

ISO Rules

Part 100, General

Division 103 Administration

Section 103.7 Financial Default and Remedies



Applicability

- 1 Section 103.7 applies to:
 - (a) a **market participant** with any **financial obligation** to the **ISO**, except where the **market participant** is the **legal owner** of a **transmission facility** where the person who is eligible to apply for the construction and operation of the **transmission facility** was determined by a competitive process developed by the **ISO** in accordance with the **Act**; and
 - (b) the **ISO**.

Requirements

Interest Charge

2(1) If a **market participant** fails to pay in full any **financial obligation** to the **ISO** on or before a specified due date for that **financial obligation**, then the **market participant** must pay an amount of interest on the outstanding balance calculated in accordance with subsection 2(2), commencing from the due date and up to and including the **business day** the **ISO** receives payment.

(2) Subject to subsection 2(3), the **ISO** must calculate interest at the Bank of Montreal Canadian prime rate plus six percent (6%).

(3) If the **ISO** determines under subsection 21 of section 103.4 of the **ISO rules**, *Power Pool Financial Settlement* that a **settlement date** for a **pool participant** must be either the eighteenth (18th) or nineteenth (19th) **business day** following a **settlement period**, then the **ISO** must calculate the amount of interest for that **pool participant** at the Bank of Montreal Canadian prime rate plus twelve percent (12%), for so long as the **pool participant** has an accelerated settlement date in accordance with that subsection 21 of section 103.4 of the **ISO rules**, *Power Pool Financial Settlement*.

Late Payment Charge

3 If a **market participant** fails to pay in full any **financial obligation**, then the **market participant** must pay a late payment charge equal to two (2) days interest on the outstanding balance, calculated on the day following the payment due date at the applicable interest rate determined under subsection 2.

Other Charges

4 If a **market participant** fails to pay in full any **financial obligation**, then the **market participant** must pay to the **ISO** any additional fees, costs and charges the **ISO** incurs in the course of collecting or litigating to recover the outstanding balance, including:

- (a) any enforcement and litigation costs on a solicitor and client basis for legal services; and
- (b) the recovery of any bank charges billed to the **ISO** related to the payment default of the **market participant**, including overdraft bank processing fees or any other fee the bank of the **ISO** charges as a result of the payment default.

ISO Right to Realize on Financial Security

- 5 If:
 - (a) a **market participant** or its guarantor fails to pay in full any **financial obligation**; or

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- (b) in the opinion of the **ISO**, the **market participant** or its guarantor:
 - (i) becomes insolvent or is unable to meet its debts as they mature;
 - (ii) files a voluntary petition in bankruptcy or seeks reorganization or to effect a plan or other arrangement with creditors;
 - (iii) files an answer or other pleading admitting, or fails to deny or contest, the material allegations of an involuntary petition filed against it pursuant to any applicable statute relating to bankruptcy, arrangement or reorganization;
 - (iv) is adjudicated a bankrupt or makes an assignment for the benefit of its creditors generally;
 - (v) applies for, consents to, or acquiesces in the appointment of any receiver or trustee for all or a substantial part of its property, and any such receiver or trustee is appointed and is not to be discharged within thirty (30) **days** after the date of such appointment; or
 - (vi) generally is unable to pay its debts as such debts become due;

then subject to the terms of any form of **financial security**, **system access service** agreement, **ancillary services** agreement or any other agreement between the **ISO** and the **market participant** or its guarantor, the **ISO** may by written notice immediately realize upon any form of **financial security** provided to the **ISO** by the **market participant** or its guarantor, in partial or full satisfaction of the amount of outstanding indebtedness, including any interest and any other charges referred to in this section 103.7.

Restoration of Financial Security

6(1) If the **ISO** realizes upon any form of **financial security** against a defaulting **market participant** or its guarantor and:

- (a) the **ISO** has not issued a notice of termination in accordance with subsection 7; and
- (b) the **market participant** has any outstanding residual **financial obligation**;

then the **ISO** may at its sole discretion deliver written notice to the **market participant** to replace the form of **financial security**.

(2) The **market participant** receiving notice under subsection 6(1) must replace the form of **financial security** no later than the close of business on the second (2nd) **business day** after the delivery of the notice.

(3) If after delivery of the notice the **market participant** fails to replace the form of **financial security** in accordance with subsection 6(2), then the **ISO** may exercise any or all of the remedies specified in this section 103.7 against the **market participant**.

Suspension or Termination

7 For any default referred to in subsection 5 and subject to the terms of any form of **financial security** or any agreement referenced in that subsection, the **ISO** may by written notice suspend or terminate any service or all services the **ISO** provides to the **market participant**, including its:

- (a) registration as a **pool participant**, and any related validation, authorization or acceptance of any of its **bids** or **offers** or other form of transactional activity in the **power pool** under the **ISO rules**;

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- (b) registration of any **net settlement instruction** and related activity under section 103.5 of the **ISO rules**, *Net Settlement Instruction*;
- (c) unsecured credit limit granted under section 103.3 of the **ISO rules**, *Financial Security Requirements*; and
- (d) **system access service** or any other **ISO tariff** agreements or services under the **ISO tariff**.

ISO Termination Final Statement

8 The **ISO** must make final determinations of all **ISO** outstanding amounts and financial losses as at the date and time of a termination under subsection 7, and on the **business day** when the **ISO** delivers the notice of termination, or as soon after as is reasonable, provide to the **market participant** a statement showing all final calculations.

Failure to Provide Additional Financial Security by Non Rated Entity

9 If a **market participant** has been granted an unsecured credit limit under section 103.3 of the **ISO rules**, *Financial Security Requirements* and it fails to provide an additional or replacement form of **financial security** as demanded by the **ISO** by notice under subsection 6(6) of section 103.3 of the **ISO rules**, *Financial Security Requirements*, then the **ISO** may exercise any or all of the remedies set out in this section 103.7 against the **market participant**.

Other Remedies

10(1) The remedies set out in this section 103.7 are in addition to any other legal or equitable remedies available to the **ISO**.

(2) A suspension or termination of any or all services under subsection 7 does not release, discharge, limit or otherwise affect any outstanding **financial obligation** of the **market participant** or its guarantor.

Revision History

| Effective | Description |
|------------|---|
| 2016-11-29 | Revisions to the Applicability section |
| 2015-11-26 | Amendments to numbering references in subsection 2(3) |
| 2011-07-01 | Initial release |