capacity market financial settlement process.

4 Financial settlement example calculations

See Appendix 2.

5 Capacity market statements

Capacity market statements are located in the Capacity Market Settlement System [NTD: the AESO has yet to develop or name the settlement system.] portal on the AESO website. Capacity market statements are only available if logged in.

When capacity market statements become available on the AESO website, all capacity market participants receive a notification. This notification alerts capacity market participants to the release of their statements. In the case of the preliminary capacity market statement notice, this also opens the window for volume reallocation as set out in subsection 2 of Section 206.10 of the ISO rules, *Volume Reallocation*. Additionally, a schedule of capacity market settlement dates is available on the AESO website. [NTD: AESO to insert a hyperlink.]

¹ “Authoritative Documents” is the general name given by the AESO to categories of documents made by the AESO under the authority of the *Electric Utilities Act* and associated regulations, and that contain binding legal requirements for either market participants or the AESO, or both. AESO Authoritative Documents include: the ISO rules, the Alberta reliability standards, and the ISO tariff.

5.1 Preliminary capacity market statement

Preliminary capacity market statements are available on the AESO website by the end of the 5th business day after the end of each settlement period. Preliminary capacity market statements provide capacity market participants the opportunity to review settlement information and contact the AESO if there is a potential discrepancy prior to the AESO issuing a final capacity market statement.

5.2 Final capacity market statement

Final capacity market statements are available on the AESO website by the end of the 15th business day after the end of each settlement period. Final capacity market statements include updated information and corrections to preliminary capacity market statements, if applicable. Financial transactions between the AESO and capacity market participants are based on final capacity market statements.

5.3 Components of the capacity market statement

The following are the line items that generally appear on preliminary and final capacity market statements for a settlement period. A preliminary or final capacity market statement for a given capacity market participant may not include all of the items listed below. An example of a capacity market statement is available in Appendix 2.

- (a) adjusted capacity award;
- (b) prior period adjusted capacity payment – charges resulting from the resettlement of a prior period, listed by month. Supporting documentation is available in the Capacity Market Settlement System, which shows the amount of the prior period change for each capacity asset;
- (c) net capacity payment; and
- (d) payment adjustment balance for Delivery and Availability

5.4 Capacity market statement verification

The AESO uses various reports to verify capacity market statements in the Capacity Market Settlement System.

The AESO recommends that capacity market participants frequently review the settlement reports the AESO posts throughout the month. By frequently reviewing the settlement reports, capacity market participants are more likely to identify potential discrepancies and resolve them with the AESO early in the financial settlement process. If any potential discrepancies are identified, please contact the AESO at settlement@aeso.ca as soon as possible.

6 Settlement dates and payment obligations

The AESO issues preliminary and final capacity market settlement statements. Details regarding settlement timing can be found on the AESO website in Settlement Dates [ntd – AESO to insert hyperlink]. The AESO settles the final capacity market statement in accordance with subsection 12 of Section 103.9, and payment is due on the 20th business day based on the final capacity market settlement statement in accordance with subsection 13 of Section 103.9

6.1 Agent arrangements

A capacity market participant may, in accordance with section 201.11 of the ISO rules, *Appointment of Agent for the Capacity Market*, appoint an agent to act on its behalf.

6.2 Method of receiving and sending payment

As required by subsection 14 of Section 103.9, a capacity market participant must pay the AESO by wire transfer to the bank account the AESO specifies. Please note that the AESO does not accept cheques, counter deposits, or bank drafts for the payment of final capacity market statements.

The AESO uses wire transfers to pay capacity market participants. Each payment is deposited into a capacity market participant's bank account on the due date. Wire transfers provide the AESO the ability to

track all payments made, which is especially important for the payment of large amounts. Any wire transfer fees are generally charged to a capacity market participant by its bank.

The AESO facilitates the cash settlement of the market, whereby payments and charges from the market occur on the same business day.

Please submit inquiries regarding banking instructions to: accounting@aeso.ca.

6.3 Late payment

If a capacity market participant fails to make a payment by its due date, the capacity market participant is considered to be in default and is expected to immediately contact the AESO at settlement@aeso.ca. For additional information regarding the consequences for late payment, please refer to section 103.7 of the ISO rules, *Financial Default and Remedies*.

Any excess amounts the AESO receives from a capacity market participant are returned to that capacity market participant, less any applicable wire transfer fees. The AESO does not pay interest to a capacity market participant as a result of any prepayment.

7 Capacity market statement discrepancies and disputes

7.1 Discrepancies on preliminary capacity market statements

If a capacity market participant identifies a potential discrepancy in over or under-delivery adjustment, it may be due to a delay in the AESO's acquisition of meter data. The capacity market participant may contact the meter data manager that it has engaged in order to confirm that all applicable metered energy has been submitted to the AESO.

7.2 Discrepancies on final capacity market statements

If a capacity market participant notices an error in its final capacity market statement, email settlement@aeso.ca to provide details.

The procedure for a capacity market participant to dispute the information contained in a final capacity market statement issued on a final basis, is set out in subsection 18(2) of Section 103.9. Information regarding the formal dispute submission periods can be found on the AESO website.

Notwithstanding any written dispute, a capacity market participant must pay the final capacity market statement amount in full in accordance with subsection 7 of Section 103.2 of the ISO rules, *Dispute Resolution*. The AESO reconciles any adjustments made to the amounts owing in a final capacity market statement as a result of a written dispute on subsequent capacity market statements.

8 Appendices

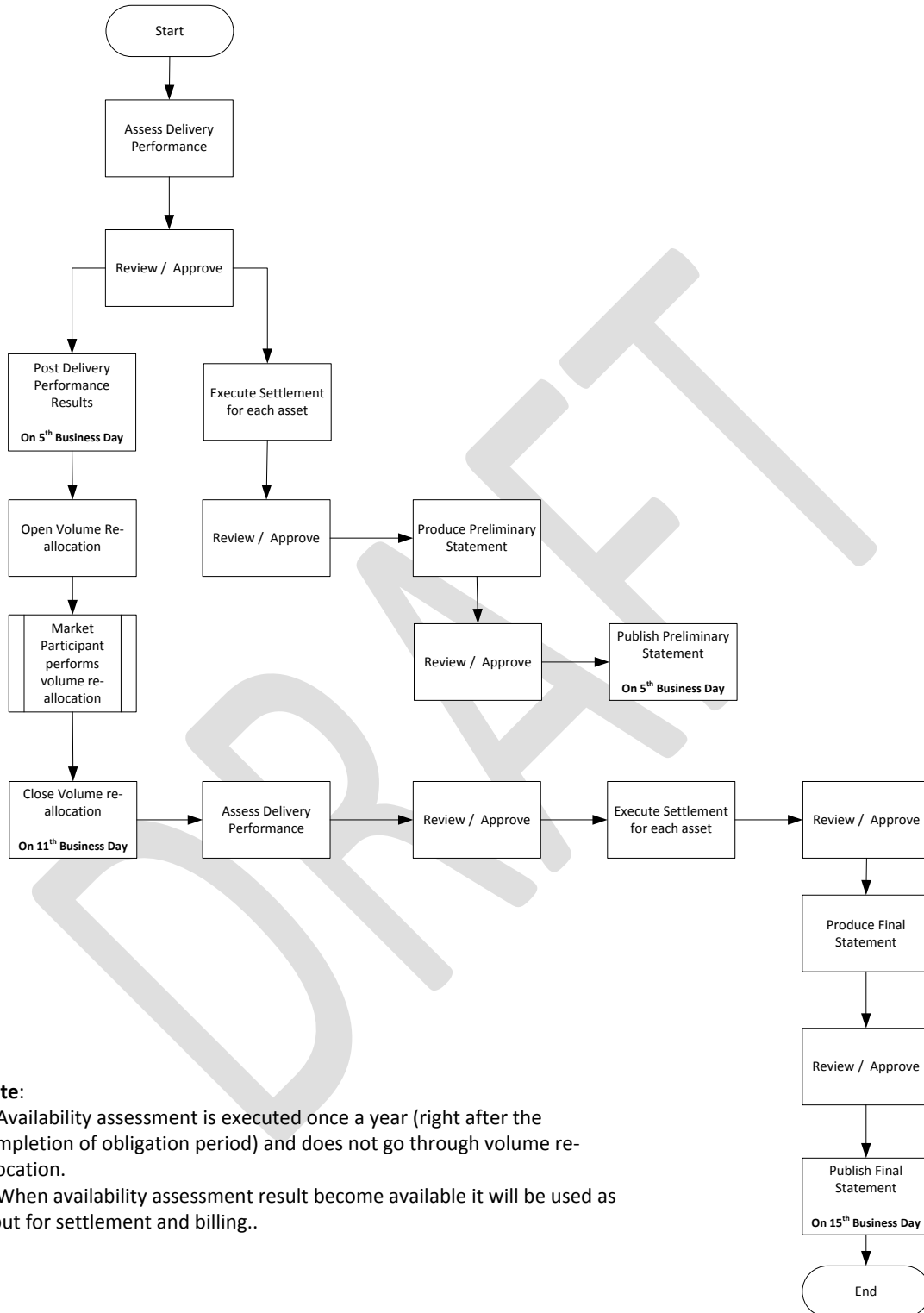
Appendix 1 – Capacity Market Financial Settlement Steps

Appendix 2 - Capacity Market Financial Settlement Example Calculations

Revision History

Posting Date	Description of Changes
	Initial release

Appendix 1 - Capacity Market Financial Settlement Steps



Note:

1. Availability assessment is executed once a year (right after the completion of obligation period) and does not go through volume re-allocation.
2. When availability assessment result become available it will be used as input for settlement and billing..

Appendix 2 – Capacity Market Financial Settlement Example Calculations

[NTD – the AESO will provide when available.]

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Appendix 2 – Capacity Market Statement Example

NTD: to be inserted when available

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