



# Billing Training Guide

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*Overview of the Invoice and Payment Process*



## Disclaimer for Market Training

ISO New England provides training to advance participant and stakeholder understanding of the New England Markets.

Since not all issues and requirements are addressed by the training, participants and other stakeholders should not rely solely on this training for information but should consult the effective Markets, Services and Transmission Tariff (“Tariff”) and the relevant Market Manuals, Operating Procedures and Planning Procedures (“Procedures”).

In case of a discrepancy between training provided by ISO and the Tariff or Procedures, the meaning of the Tariff and Procedures shall govern.

# OBJECTIVE

- To provide an overview of key **Billing** policies
  - Twice weekly billing and payment cycle
  - Available options for payment
  - Notices and suspensions
  - How payment shortfalls and defaults are allocated to participants





Billing and  
Payment Cycle

Available  
Payment  
Options

Notice and  
Suspension

Allocation of  
Payment  
Shortfalls and  
Payment  
Defaults

Billing and  
Payment Cycle

Available  
Payment  
Options

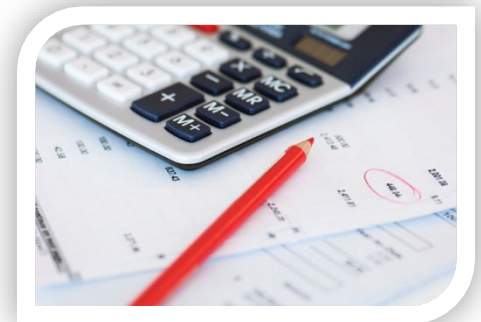
Notice and  
Suspension

Allocation of  
Payment  
Shortfalls and  
Payment  
Defaults

# BILLING AND PAYMENT CYCLE

## WEEKLY STATEMENTS

- ISO New England (ISO) issues twice weekly statements for complete-day settlement amounts for hourly charges/payments as well as daily Forward Capacity Market charges and credits as detailed in the Billing Policy, section 1.3
  - Issued on Mondays and Wednesdays, or the next business day, if Monday or Wednesday is a settlement holiday
  - Statements are issued electronically and are available on the FTP on the statement issuance date
  - Calendar of settlement holidays can be found at <https://www.iso-ne.com/markets-operations/settlements/holidays>
  - Bill Job Aid can be found at <https://www.iso-ne.com/search/?document-type=Billing%20Job%20Aids&query=bill%20job%20aid>



# BILLING AND PAYMENT CYCLE

## MONTHLY STATEMENTS

- ISO New England (ISO) issues a monthly statement, including both the hourly charges for the relevant billing period as well as the non-hourly (monthly) services for the preceding calendar month
  - Issued on the first Monday, following the ninth calendar day of the month, or the next business day, if Monday is a settlement holiday
  - Statements are issued electronically and are available on the FTP on the statement issuance date
  - Calendar of settlement holidays can be found at <https://www.iso-ne.com/markets-operations/settlements/holidays>
  - Bill Job Aid can be found at <https://www.iso-ne.com/search/?document-type=Billing%20Job%20Aids&query=bill%20job%20aid>

# BILLING AND PAYMENT CYCLE

## INVOICES AND REMITTANCE ADVICES



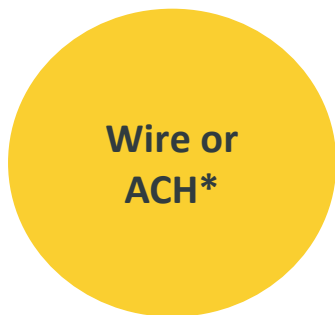
- Invoices for amounts due shall be due no later than second business day following issuance of invoice so long as the ISO issues such Invoice by 11:00am eastern time, *see section 3.1 of the Billing Policy*
- Remittance advices shall be paid to market participants on the fourth business day following the issuance of invoice so long as the ISO issues such Remittance Advice by 11:00am eastern time, *see section 3.2 of the Billing Policy*
  - Funds will be deposited via wire or ach to the bank account on file in the Customer Asset Management system (CAMS)
  - Instructions for maintaining your Banking information can be found [https://www.iso-ne.com/static-assets/documents/2016/06/CAMS\\_Banking\\_Instructions.pdf](https://www.iso-ne.com/static-assets/documents/2016/06/CAMS_Banking_Instructions.pdf)
  - The effective date of a banking change must be a minimum two business days from the date entered, up to a maximum of ten business days out from the date the change was entered



# AVAILABLE PAYMENT OPTIONS

- Participants can only pay their invoice using the following methods of payment:

1



**Wire or  
ACH\***

Checks are not an acceptable form of payment

\*Automatic Clearing House

2



**Standing  
Blackrock  
Instruction**

Form letter instructing ISO to pay all of the participant's invoices through their Blackrock account

3



**One-time  
Blackrock  
Instruction**

One-time form letter instructing ISO to pay a participant's current invoice through their Blackrock account

4



**Standing  
Auto-debit  
Instruction**

Form letter instructing ISO to pay all of the participant's invoices by debiting the bank account instructed on the form

5



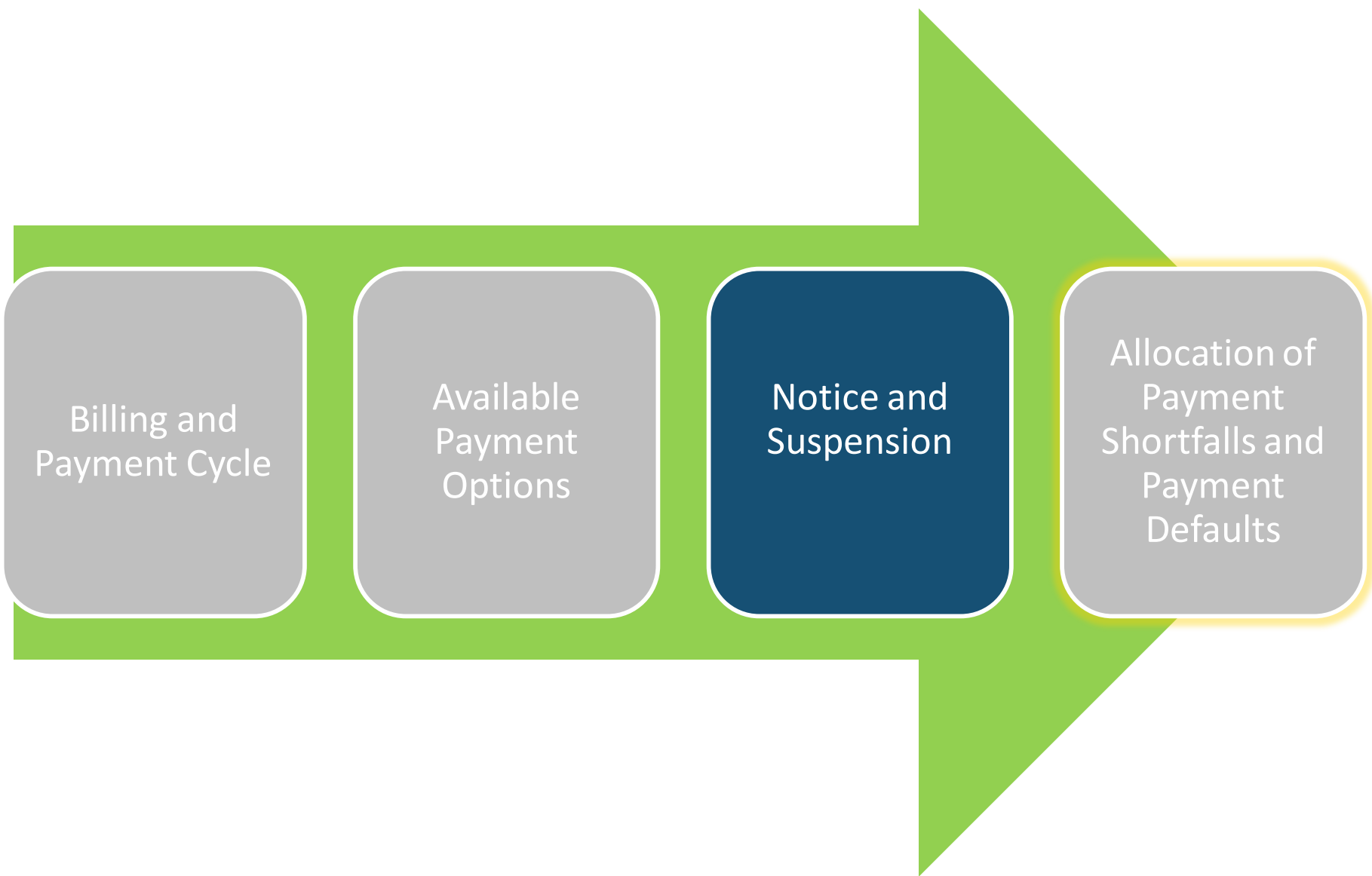
**One-Time  
Auto-debit  
Instruction**

One-time form letter instructing ISO to pay a participant's current invoice by debiting the bank account instructed on the form

- Payment instruction forms must be submitted to the ISO no later than 5:00 p.m. (Eastern Time) two days prior to the invoice date
- The above methods of payment are also available for Qualification Process Cost Reimbursement Deposit (QPCRD) charges that appear on an invoice

# AVAILABLE PAYMENT OPTIONS (CONT.)

- Payment forms are available on the ISO Web site  
<https://www.iso-ne.com/markets-operations/settlements/billing-materials-and-forms/>
- Submit payment forms to the Billing Department at  
[billingdept@iso-ne.com](mailto:billingdept@iso-ne.com)



# NOTICE AND SUSPENSION – NOTICE

- If a payment default is not cured by 10:00 a.m. (Eastern Time), within one business day of due date of invoice, ISO shall notify the following:
  - Market participant
  - Active Participant's billing and credit contacts
  - NEPOOL Budget and Finance Subcommittee
  - Members and alternates of the NEPOOL Participants Committee
  - New England Governors
  - New England Utility Regulatory agencies

# NOTICE AND SUSPENSION (CONT.)

- If a payment default is not cured by 8:30 a.m. (Eastern Time), within two business days of invoice due date, suspension for defaulting entity as described in the Financial Assurance Policy (FAP) will include, but is not limited to the following actions:
  - No ability for the suspended participant to incur a financial obligation in the ISO's settlement system or any liability to the ISO, NEPOOL, or market participant
  - No ability to submit demand bids, decrement bids, or increment offers in the New England Markets
  - Termination of any registered load asset
  - Suspension from entering into any future transactions in Financial Transmission Rights system or submitting any offers in Forward Capacity Auction
  
- Refer to the [Financial Assurance](#) and [Billing Policy](#) on the ISO Web site for the complete Notice and Suspension Policy

# NOTICE AND SUSPENSION (CONT.)

- A defaulting Participant is subject to the following items that will appear on the weekly statement that includes both hourly and non-hourly (monthly) services:

## Interest Charges



Defaulting participant will receive an interest charge for outstanding balance due to the ISO based on the FERC Prime Rate for the number of days outstanding

## Remit for Interest

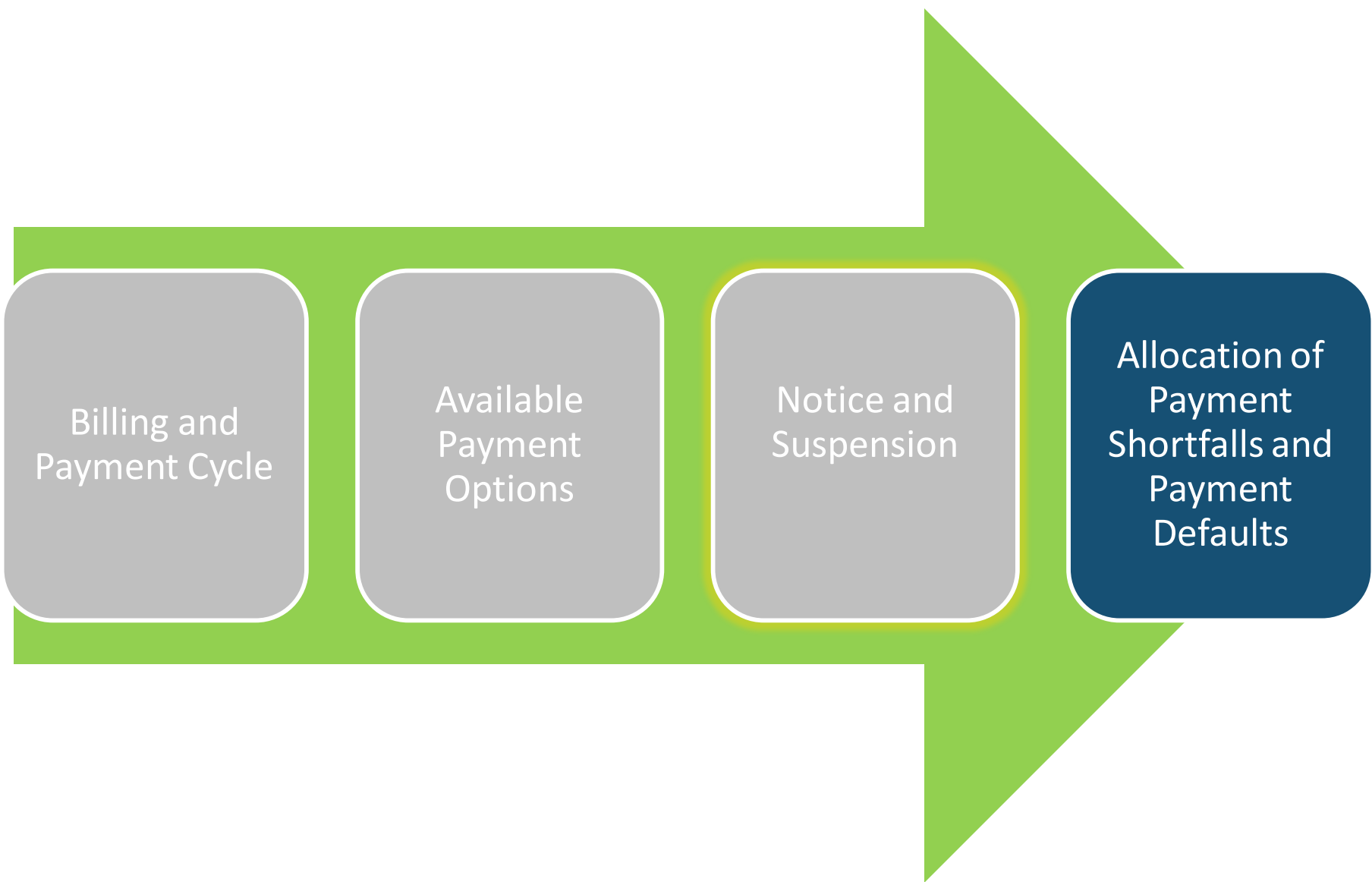


Interest charges collected from all defaulting participants shall be remitted back to any participant affected by a short pay

## Late Payment

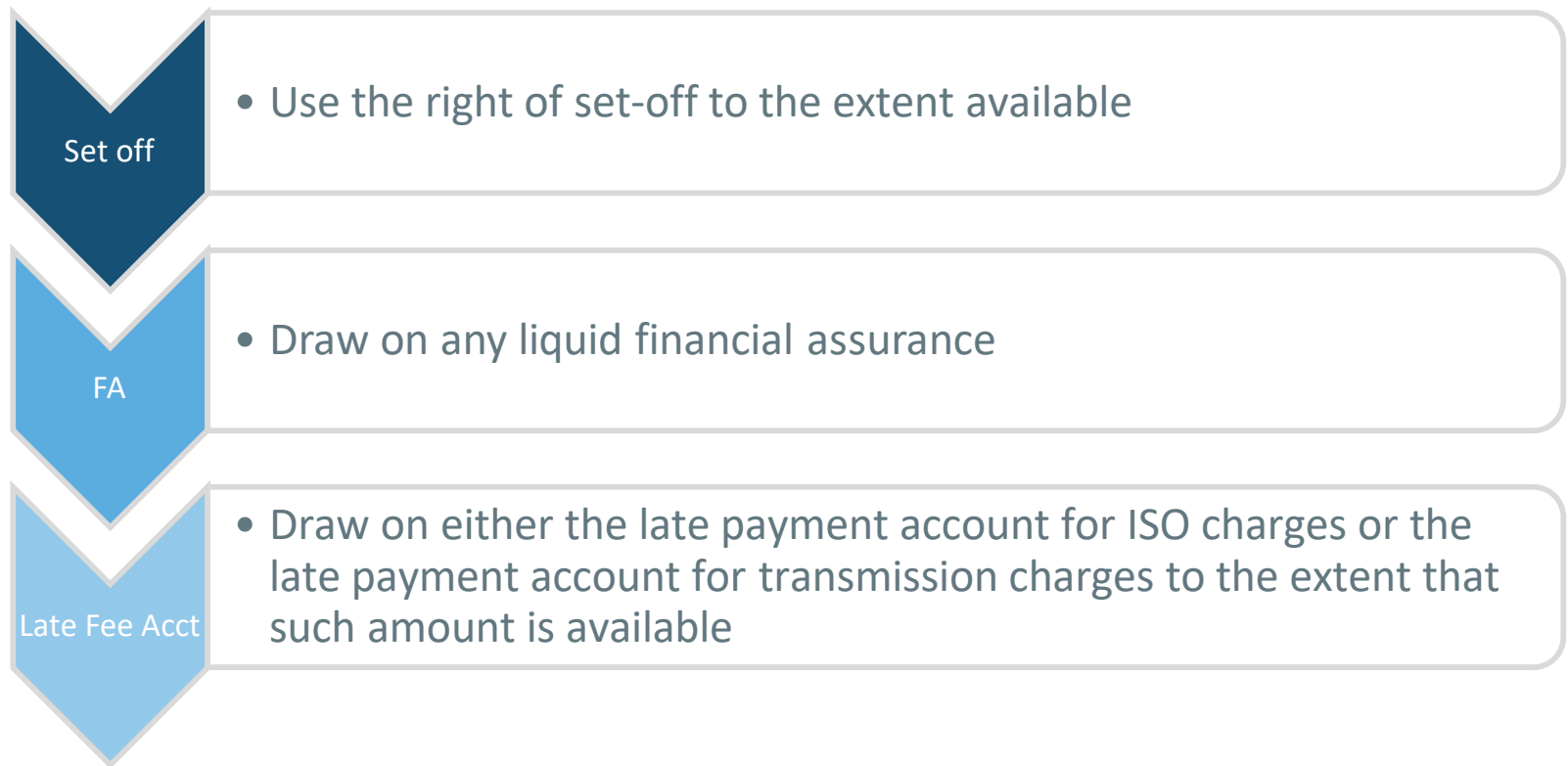


- Defaulting participant will be charged a late payment if they are delinquent two or more times within any period of 12 months.
- Late payment charge is the greater of 2% of the late payment or \$500

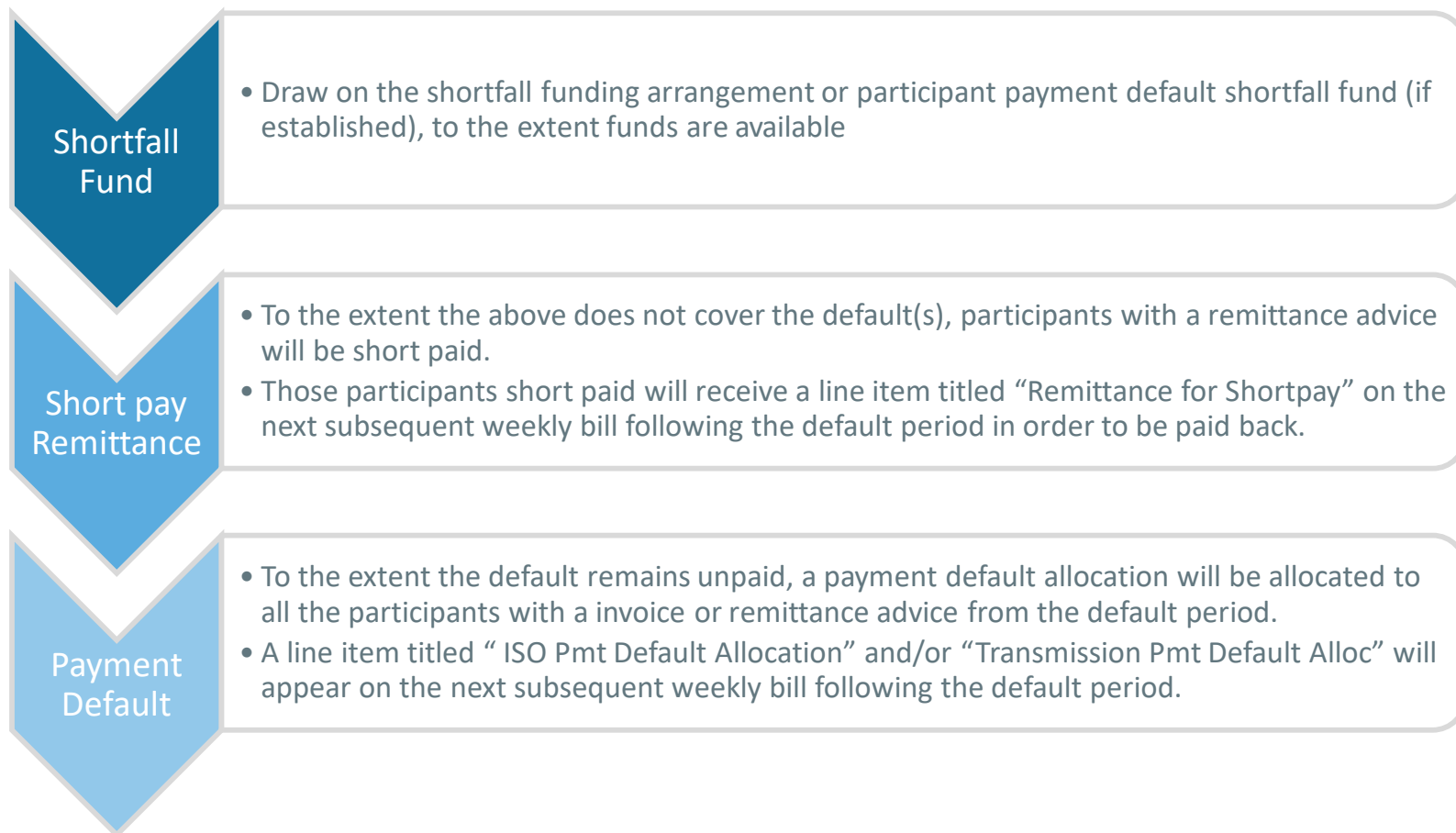


# ALLOCATION OF PAYMENT SHORTFALLS AND PAYMENT DEFAULTS

- If a participant defaults, the following process will ensue to cover for the default:



# ALLOCATION OF PAYMENT SHORTFALLS AND PAYMENT DEFAULTS (CONT.)



- **Note: The exercise of any of these funding mechanisms is not considered payment of the invoice and the Participant will remain in default until such time as payment is received**

# USE OF THE LATE PAYMENT ACCOUNT

- Any defaults that are related to ISO Charges only can be drawn from the late payment account (LPA)
- Defaults will be segregated by market participants that have a credit limit (unsecured) and market participants that do not have a credit limit (uncovered)
- To the extent there is money in the LPA, the funds will be applied on a pro rata basis as follows:
  - Funds will be first applied on a pro rata basis to the uncovered defaults
  - Remaining monies in the LPA will then be applied on a pro rata basis to the unsecured defaults up to the extent of the defaulter's credit limit
  - Any portion of the default that is greater than the credit limit is considered uncovered

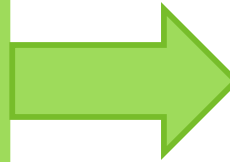
# USE OF THE TRANSMISSION LATE PAYMENT ACCOUNT

- A transmission late payment account (TLPA) will be created for any defaults that are related to Transmission Charges only
- Defaults will be segregated by unsecured and uncovered market participants
- To the extent there is money in the TLPA, the funds will be applied on a pro rata basis as follows:
  - Funds will first be applied on a pro rata basis to the uncovered defaults
  - Remaining monies in TLPA will then be applied on a pro rata basis to the unsecured defaults up to the extent of the defaulter's credit limit
  - Any portion of the default that is greater than the credit limit is considered uncovered

# USE OF SHORTFALL FUNDING ARRANGEMENT OR PARTICIPANT PAYMENT DEFAULT SHORTFALL FUND (IF ESTABLISHED)

- Defaults will be segregated by unsecured and uncovered market participants and applied first to defaults of ISO charges and then to defaults of transmission charges as follows:

To the extent there is money available on the shortfall funding arrangement or the participant payment default shortfall fund, the funds will be first applied on a pro rata basis to the uncovered defaults for **ISO charges** and then applied on a pro rata basis to the unsecured defaults for **ISO charges** up to the extent of the defaulter's credit limit. Any portion of the default that is greater than the credit limit is considered uncovered.



To the extent there is still money available on the shortfall funding arrangement or the participant payment default shortfall fund, the funds will be then applied on a pro rata basis to the uncovered defaults for **transmission charges** and then applied on a pro rata basis to the unsecured defaults for **transmission charges** up to the extent of the defaulter's credit limit. Any portion of the default that is greater than the credit limit is considered uncovered.

# USE OF REMITTANCE HOLDER SHORT PAYMENT

- Payment defaults creating the need to short pay market participants receiving remittance advice(s) during billing cycle for which a payment default has occurred, will be allocated as follows:

Category of defaulting market participant



- All municipal participants with ISO and/or transmission credit limits  
*(Unsecured municipal market participants)*
- All non-municipal participants with ISO and/or transmission credit limits  
*(Unsecured non-municipal market participants)*
- All other market participants

Type of charge within market participant category



- Charges for Schedules 1, 8, and 9 under Section II of the ISO Transmission, Markets and Service Tariff *(Transmission Charges)*
- All charges other than transmission charges *(ISO Charges)*

Note: Both categories and types are further defined in the Billing Policy

# USE OF REMITTANCE HOLDER SHORT PAYMENT (CONT.)

- If the defaulting participant is an unsecured municipal market participant, default will be short paid based on a pro rata basis among those unsecured municipal market participants up to the credit limit of the defaulting participant
- If the defaulting participant is an unsecured non-municipal market participant, default will be short paid based on a pro rata basis among those unsecured non-municipal market participants up to the credit limit of the defaulting participant
- Any remaining default will be short paid based on a pro rata basis among all remittance holders

# MARKET INFORMATION SERVER REPORT

## SHORT PAYMENT TO REMITTANCE HOLDERS

### Detail Shortfall Allocation Customer Report

BL\_SHORTFALL\_<customer id>\_<invoicedate>00\_<version>.CSV  
<Customer Name>

Date: <mm/dd/yyyy> and Version: <mm/dd/yyyy hh:mm:ss> GMT

ISO Charge Remittance Total (A)	UNSEC MMP Pool ISO Remittance Total (B)	UNSEC MMP Pool ISO Remittance Total Reduction (C)	UNSEC MMP ISO Remittance Total Reduction (D=(A/B)*C)	UNSEC NMMP Pool ISO Remittance Total (E)	UNSEC NMMP Pool ISO Remittance Total Reduction (F)	UNSEC NMMP ISO Remittance Total Reduction (G=(A/E)*F)	Pool ISO Remittance Total (H)	Pool ISO Remittance Total Reduction (I)	ISO Remittance Total Reduction (J=((A-(D+G))/H)*I)	Transmission Remittance Total (K)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

### Detail Shortfall Allocation Customer Report

BL\_SHORTFALL\_<customer id>\_<invoicedate>00\_<version>.CSV  
<Customer Name>

Date: <mm/dd/yyyy> and Version: <mm/dd/yyyy hh:mm:ss> GMT

UNSEC MMP Pool Transmission Remittance Total (L)	UNSEC MMP Pool Transmission Remittance Total Reduction (M)	UNSEC MMP Transmission Remittance Total Reduction (N=(K/L)*M)	UNSEC NMMP Pool Transmission Remittance Total (O)	UNSEC NMMP Pool Transmission Remittance Total Reduction (P)	UNSEC NMMP Transmission Remittance Total Reduction (Q=(K/O)*P)	Pool Transmission Remittance Total (R)	Pool Transmission Remittance Total Reduction (S)	Transmission Remittance Total Reduction (T=((K-(N+Q))/R)*S)	Remittance Total (U)	Pool Remittance Total (V)	Pool Excess Transmission Remittance Total Reduction (W)	Excess Transmission Remittance Total Reduction (X=(U/V)*W)	Total Remittance Reduction (Y=D+G+J+N+Q+T+X)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

# USE OF PAYMENT DEFAULT ALLOCATION

- If the default remains unpaid, a payment default allocation will be issued on the next weekly invoice
- Allocation is based on the absolute value of all invoice and remittance advice holders from the billing period in which the default occurred



# USE OF PAYMENT DEFAULT ALLOCATION (CONT.)

- The allocation rules are as follows:
  - If the defaulting participant is an unsecured municipal market participant, payment default will be allocated on a pro rata basis among those unsecured municipal market participants up to the credit limit of the defaulting participant, excluding the defaulting participant
  - If the defaulting participant is an unsecured non-municipal market participant, default will be allocated on a pro rata basis among those unsecured non-municipal market participants up to the credit limit of the defaulting participant, excluding the defaulting participant
  - Any remaining default will be allocated on a pro rata basis among all invoice and remittance holders, excluding the defaulting participant

# MARKET INFORMATION SERVER REPORT

## PAYMENT DEFAULT ALLOCATION

### Detail Payment Default Allocation Customer Report

BL\_PMTDEFAULT\_<customerid>\_<invoicedate>00\_<version>.CSV

<Customer Name>

Date: <mm/dd/yyyy> and Version: <mm/dd/yyyy hh:mm:ss> GMT

ISO Bill Line Items (A)	UNSEC MMP Pool ISO Bill Items (B)	UNSEC MMP Pool ISO Default Amount (C)	UNSEC MMP ISO PDA (D=(A/B)*C)	UNSEC NMMP Pool ISO Bill Items (E)	UNSEC NMMP Pool ISO Default Amount (F)	UNSEC NMMP ISO PDA (G=(A/E)*F)	Pool ISO Bill Items (H)	Pool ISO Default Amount (I)	ISO PDA (J=(A/H)*I)	Transmission Bill Line Items (K)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

### Detail Payment Default Allocation Customer Report

BL\_PMTDEFAULT\_<customerid>\_<invoicedate>00\_<version>.CSV

<Customer Name>

Date: <mm/dd/yyyy> and Version: <mm/dd/yyyy hh:mm:ss> GMT

UNSEC MMP Pool Transmission Bill Items (L)	UNSEC MMP Pool Transmission Default Amount (M)	UNSEC MMP Transmission PDA (N=(K/L)*M)	UNSEC NMMP Pool Transmission Bill Items (O)	UNSEC NMMP Pool Transmission Default Amount (P)	UNSEC NMMP Transmission PDA (Q=(K/O)*P)	Pool Transmission Bill Items (R)	Pool Transmission Default Amount (S)	Transmission PDA (T=(K/R)*S)	Total ISO PDA Amount (U=D+G+J)	Total Transmission PDA Amount (V=N+Q+T)
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

# MARKET INFORMATION SERVER REPORT SAMPLE

ISO Bill Line Items (A)	UNSEC MMP Pool ISO Bill Items (B)	UNSEC MMP Pool ISO Default Amount (C)	UNSEC MMP ISO PDA (D=(A/B)*C)
\$	\$	\$	\$

# REFERENCES

[www.iso-ne.com](http://www.iso-ne.com)

## *Billing Policy*

[Markets and Operations > Settlements & Billing > Billing Materials & Forms](#)

## *Financial Assurance Policy*

[Participate > Applications and Status Change > Financial Assurance & Credit](#)

## *Transmission, Markets & Services Tariff*

[Participate > Rules and Procedures > Transmission, Markets & Services Tariff](#)

## *Participant Support and Solutions*

(413) 540-4220

AskISO@iso-ne.com