



Memorandum

To: ISO Board of Governors

From: Eric Schmitt, Vice President, Operations

Date: August 24, 2016

Re: **Decision on settlement and dispute timeline change**

This memorandum requires Board action.

EXECUTIVE SUMMARY

For each trading day, the ISO issues an initial settlement statement with estimated charges or credits, followed by a series of recalculation settlement statements that refine the financial settlements as additional data becomes available and disputes are resolved. The second-to-last of the recalculation settlement statements is currently issued 35 months after the trading day. This statement is commonly referred to as the “T+35M” recalculation statement.

Because this 35 month recalculation statement is issued only one month before settlements are effectively final at 36 months, the tariff allows market participants only five business days to submit any disputes. This dispute period is significantly shorter than the dispute period for other settlement recalculations.

To allow market participants additional time to review and dispute this penultimate statement, Management proposes to accelerate it by two months, from 35 months after the trading day to 33 months after the trading day. This change would allow the dispute period to be expanded from 5 business days to 22 business days, which would be consistent with the dispute period for other statements.

Moved, that the ISO Board of Governors approves the change to the timeline for settlement statements and disputes, as described in the memorandum dated August 24, 2016; and

Moved, that the ISO Board of Governors authorizes Management to make all necessary and appropriate filings with the Federal Energy Regulatory Commission to implement the proposed tariff change.

DISCUSSION AND ANALYSIS

In September 2015, a number of market participants filed comments in Federal Energy Regulatory Commission Docket No. EL15-94 stating that the deadline to review and dispute the 35 month recalculation settlement statement is too short. In response to these comments, and to comments expressed during the stakeholder process, the ISO is proposing to adjust the settlement statement timeline to allow more time to review these statements and to submit disputes.

Currently, the 35 month recalculation settlement statement has a five business day window for disputes. This deadline is uniquely short among settlement statements, which generally allow at least 22 business days for review. The reason for this short deadline is to allow the ISO enough time to make any adjustments before the 36 month recalculation, which is effectively final.

To allow market participants additional time to review and dispute their 35 month recalculation settlement statements, Management is proposing to adjust the settlement statement timeline to issue this statement 33 months after the trading day, rather than 35 month statement, which will no longer be issued. This change will also help market participants by more closely aligning the dispute deadline of the various settlement statements. The ISO typically issues several different settlement statements on the same day, for example both a 35 month recalculation and an 18 month calculation. This change will avoid a situation where one of these statements is subject to an unusually short review period.

This change will require a two month transition period during which the ISO and market participants would need to review and process an additional set of settlement statements – i.e., both the current T+35M and the new T+33M.

POSITIONS OF THE PARTIES

There is no opposition to the proposed change. Management posted a straw proposal in December of 2015. Stakeholders submitted six sets of written comments, all of which support the changes. Management posted a final proposal in January of 2016. One written comment was submitted, which supported the change. Management posted proposed tariff revisions in July, and hosted a call to discuss the revisions in August. No additional comments were submitted.

CONCLUSION

Management requests the Board approve the modifications to the settlement statement and dispute timeline as described above to allow sufficient time for market participants to review and, if necessary, submit disputes on 33 month recalculation settlement statements.