Western Resource Adequacy Program

207 Settlement Process

Revision History

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207 Settlement Process

1. Introduction

A Participant with a calculated capacity deficit for an Operating Day may elect to utilize the Western Power Pool (WPP) Western Resource Adequacy Program (WRAP) to address that capacity deficit. The WRAP Operations Program requires Participants with calculated surplus to hold capacity back and potentially deliver energy to the deficient Participant in bilateral transactions at prices and quantities determined by the Program Administrator and Program Operator as prescribed by the Tariff. Tariff directed transactions are known as Holdback Requirements (see *BPM 204 Holdback Requirement*) and Energy Deployments (see *BPM 205 Energy Deployment*). The Settlement Process Business Practice Manual (BPM 207) provides implementing details and practices regarding the process for settling Holdback Requirements and Energy Deployment transactions. The settlement prices are defined in the Tariff and described in more detail in *BPM 206 Settlement Pricing* and cannot be set aside or modified by Participants absent a change to the Tariff.

1.1. Intended Audience

BPM 207 is intended for WRAP Participants and other interested individuals or entities. BPM 207 is particularly useful for those individuals that are responsible for their Participant organization's implementation of Holdback Requirement and Energy Deployment transactions as well as the settlement of those transactions.

1.2. What You Will Find in This Manual

BPM 207 describes the various settlement processes including, but not limited to, the mechanics of posting settlement information, the process for addressing changes to or errors in published prices, missing data, and the timing for posting settlement information. BPM 207 pairs with *BPM 206 Settlement Pricing* which includes details on the calculation of each component of the settlement price.

BPM 207 does not cover charges that may be assessed by the Program Administrator for not complying with the Tariff obligations, more specifically the Delivery Failure Charge (see *BPM 209 Delivery Failure Charge*) and the FS Deficiency Charge (see *BPM 107 FS Deficiency Charge*) as these are detailed in other BPMs.

1.3. Purpose

The purpose of BPM 207 is to provide implementation details of the settlement process for Holdback Requirement and Energy Deployment transactions in the WRAP.

1.4. Definitions

All capitalized terms that are not otherwise defined in BPM 207 have their meaning set forth in the Tariff. Any capitalized terms not found in the Tariff that are specific to BPM 207 are defined here, including by reference to another BPM where such term is defined.

Declined Energy: As defined in *BPM 206 Settlement Pricing*.

Final Settlement Revenue: As defined in *BPM 206 Settlement Pricing*.

Unheld Energy: As defined in *BPM 206 Settlement Pricing*.

WRAP Settlements Interface Guide: Provides the technical detail necessary for a Participant to access settlement data via the application programming interface (API).

WRAP Settlement Input Data Document: A document provided on the WPP website that describes the inputs into the WRAP settlement price calculations.

2. Background

When a Participant with surplus capacity has a Holdback Requirement for the potential benefit of a deficient Participant, or provides Energy Deployment to benefit a deficient Participant, the pricing of the bilateral transaction between the two Participants is determined by the Tariff and calculated by the Program Administrator per *BPM 206 Settlement Pricing*.

Settlements for all WRAP transactions will be calculated monthly as feasible, allowing for counterparty settlement that aligns with generally accepted settlement practices in the bilateral market. Price components and Final Settlement Revenue by Participant will be calculated by the Program Administrator and will be made available to any Participant having a Holdback Requirement or Energy Delivery transaction in a given month along with the necessary information to create an invoice and verify and validate the calculation of the settlement quantities and amounts. The selling Participant is responsible for invoicing the buying Participant per the selling Participant's internal processes.

3. What Settlement Information is Posted

The Total Settlement Price (see *BPM 206 Settlement Pricing*) for each hour of the Binding Season will be made publicly available and also be provided to Participants, including hours where there is not an Operations Program Holdback Requirement or Energy Deployment. For any month where there is a Holdback Requirement or Energy Deployment, the following information will be made available to the Participants that

are party to the transaction: counterparty (buying or selling Participant), month of transaction, and the Final Settlement Revenue associated with the transaction. Additionally, the Program Administrator will provide a settlement document outlining the daily settlement inputs, intermediate calculations and outputs, including the Make Whole Adjustment, so each Participant party to a transaction may validate and verify the Final Settlement Revenue and any Make Whole Adjustment (when applicable) as defined in *BPM 206 Settlement Pricing*.

WPP will ensure that index pricing is shared consistent with the terms and conditions specified in WPP's agreement with the vendor providing the pricing data. This may mean that certain inputs to the settlement calculation may not be available to those Participants that do not already have their own access to such information.

Table 1. Settlement Data Posting

How it is posted	Data Type
Posted publicly	Total Settlement Price for each hour of the Binding Season by Subregion
Posted for parties to the transaction	Counterparty Month of Transaction Final Settlement Revenue ($) Holdback Requirement (MW) Energy Deployment (MW) Declined Energy (MW) Unheld Energy (MW)

4. How Settlement Information is Accessed

Information necessary for Participants to settle WRAP-related transactions will be available via the API. More information on implementation and use of the API, as well as details on specific data that will be made available, can be found in the WRAP Settlements Interface Guide posted to the WPP website.

5. Timeline

The monthly settlement prices and accompanying details (such as counterparty and month) will be calculated and posted no later than seven business days following the Program Administrator's receipt of all the required input data. A list of the necessary input data can be found in the WRAP Settlement Input Data Document posted to the WPP website. WPP will send an email to a Participant list when all input data has been received by WPP and when the calculated prices are posted. A Participant has 90 Days

after the prices are posted to invoke the Dispute Resolution Process (Section 6), and, absent a change to an input under Section 5.2 of this BPM 207, all settlement pricing will be deemed final upon expiration of the 90-day period or per the outcome of any Dispute Resolution Process initiated under the Tariff.

5.1. Unavailability of External Input Data

If the Applicable Index Price data and/or Hourly Shaping Factor data necessary to calculate settlement for a month (in which there is a Holdback Requirement or Energy Deployment) is not available 60 days after the last day of the settlement month, the Program Administrator will assess whether alternative data should be utilized. Use of an alternative Applicable Index Price or Hourly Shaping Factor is governed by the details in *BPM 206 Settlement Pricing*.

5.2. Changes to Inputs after Settlement Values have been Calculated

WPP and/or a Participant may identify changes to the settlement calculation inputs after the settlement prices for a month have been posted. If WPP identifies any changes or if a Participant identifies a change and works with WPP to supply the updated information, WPP will post all information identified in Section 3 with the updated settlement calculation inputs. If the changes to the settlement calculation inputs results in a greater than 5% change in the daily settlement after the settlement has been posted, a Participant that is a party to the transaction may submit an email request to the Program Administrator at wrapsettlements@westernpowerpool.org to recalculate those settlements for a given month. Email notification must be received by the Program Administrator no later than 90 days after the settlement for the month in question was posted and include the date(s) of the transaction(s), counterparty(ies), and identification of which input was updated. Once settlements for the given month have been recalculated a notification will be provided to all Participants within five Days. A Participant has 90 Days after the recalculated prices are posted to invoke the Dispute Resolution Process (Section 6), and all settlements will be deemed final upon expiration of the 90-day period or per the outcome of any Dispute Resolution Process initiated under the Tariff.

6. Dispute Resolution Process

Nothing in BPM 207 limits the ability of a Participant that believes a settlement price has been calculated in error from raising such concerns with the Program Administrator staff or invoking the Tariff Dispute Resolution Process.

7. Relationship to Existing Enabling Agreements

Participants may elect to enter into WRAP Operations Program transactions under existing enabling agreements such as those provided by WSPP, Inc., the International

Swaps and Derivatives Association, or any other such agreement deemed acceptable by both parties to the transaction. At no time may the terms and conditions specified in any enabling agreement that is used to effect a WRAP Operations Program transaction supersede or contradict any portion of the Tariff with respect to that WRAP Operations Program transaction. Each counterparty to a bilateral transaction initiated to fulfill a Tariff-governed transaction must confirm that pricing will be as defined in Section 21 Operations Program Settlements and damages will be as defined in Section 20 Failure to Deliver Energy Deployments of the Tariff or any associated Business Practice Manuals.