



October 6, 2009

Dear Market Participants and Interested Parties:

**Re: Letter of Notice – Proposed New ISO Rule Section G1 Definitions, Level I New ISO Rule 5 Reliability Assessment and Scheduled Outage Cancellation, Level I Changes to Existing ISO Rule 8 Power Pool Financial Settlement and Level I Removal of Existing OPP 606 Generation Outage Coordination**

Pursuant to Section 2(1) of the Alberta Utilities Commission (“Commission”) Rule 017, the Alberta Electric System Operator (“AESO”) is providing notice and seeking feedback on ISO and OPP rule changes that are being proposed by the AESO.

In April 2008 the AESO submitted ISO rule 5.1.2 Generator Outage Cancellation or Re-Scheduling and the related Appendix 7 (collectively the “GOC Rule”) to the Commission for confirmation. The GOC Rule was subsequently objected to by market participants. With respect to the objections the Commission issued Decision 2008-137 which directed the AESO to make changes to these rules.

The AESO has made the changes set out by the Commission in Decision 2008-137 in a newly drafted and consolidated ISO rule 5 Reliability Assessment and Scheduled Outage Cancellation. As well, since OPP 606 Generator Outage Coordination is an integral part of the outage cancellation process and contains certain policy provisions, for drafting and legal interpretation efficiency reasons, it, along with Appendix 7, have been consolidated in to the new Section 5 of the ISO rules.

This drafting consolidation is consistent with the AESO’s Transition of Authoritative Documents (“TOAD”) project objectives, which have been endorsed by participants. Among these objectives are to streamline and simplify the AESO’s rules and OPPs, and eliminate redundant or confusing provisions.

Additionally, the AESO is of the view that in making the discrete revisions made in response to Decision 2008-137, it would not be required to follow Commission Rule 017; however, because of the overall objectives to simplify and streamline the documents, the AESO has combined these changes with the collapse of the OPP 606 language to create a cleaner, consolidated ISO rule, and accordingly, it is our expectation that the process for reviewing the combined changes should follow Commission Rule 017.

It also should be noted that the new ISO rule 5 provides a common definition for the term “Incremental Generation Costs”, one that is applicable to both this proposed ISO rule 5 and Long Lead Time Energy rules. When this definition is confirmed by the Commission, the AESO will seek to have the Incremental Generation Costs definition, as it pertains to Long Lead Time Energy, removed from Appendix 7. This version proposes



no significant changes to the definition of Incremental Generation Costs as it relates to Long Lead Time Energy.

For ease of reference, the following grid is hyperlinked to provide assistance in directing stakeholders to the summary of the proposed new ISO rule 5 and removal of OPP 606, and the attachments. The attached summaries for more information on these proposed ISO and OPP rule changes, including a brief explanation of the reason why they are needed.

Rule Number	Description	Level	Most relevant stakeholder interest
G1, 5, 8	<a href="#">Definitions, Generation Outage Cancellation Power Pool Financial Settlement</a>	I	All Market Participants
OPP 606	<a href="#">Generation Outage Cancellation</a>	I	All Market Participants

Comments and suggestions on the ISO and OPP rule changes being proposed are encouraged. Please use the comment matrix provided when submitting comments to the AESO on the proposed ISO and OPP rule changes. Click [here](#) to access the comment matrix for the proposed new G1 definitions, new ISO rule 5 and changes to ISO rule 8. Click [here](#) to access the comment matrix for the proposed removal of OPP 606. Only written comments will be considered in finalizing the ISO and OPP rule changes.

Please provide feedback or questions by **Friday, October 30, 2009** to the individual specified in the “AESO Contact section of the “Proposed LEVEL I ISO Rule Changes” below.

The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder comments received along with AESO responses will be published with the final proposed ISO and OPP rule changes being recommended for internal approval in November 2009.

Yours sincerely,

*Original Signed By*

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## Proposed LEVEL I ISO Rule Changes

Level I changes are changes that have a significant operational or financial impact on the industry or the AESO.

<b>New ISO Rule 5 Reliability Assessment and Scheduled Outage Cancellation Amended ISO Rule 8 Power Pool Financial Settlement</b>	
Rule Section/Number	<p>New Definitions Section G1:</p> <ul style="list-style-type: none"> <li>- Scheduled Generator Outage</li> <li>- Incremental Generation Costs</li> </ul> <p>5. RELIABILITY ASSESSMEMENT AND SCHEDULED GENERATOR OUTAGE CANCELLATION</p> <p>8.1.1 Settlement at Pool Price</p> <p>8.4.2 Final Pool Statement</p>
Summary of ISO Rule	<p>The Definition of Scheduled Generator Outage provides clarity on what is meant by a Scheduled Generator Outage.</p> <p>Incremental Generation Costs is a definition that describes what costs would be included for generator outage cancellation as well as long lead time directives.</p> <p>The proposed new ISO rule 5 describes the generator outage cancellation process including the reliability assessment required to be performed by the AESO, the generator outage reporting</p>

	<p>required of the participants, the actual cancellation process that the AESO will follow before cancelling an outage and an outline of the payments to those affected by a cancellation.</p> <p>Additionally, a description of the Forecast Dispatch Price is included.</p> <p>8.1.1 allows for the payment of incremental generation costs incurred due to a cancelled scheduled generator outage.</p> <p>8.4.2 allows for the recovery of incremental generation costs through an ISO fee.</p>
Summary of Amendment	<p>Definition of Scheduled Generator Outage is a new definition.</p> <p>Definition of Incremental Generation Costs is required by the Commission. It has been revised in accordance with the directions set out in Decision 2008-137. Additionally, the definition of incremental generation costs for long lead time directives has also been incorporated so that there will only be one definition of incremental generation costs in the ISO rules.</p> <p>Existing ISO rule 5 has been combined with OPP 606 to form new ISO rule 5. The description of the assessments that the AESO must perform before cancelling a scheduled generator outage has been included along with the steps the AESO will take to actually cancel a scheduled generator outage. Sections have been revised to provide clarity or to comply with the Commission’s directions or both.</p>
Level	I
Explanation of Confidentiality	None
Proposed Effective Date	15 days following the later of the date a final order of the



	<p>Commission is issued respecting directions set out in Decision 2008-137 and confirmation of these proposed ISO rule changes filed pursuant to Commission Rule 017.</p>
<p>AESO Contact</p>	<p>Market Services, Doug Simpson, <a href="mailto:doug.simpson@aeso.ca">doug.simpson@aeso.ca</a>, (403) 539-2494</p>
<p>Attachments</p>	<p>The changes to existing ISO rule 5 are substantial and it is the AESO’s view that providing a blacklined version would be of little use. Accordingly, we are providing the following as attachments for stakeholder review:</p> <p><a href="#">Rationale Document for new G1 definitions and ISO rule 5</a></p> <p><a href="#">Comparison and Rationale for Changes to ISO rules 8.1.1 and 8.4.2</a></p>



## OPP 606 Generation Outage Cancellation

Rule Section/Number	Part 3, OPP 606 Generation Outage Cancellation
Summary of ISO Rule	OPP 606 set out the duties of generation facility owners (“GFOs”) and Power Purchase Agreement (“PPA”) Buyers (collectively called STS Contracting Parties) to inform the AESO of scheduled outages of their generating assets, and the AESO to make the aggregate outages available on the AESO website, assess supply adequacy and the authority to cancel such outages if required.
Reason for Removal	OPP 606 has been incorporated into new ISO rule 5.
Level	I
Explanation of Confidentiality	None
Proposed Effective Date	15 days following the later of the date a final order of the Commission is issued respecting directions set out in Decision 2008-137 and confirmation of this proposed OPP rule removal filed pursuant to Commission Rule 017.
AESO Contact	Market Services, Doug Simpson, <a href="mailto:doug.simpson@aeso.ca">doug.simpson@aeso.ca</a> , (403) 539-2494
Attachments	<b>See attached.</b> <a href="#">OPP606 - clean</a>