



CONTENTS

Section 1	Applicability and Interpretation of ISO Tariff
Section 2	Provision of and Limitations to System Access Service
Section 3	Customer Connection Requirements
Section 4	System Access Service Requests
Section 5	Financial Obligations for Connection Projects
Section 6	Metering
Section 7	Provision of Information by Customers
Section 8	Customer Contributions for Connection Projects
Section 9	Changes to System Access Service After Energization
Section 10	Generating Unit Owner's Contribution
Section 11	Ancillary Services
Section 12	Demand Opportunity Service
Section 13	Financial Security, Billing, and Payment Terms
Section 14	Peak Metered Demand Waiver
Section 15	Limitation of Liability
Section 16	Confidential Information
Section 17	Dispute Resolution
Section 18	Miscellaneous

SECTION 1 APPLICABILITY AND INTERPRETATION OF ISO TARIFF

Applicability

- 1(1) By applying for or accepting **system access service** from the **ISO**, a **customer** agrees to be bound by the **ISO tariff** and the **ISO rules**.
- (2) The **ISO tariff**, including rates, riders, terms and conditions, and appendices, is binding on and defines the rights and obligations of the **ISO** and its **customers** with respect to **system access services** provided by the **ISO**.
- (3) The **ISO tariff** becomes effective as of the date provided in the revision history of each section and only when approved by the **Commission**. Each section of the **ISO tariff** remains in effect until replaced or amended pursuant to the **Act**.

Conflict

- 2(1) Nothing in the **ISO tariff** in any way restricts or limits the powers, duties, and responsibilities of the **ISO** as described in the **Act**.
- (2) In the event of any conflicts between the terms and conditions and the rates, riders, or appendices of the **ISO tariff**, the terms and conditions govern.
- (3) In the event of any conflicts between the **ISO tariff** and a clause of a **system access service agreement**, the **ISO tariff** governs the specific clause in conflict without affecting or impairing the remaining clauses of the **system access service agreement**.

Interpretation

- 3 In the **ISO tariff**:
 - (a) tables of contents, section headers, and the use of underlining, bolding, and italicizing are not a part of the tariff but are inserted for convenience of reference only;
 - (b) words in the singular include the plural and words in the plural include the singular;
 - (c) words importing male persons include female persons, words importing female persons include male persons, and words importing either sex include corporations;
 - (d) the provisions of the **ISO tariff** will be construed as always speaking and will be applied to circumstances as they arise;
 - (e) “may” is to be construed as permissive and empowering, and “must” or “shall” is to be construed as imperative;
 - (f) all reference to a time of day in the **ISO tariff** will mean mountain standard or mountain daylight time in the Province of Alberta, whichever is in effect on the day in question;
 - (g) words and phrases in bold type have the meanings given to them in the definitions found in the *Authoritative Documents Glossary*;
 - (h) titles in italic type indicate documents available on the **ISO** website and legislation;
and



- (i) any schedule, table, or appendix attached to the **ISO tariff** forms a part of the **ISO tariff** and will be interpreted accordingly.

Jurisdiction

- 4** Each **customer** under the **ISO tariff**, and with respect to any agreement entered into with the **ISO**, is subject to and attorns to the jurisdiction of the Courts of the Province of Alberta in respect of all matters relating to the **Act**, its regulations, the **ISO tariff**, the agreement provisions, and the **ISO**, notwithstanding the jurisdiction of incorporation or residence of the **customer**.

Revision History

- 2009-10-22 Revised to consolidate and update provisions.
Draft released at stakeholder consultation session.

SECTION 2
PROVISION OF AND LIMITATIONS TO SYSTEM ACCESS SERVICE

Provision of Service

- 1(1) Subject to subsections 2, 3, and 4 below, the **ISO** agrees to provide **system access service**, up to and including the **point of connection**, to all **customers** who have executed a **system access service agreement** and abide by this **ISO tariff**.
- (2) The **ISO** will provide service up to the **customer's contract capacity** as set out in the **customer's system access service agreement**.
- (3) The provision of service is contingent upon any applicable **ISO rules** or abnormal operating conditions which as defined in the *Transmission Regulation* include conditions where **transmission facilities** are out of service, **emergency** conditions exist, construction or commissioning of **transmission facilities** occurs, or **transmission facility** maintenance cannot be coordinated with **generating unit** outages.

Metered Demand Limitations

- 2(1) Subject to subsections 2(2) and 2(3) below, the **metered demand** for a **customer** taking service under Rate DTS or Rate STS shall not exceed the lesser of the **rated capacity** or the **physical capacity** of any **transmission facilities** comprising its connection. In the event of non-compliance, the **ISO** shall have the right to discontinue the applicable **system access service** until the **customer** installs equipment to limit its **metered demand**.
- (2) A Rate DTS **customer** may temporarily exceed the **rated capacity** of **transmission facilities** comprising its connection only where the **customer** has a **system access service agreement** for an **opportunity service** at the applicable **point of delivery**.
- (3) A Rate STS **customer** may temporarily exceed the **rated capacity** of **transmission facilities** comprising its connection only with the **ISO's** consent, obtained on a minimum twenty-four (24) hours' notice, which will be withheld if the **ISO** determines that the transmission system cannot safely accommodate the proposed energy without risk of disturbance to other **customers**.

Withholding Service

- 3 The **ISO**, at its sole discretion, may withhold, limit, or discontinue **system access service** if the **customer** fails to abide by this **ISO tariff**. If requested by the **customer**, the **ISO** will provide a written explanation for withholding, limiting, or discontinuing **system access service**.

Service Not Guaranteed

- 4(1) Although precautions are taken to guard against **system access service** interruptions, the **ISO** does not guarantee uninterrupted **system access service**. Interruptions may be caused by, but not limited to, the following:
 - (a) scheduled or planned facility maintenance activities;

**Section 2
Provision of and Limitations to System Access Service**

- (b) construction, **commissioning**, and facility testing activities;
 - (c) unscheduled or unplanned events (such as, but not limited to, **emergency** equipment maintenance and **emergencies**);
 - (d) **force majeure**;
 - (e) breaches of obligations owed to the **ISO** by its suppliers or **customers**; or
 - (f) as otherwise expressly allowed by a rate or rider in the **ISO tariff**.
- (2) Whenever **system access service** has been interrupted, limited, or reduced for reasons other than a breach of this **ISO tariff** by the **customer**, the **ISO** will make all reasonable efforts to ensure that service is restored as soon as practicable after the interruption, limitation, or reduction.

Interruptions for Construction, Commissioning, and Facility Testing

- 5 The **ISO** will make all reasonable efforts to schedule construction, commissioning, or facility testing activities in conjunction with affected **customers** planned downtime but may interrupt a **customer's system access service** to perform such activities.

Customer's Continuing Obligations

- 6 The **customer's** obligations to pay any rate, charge, or other amount that has accrued, or is accruing, to the **ISO** and to fully comply with the **ISO tariff** are not affected during, or as the result of, any withholding, interruption, limitation, or reduction of **system access service** as contemplated in this section.

Reasonable Exercise of Discretion

- 7 Where the **ISO**, a **transmission facility owner**, or a **customer** is granted any discretion pursuant to the **ISO tariff** (whether with respect to granting its consent or withholding its consent to a particular matter or otherwise), the **ISO**, the **transmission facility owner**, and the **customer**, individually and collectively, will, in every instance, exercise such discretion acting reasonably.

Revision History

- 2009-10-29 Revised to consolidate and update provisions.
Draft released at stakeholder consultation session.

SECTION 3 CUSTOMER CONNECTION REQUIREMENTS

Transmission Connection Requirements

- 1** All **customers** must comply with the transmission connection requirements, obligations, and guidelines related to matters such as, but not limited to, transmission lines, generators, loads, communications, phasor measurement units, protection, revenue metering, supervisory control and data acquisition (SCADA), and transmission data. These requirements, obligations, and guidelines are prepared, published, and may be amended or supplemented by the **ISO** from time to time. They are provided in the transmission connection requirements section of the **ISO** website and may be obtained on request from the **ISO**.

Customer Facilities

- 2** All **customer facilities** connecting with the **interconnected electric system** are the responsibility of the **customer**. The **ISO** has no responsibility in respect of service provided over **customer facilities**.

Use of Transmission Facilities

- 3** No **customer** or any other person may rearrange, disconnect, remove, connect with, or otherwise interfere with any **transmission facility** without the **ISO**'s prior written consent.

Compliance

- 4** Failure to comply with the transmission connection requirements, obligations, and guidelines described in subsection 1 above may result in the **ISO** withholding, suspending, or terminating **system access service**. Where non-compliance with the transmission connection requirements, obligations, and guidelines would not have a detrimental effect on system reliability, the **ISO** may, at its sole discretion, waive the compliance requirements for any existing **customer** for whom, in the **ISO**'s reasonable opinion, the imposition thereof would create severe hardship or unnecessary costs.

Revision History

- 2009-11-02 Revised to update provisions.
Draft released at stakeholder consultation session.

SECTION 4 SYSTEM ACCESS SERVICE REQUESTS

Requests for System Access Service

- 1(1)** All requests for new **system access services** and for changes to existing **system access services** must be applied for in writing by the **customer** to the **ISO**. Separate requests for changes to existing **system access services** are required at each **point of delivery** and **point of supply** at a single transmission substation; applications for net changes will not be accepted.
- (2)** The **ISO** will review the service requirements of the **customer** and determine the appropriate process for providing the **system access service**.

Requests Which Require Construction of Transmission Facilities

- 2(1)** Where providing **system access service** requires the construction of **transmission facilities**, the **ISO** will determine the connection project scope, assign the project to a **transmission facility owner**, and confirm the process for developing the connection proposal for the project.
- (2)** Where construction of **transmission facilities** is required, the process will include preparation of a connection proposal in accordance with subsection 4 below and preparation of applications in accordance with subsection 5 below.
- (3)** Throughout the **system access service** request process, the **customer** must at all times satisfy the financial obligations required by section 5 of the terms and conditions.

Requests Which Do Not Require Construction of Transmission Facilities

- 3(1)** Where providing **system access service** does not require the construction of **transmission facilities**, the **ISO** will ensure the request can be accommodated on the transmission system and, if so, will proceed to prepare an amended **system access service agreement** for the **customer**.
- (2)** Where construction of **transmission facilities** is not required, the **system access service** request may require payment of an amount determined in accordance with section 9 of the terms and conditions.
- (3)** At the time of execution of the amended **system access service agreement** by the **customer**, the **ISO** will include the amendment in its transmission system model.

Preparation of Connection Proposal

- 4(1)** The **customer** is responsible for the preparation of the connection proposal including an estimate of project costs. The **customer** may work with the **transmission facility owner** or other parties in the development of the connection proposal.
- (2)** If a loss factor study is required for the project, the **ISO** will complete one (1) such study at no cost to the **customer**. Any additional loss factor studies requested by the **customer** for the project will be completed by the **ISO** for a fee of \$2 500 per study.

- (3) Any other studies required to support the connection proposal are the responsibility of the **customer**. The **ISO** will provide the **customer** with **ISO** information required for the studies.
- (4) Upon receipt of a complete connection proposal, including all required studies, the **ISO** will review the proposal. Any deficiencies identified by the **ISO** must be addressed by the **customer**. After the review and correction of deficiencies, if any, the **ISO** will accept the connection proposal.
- (5) The **ISO** will include the project in its transmission system model upon:
 - (a) acceptance of the connection proposal,
 - (b) receipt of all required technical data for the connection project, and
 - (c) confirmation that the financial obligations of section 5 of the terms and conditions have been met.If required, the **ISO** will also allocate planning capacity to the connection project.

Preparation of Need Identification Documents and Facility Applications

- 5(1) When the project is included in the **ISO**'s transmission system model, the **ISO** will delegate the **transmission facility owner** to prepare and submit to the **ISO** a **need identification document** for the connection project, including completion of any associated **participant involvement program** required for the **need identification document**. The **ISO** will review the **need identification document**, including the results of any associated **participant involvement program**, and identify any deficiencies to be addressed by the **transmission facility owner**. After review and correction of deficiencies, if any, the **ISO** will endorse the **need identification document**.
- (2) When the project is included in the **ISO**'s transmission system model, the **ISO** will direct the **transmission facility owner** to prepare and submit to the **Commission** a **facility application** for the connection project.
- (3) The **ISO** will work cooperatively with the **transmission facility owner** to ensure all submissions are complete and accurate.
- (4) During the preparation of a **need identification document** or **facility application** for the connection project, the potential requirement for new or revised **ISO rules** or operating procedures may be identified. The **ISO** will address any new or revised **ISO rules** or operating procedures that are required.

Requirement of Customer to Act

- 6(1) The **ISO**, acting reasonably, may establish critical requirements with respect to project completion.
- (2) For **customers**, requirements will include but not be limited to payment of any **customer contribution** determined under section 8 of the terms and conditions or **generating unit owner**'s contribution determined under section 10 of the terms and conditions.



- (3) If the **customer** fails to meet the requirements, the **ISO** may:
- (a) cancel, and require the **customer** to resubmit, the **customer's system access service** request;
 - (b) reassess the inclusion of the project in its transmission system model; or
 - (c) amend the requirements.

Alternative Processes

- 7 At the discretion of the **ISO** and only with the agreement of the **customer**, the requirements set out in this section 4 may be satisfied through processes other than those described above. In particular, alternative processes may be utilized for connection projects that materially affect regional transmission system projects.

Resolution of Disputes

- 8 Disputes in respect of a **system access service** request shall be addressed in accordance with section 17 of the terms and conditions.

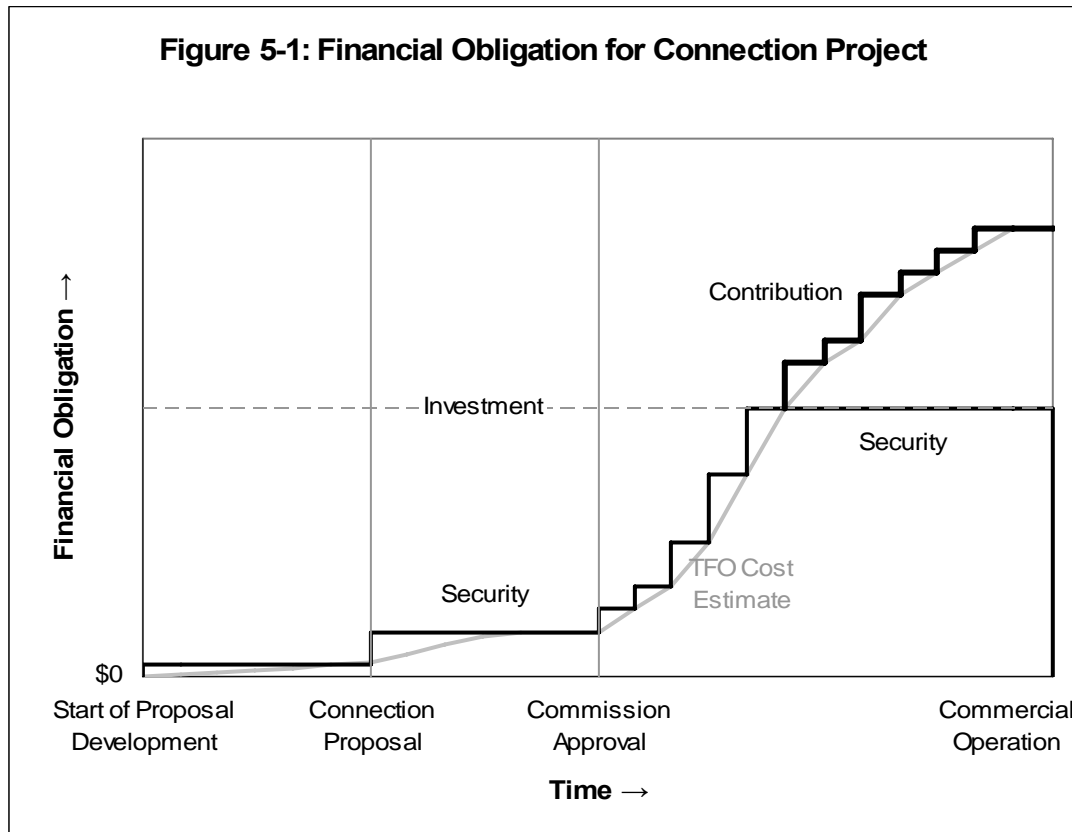
Revision History

- 2009-11-02 Revised to reflect draft redesign of system access service request process.
Draft released at stakeholder consultation session.

**SECTION 5
FINANCIAL OBLIGATIONS FOR CONNECTION PROJECTS**

Amount of Financial Obligation

1(1) The financial obligation of a **customer** for a connection project is generally illustrated in Figure 5-1 and described more fully below.



- (2) A financial obligation exists for a connection project only after the start of development of a connection proposal.
- (3) From the start of development of a connection proposal to the **ISO's** acceptance of the connection proposal, the financial obligation amount is equal to the total cost, estimated in advance, to be incurred by the **transmission facility owner** in preparation of the connection proposal.
- (4) From the **ISO's** acceptance of the connection proposal to the approval of the connection project by the **Commission**, the financial obligation increases by the amount of all subsequent costs, estimated in advance, to be incurred by the **transmission facility owner** in preparation of the application or applications required for approval of the connection project.

**Section 5
Financial Obligations for Connection Projects**

- (5) After approval of the connection project by the **Commission**, the financial obligation increases by monthly amounts equal to the subsequent costs, estimated in advance, to be incurred by the **transmission facility owner** in construction and completion of the connection project.
- (6) Where procurement of long lead time equipment occurs prior to construction of a connection project, all costs associated with such procurement will be added to the financial obligation amounts determined in subsections 1(3) and 1(4) above.
- (7) The financial obligation amount will be based on certain assumptions including, but not limited to, the method of construction, the routing of facilities, and the approvals and rights of way required to accommodate the **customer's system access service** request. The financial obligation amount may be revised from time to time to reflect changes to:
 - (a) the **system access service** request,
 - (b) the assumptions for the connection project,
 - (c) variances in the estimated or actual cost of the connection project compared to the original estimate, or
 - (d) other relevant factors.
- (8) The total amount of financial obligation will not exceed the estimated total cost of the connection project, as revised from time to time, including, but not limited to, costs incurred by the **transmission facility owner** in preparation of the connection proposal, preparation of required applications, and construction of the project.

Form and Provision of Financial Security

- 2(1) **Distribution facility owners** that are regulated by the **Commission** are not required to provide financial security for connection projects. All other **customers** must provide security for connection projects in accordance with this subsection 2.
- (2) Financial security must be provided by the **customer** to the **transmission facility owner**, in the amount of and at the time defined for the financial obligations described in subsection 1 above, up to the maximum local investment determined for the connection project under section 8 of the terms and conditions.
- (3) Security must be in the form of a guarantee, cash deposit, or irrevocable letter of credit from a Canadian chartered bank, credit union, trust company, or other financial institution with a minimum senior unsecured long-term debt A– credit rating or equivalent as determined by Standard & Poor's, Moody's Investor Services, DBRS, or equivalent credit rating agency. The security must be satisfactory to the **transmission facility owner** in form, substance, and amount, at the **transmission facility owner's** sole discretion which will be reasonably exercised.
- (4) Unsecured credit established for a **customer** by the **ISO** may be used to reduce the amount of security the **customer** must provide to the **transmission facility owner** for the connection project, up to the limit of such unsecured credit not utilized to reduce other security required by the **ISO** or the **transmission facility owner**.

**Section 5
Financial Obligations for Connection Projects**

- (5) The **customer** may provide security in amounts greater than the financial obligations described in subsection 1 above, at the **customer's** sole discretion. Provision of additional security does not reduce the payment of **customer** contribution required by subsection 3 below.

Form and Provision of Customer Contribution

- 3(1) A financial obligation described in subsection 1 above may exceed the maximum local investment determined for the connection project under section 8 of the terms and conditions. If so, the amount of the financial obligation above the maximum local investment must be paid by the **customer** as a **customer** contribution. The **customer** contribution must be paid in the amount in excess of the maximum local investment and at the time defined for the financial obligations described in subsection 1 above.
- (2) The **customer** contribution must be paid by way of electronic funds transfer or wire transfer to the bank account specified by the **transmission facility owner**.
- (3) The **customer** may provide the **customer** contribution in amounts greater than the financial obligations described in subsection 1 above, at the **customer's** sole discretion.

Cancellation

- 4(1) If a connection project is cancelled at any time prior to **commercial operation**, the **customer** must pay all costs incurred or required to be incurred by the **transmission facility owner** in the preparation of the connection proposal, preparation of required applications, and construction of the project. The **customer** must also pay any other costs incurred or required to be incurred by the **transmission facility owner** with respect to the project, including, but not limited to, all cancellation costs, penalties, and costs for material salvage and reclamation of the construction site. If the **customer** fails to make payment on the payment due date, the **transmission facility owner** at its discretion and without further notice may realize on any security provided to the **transmission facility owner** by the **customer**.
- (2) If a **customer** takes action that indicates it has terminated or abandoned its intention to proceed to **commercial operation** of the connection project, the project will be deemed to be cancelled pursuant to subsection 4(1) above.
- (3) The **ISO** may, but is not required to, deduct any amounts owing by the **ISO** to the **customer** under any agreement between the **ISO** and the **customer** on partial or full (as the case may be) satisfaction of such costs, penalties, or other claims. Such amounts may include, but are not limited to, debts, liquidated demands, unliquidated demands, damages, or other obligations.

Release of Security

- 5 Within ninety (90) days after **commercial operation** of the connection project, any security held for the connection project will be returned to the **customer**. For additional clarity, a **customer** contribution required by subsection 3 above will not be returned to the **customer**.

Compliance

- 6(1)** A request for security or **customer** contribution, or for additional or replacement security or **customer** contribution, must be satisfied by the **customer** within two (2) **business days** of such request.
- (2)** **Customers** must report any event of default for borrowed funds or material adverse changes in their financial position within two (2) **business days** of such event.
- (3)** If the **customer** fails to provide security or **customer** contribution as requested under subsection 6(1) above or fails to report an event or change under subsection 6(2) above, all work related to the connection project will cease. Work on the project will remain suspended until the required security or contribution is provided or the financial position of the **customer** is reassessed. If the project remains suspended, the **customer** may fail to meet critical requirements under section 4 of the terms and conditions, resulting in cancellation of the system **access service request** or reassessment of the inclusion of the project in the **ISO's** transmission system model.
- (4)** Any such cessation or suspension of work on the project under subsection 6(3) above will not relieve the **customer** from its financial obligation for amounts that have accrued, or are accruing, to the **ISO** or the **transmission facility owner** with respect to the connection project.

Revision History

- 2009-10-27 Revised to update financial obligation requirements.
Draft released at stakeholder consultation session.

SECTION 6 METERING

Measurement System Standard

- 1** All **customers** must comply with applicable provisions of the *AESO Measurement System Standard* as prepared, published, and amended or supplemented by the **ISO** from time to time. Without limiting the generality of the foregoing, all **metering equipment** provided by a **customer** must at all times comply with the *AESO Measurement System Standard*. The *AESO Measurement System Standard* is provided in the transmission connection requirements section of the **ISO** website and may be obtained on request from the **ISO**.

Requirement to Install Metering

- 2** The **ISO** may require the **customer** to install **metering equipment** on the **customer's** premises, at the **customer's** sole cost. If the **customer** fails to comply with such requirement in a timely manner, the **ISO** may, at the **customer's** sole cost, direct the **transmission facility owner** to enter and install **metering equipment** on the **customer's** premises.

Revision History

- 2009-10-29 Revised to reflect draft redesign of system access service request process.
Draft released at stakeholder consultation session.

**SECTION 7
PROVISION OF INFORMATION BY CUSTOMERS**

System Access Information

- 1** **Customers** must provide, upon request, all information that the **ISO** requires in order to discharge its duties and functions under the **Act** or in compliance with any external agency's reporting requirements. Such information includes, but is not limited to:
- (a) information required by the **ISO** in respect of new or expanding **system access service**; and
 - (b) technical information during construction and prior to energization, including **pre-commissioning** information requirements which may be obtained from the **ISO**.

Operating and Forecast Information

- 2(1)** From time to time, but generally not more than once in a 12-month period, the **ISO** may request a **customer** to provide any or all of the following information:
- (a) a copy of the **customer's** operating procedures;
 - (b) a schedule of planned or maintenance outages for the following two calendar years;
or
 - (c) forecast information for the following five years, including:
 - (i) forecast maximum **contract capacity** by **point of delivery** or **point of supply** by month,
 - (ii) the location and size of any new **point of delivery** and **point of supply** required, and
 - (iii) the name and location of any existing **point of delivery** or **point of supply** which may no longer be required.
- (2)** The appropriate forms for provision of forecast and update information will be provided by the **ISO**.

Effect of Non-Compliance

- 3(1)** Failure to provide information that may have an impact on safety or system security will result in suspension, termination, or delay of **system access service** until such time that the information is provided to the **ISO**.
- (2)** The **ISO** is not responsible for any delay, interruption, damage, or other problems caused by a delay in the provision of information required from a **customer**.

Revision History

- 2009-09-29 Revised to reflect draft redesign of system access service request process.
Draft released at stakeholder consultation session.

**SECTION 8
CUSTOMER CONTRIBUTIONS FOR CONNECTION PROJECTS**

Connection Costs

- 1** The costs of a connection project are those costs reasonably associated with facilities that:
- (a) will be owned and operated by a **transmission facility owner**;
 - (b) are required to provide **system access service** to a new **point of connection** or to increase the capacity of or improve **system access service** to an existing **point of connection**; and
 - (c) are reasonably required to meet the demand and supply forecast of the **customer** and the **customer's** reliability and operating requirements.

Classification of Customer-Related and System-Related Costs

- 2(1)** All costs associated with a connection project will be classified as either **customer-related** or system-related.
- (2)** **Customer-related** costs are those costs related to a contiguous connection project including, but not limited to, the connection substation, any radial transmission extensions to the substation, and modifications at existing adjacent substations. In particular, **customer-related** costs will include costs associated with:
- (a) the **point of connection**;
 - (b) new radial transmission line with only one transmission source;
 - (c) a share of existing facilities for which another **customer** previously paid a **customer** contribution within the past twenty (20) years, based on:
 - (i) the shared facilities being used for **system access service** to the new **customer**,
 - (ii) the higher of any Rate DTS or Rate STS contract capacity for each **customer**, and
 - (iii) the contract capacity levels reasonably expected over twenty (20) years following the previous **customer's** connection;
 - (d) line moves or burials of existing transmission line;
 - (e) communication at the **point of connection**;
 - (f) communication enhancements at the nearest existing substations with communications equipment;
 - (g) breakers and associated equipment at an existing substation, if required;
 - (h) special protection schemes and remedial action schemes, if required;
 - (i) the advancement of transmission facilities included as part of a critical transmission development or regional transmission system project under subsection 2(3)(e) below, calculated as the difference between the present values of the capital costs of the advanced and as-planned facilities using the discount rate provided in subsection 10 below;

**Section 8
Customer Contributions for Connection Projects**

- (j) facilities previously classified as system-related under subsection 3(3)(f) below and now reclassified as customer-related to meet the requirements of the connection project; and
 - (k) other facilities required to complete the customer's connection, including facilities of the transmission facility owner required to enable the customer to meet all relevant technical requirements for the connection.
- (3)** System-related costs are those costs related to a connection project including, but not limited to, non-contiguous components of the project and any looped transmission facilities. In particular, system-related costs will include costs associated with:
- (a) looped **transmission facilities**, which are facilities that increase the number of electrical paths between any two (2) **points of connection** (excluding the **point of connection** serving the customer) and which exclude any new radial transmission line;
 - (b) converting existing transmission or distribution lines to an underbuilt configuration on new transmission facilities;
 - (c) installation of capacitor banks to reduce transmission voltage drop caused by inductive or reactive loads;
 - (d) shunt reactors to lower voltage on long transmission lines;
 - (e) **transmission facilities** included as part of a critical transmission development or regional transmission system project:
 - (i) in the **ISO's** most recent long-term transmission system plan,
 - (ii) in a need identification document filed with the **Commission**, or
 - (iii) as reasonably expected by the **ISO** to be required in the future;
 and
 - (f) facilities in excess of the minimum size required to serve the **customer** where, in the opinion of the **ISO**, economics or system planning support the development of such facilities.

Facilities in Excess of Good Utility Practice

- 3(1)** Any **customer**-related costs of facilities which are deemed, in the opinion of the **transmission facility owner**, to be in excess of those required by good utility practice must be wholly paid by the **customer** as part of the **customer** contribution.
- (2)** Good utility practice as used in subsection 3(1) above means any of the practices, methods, and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods, and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety, and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in the region and consistently adhered to by the **transmission facility owner**.

Valuation of Facilities for Contribution Determination

- 4(1) Equipment used for a connection project will generally be valued at replacement cost new.
- (2) Where a connection project involves the installation of a transformer as a replacement for a smaller transformer which is removed from service at a substation:
- (a) when the transformer which is removed is either:
- (i) deemed re-deployable for use at another substation,
 - (ii) deemed suitable for use as an operating spare, or
 - (iii) treated as a capital maintenance cost
- by the **transmission facility owner**, then the **customer**-related costs for the connection project shall be reduced by the replacement cost new of the removed transformer; or
- (b) in all other cases, including when the transformer which is removed is scrapped without being treated as a capital maintenance cost by the **transmission facility owner**, there will be no such reduction to the **customer**-related costs for the connection project.
- (3) Replacement cost new as used in subsections 4(1) and 4(2) above means the current cost of similar new equipment having the nearest equivalent capability to the equipment being valued.

Allocation of Costs at Substations Serving Multiple Customers

- 5(1) **Customer**-related costs associated with facilities used to provide service to multiple **customers** at a single substation will be allocated among those **customers**. The multiple **customers** at the substation may be solely Rate DTS **customers**, solely Rate STS **customers**, or a combination of both.
- (2) To allocate the costs, the **customer**-related costs in subsection 5(1) above will be multiplied by the **substation fraction** for each **customer**.
- (3) Costs allocated to a **customer** taking service under Rate DTS are deemed to be demand-related costs.
- (4) Costs allocated to a **customer** taking service under Rate STS are deemed to be supply-related costs.

Application of Contribution Policy

- 6(1) The **customer** contribution will be calculated in accordance with the **customer** contribution policy described in the terms and conditions of the **ISO** in effect on the date on which the **Commission** grants permit and license for the connection project.
- (2) **Customer** contribution amounts must be paid by the **customer** to the **transmission facility owner** in accordance with the financial obligation provisions of section 5 of the terms and conditions.

**Section 8
Customer Contributions for Connection Projects**

- (3) For a **customer** taking service under Rate DTS, the **customer** contribution is the demand-related costs less the local investment determined under subsection 7 below.
- (4) For a **customer** taking service under Rate STS, the **customer** contribution is equal to the supply-related costs. In addition, an STS **customer** must pay to the **ISO** any **generating unit owner's** contribution required under section 10 of the terms and conditions.
- (5) For a **customer** taking service under any rate other than Rate DTS or Rate STS, the **customer** contribution is equal to all **customer**-related costs.

Determination of Local Investment

- 7(1) For a **customer** taking service under Rate DTS, the maximum local investment will be based on the contract capacity and investment term for the connection project.
- (2) The contract capacity used for the local investment calculation shall not include any capacity transferred from another **point of delivery**.
- (3) The investment term must be from five (5) to twenty (20) years inclusive.
- (4) For a connection project for a new **point of delivery**, the maximum local investment will be calculated using the table below as the sum, for each tier, of:
 - (a) the **substation fraction** or **contract capacity**, as appropriate, from column A,
 - (b) multiplied by the investment amounts from column B or column C, as applicable,
 - (c) multiplied by the investment term in years.

Column A	Column B	Column C
Tier	Investment for Service Under Rate DTS	Investment for Service Under Rate PSC
Substation fraction (for new points of delivery only)	\$53 350/year	\$11 740/year
First (7.5 × substation fraction) MW of contract capacity	\$37 370/MW/year	\$8 220/MW/year
Next (9.5 × substation fraction) MW of contract capacity	\$13 960/MW/year	\$3 070/MW/year
Next (23 × substation fraction) MW of contract capacity	\$8 490/MW/year	\$1 870/MW/year
All remaining MW of contract capacity	\$4 650/MW/year	\$0/MW/year

- (5) For a connection project at an existing **point of delivery** to accommodate a **contract capacity** increase:
 - (a) the **contract capacity** used for the local investment calculation shall be the capacity increase contracted by the **customer** since the most recent change in customer contribution at the point of delivery;

**Section 8
Customer Contributions for Connection Projects**

- (b) the **substation fraction** will be calculated based on **contract capacities** after the increase;
 - (c) the existing **contract capacity** establishes the tier in which investment will become available for the incremental **contract capacity**; and
 - (d) where the sum of existing and incremental **contract capacities** exceeds the remaining MW in the tier, investment will become available from subsequent tiers, as appropriate.
- (6) Where a **customer** contracts for increases or decreases to capacity over the investment term for a connection project, the investment will be calculated using the capacities that have been contracted for each year of the investment term.
- (7) The maximum local investment calculated in subsection 7(4) or 7(5) above will not exceed the demand-related costs.

Operations and Maintenance

- 8 For **customers** taking service under Rate DTS, an operations and maintenance charge of 14% will be added to the amount of demand-related costs which exceed the local investment determined in subsection 7 above.

Limitations

- 9 The **ISO** reserves the right to exercise its discretion, acting reasonably, in the application of the contribution policy. Without limiting the generality of the foregoing, this discretion includes the determination of costs to be system-related in certain circumstances that might, under strict application of the contribution policy, have been classified as **customer-related**.

Discount Rate

- 10 The discount rate applicable in the calculation of **customer** contributions under this section 8 of the terms and conditions and payments in lieu of notice under section 9 of the terms and conditions will be determined as follows:
- (a) in areas operated by an investor-owned **transmission facility owner** or by an income tax paying municipally-owned **transmission facility owner**:

$$[0.67 \times (\text{GCB} + 1\%)] + [(0.33 \times R) \div (1-T)]$$
 where GCB is equal to the yield on 30-year Government of Canada bonds; R is equal to the **Commission**-approved generic rate of return on common equity, as amended from time to time; and T is equal to the combined federal and provincial income tax rate for an investor-owned **transmission facility owner**.
 - (b) in areas operated by a non-income tax paying municipally-owned **transmission facility owner**:

the yield on 30-year Government of Canada bonds plus 1.9%.



Miscellaneous

- 11(1) Where relocation of **transmission facilities** is required, the **ISO** will ensure that all reasonable costs in relocating any **transmission facilities** are paid for by the party causing the relocation.
- (2) Where new facilities between adjacent **control areas** are required, the cost of such facilities will be shared between the **ISO** and the party responsible for costs in the other control area based on the extent that each benefits directly from the facilities.

Revision History

- 2009-11-02 Revised to update contribution policy.
Draft released at stakeholder consultation session.

**SECTION 9
CHANGES TO SYSTEM ACCESS SERVICE AFTER ENERGIZATION**

Events Resulting in Adjustments to Customer Contributions

- 1(1)** Certain events may, in the **ISO's** sole opinion, result in an adjustment to the **customer** contribution determined by application of the **ISO's** **customer** contribution policy to a connection project.
- (2)** The events which may result in contribution adjustments include, but are not limited to:
 - (a) a **customer** materially increasing or decreasing contract capacity or investment term, or terminating a system access service agreement, prior to the expiry of the investment term for a connection project;
 - (b) one or more additional **customers** using facilities originally installed for an existing **customer** or **customers**, resulting in sharing of facilities as provided for in subsection 2 below;
 - (c) facilities previously classified as system-related being reclassified as **customer**-related to meet changes in **customer** requirements;
 - (d) facilities previously classified as **customer**-related being reclassified as system-related;
 - (e) a material error in the original **customer** contribution determination;
 - (f) a material variance in the estimated or actual cost of the connection project compared to the original estimate; or
 - (g) a material reduction to the period of advancement of transmission facilities included as part of a critical transmission development or regional transmission system project under the provisions of subsection 2(2)(i) of section 8 of the terms and conditions.
- (3)** The **customer**, the **ISO**, or the **transmission facility owner** may initiate an adjustment to a **customer** contribution as a result of an event described in subsection 1(2) above.
- (4)** No adjustments to **customer** contributions will be made more than twenty (20) years after construction of a connection project.
- (5)** Where an event requires the addition of new equipment at an existing **point of connection**, the **customer** contribution will be determined under the provisions of section 8 of the terms and conditions rather than this section 9.

Shared Facilities

- 2(1)** If the **ISO** installs facilities to serve a **customer** that is required to pay a **customer** contribution, and then uses those facilities to serve other **customers** within twenty (20) years after construction of a connection project, the **ISO** will adjust the original **customer's** contribution and assess each of the new **customers** a contribution based on:
 - (a) the shared facilities being used for system access service to the new **customer**,
 - (b) the higher of any Rate DTS or Rate STS contract capacity for each **customer**, and

- (c) the contract capacity levels reasonably expected over twenty (20) years following the first **customer's** connection.
- (2) The cost of the shared facilities will be allocated between the **customers** by:
- (a) determining the higher of any Rate DTS or Rate STS contract capacity for each **customer** in each of the twenty (20) years following construction of the original connection project, assigning a contract capacity of zero (0) in any year in which a **customer** did not receive system access service;
 - (b) calculating the percentage share of the facilities attributable to each **customer** by dividing the contract capacity determined in subsection 2(2)(a) above for the **customer** in a year by the sum of contract capacities for all sharing **customers** in the year; and
 - (c) calculating the average percentage share over the full twenty (20) year period for each **customer**.

The average percentage determined in subsection 2(2)(c) above will be used to allocate the costs of shared facilities among the **customers**.

Application of Contribution Policy

- 3(1) For an adjustment to a **customer** contribution paid for a connection project, the adjustment will be determined in accordance with the **customer** contribution policy described in the terms and conditions of the **ISO** as applied to the **transmission facilities** when constructed.
- (2) The **ISO** will determine the amount of any adjustments to contributions. Such adjustments will be paid by the **customer** to the **transmission facility owner**, or will be refunded by the **transmission facility owner** to the **customer**.
- (3) Adjustments are charged or refunded without interest.
- (4) Adjustments will be neither charged nor refunded for amounts less than \$10 000.

Notices for Reductions or Terminations of Contract Capacity

- 4(1) Reductions or terminations of **contract capacity** will be effective five (5) years after the date of the request for reduction or termination.
- (2) A **customer** reducing or terminating a **system access service** agreement may choose to make a lump sum payment determined by the **ISO** in lieu of the 5-year notice period in subsection 4(1) above. The payment in lieu of notice reflects a share of system costs potentially incurred to reasonably accommodate the **customer's contract capacity** over the 5-year planning horizon of the transmission system.
- (3) The lump sum payment in lieu of notice will be:
- (a) for **customers** reducing or terminating a service under Rate DTS, the present value of the difference in bulk system and local system charges which would be attributed to the service with and without the reduction or termination of **contract capacity** during the notice period; or
 - (b) for **customers** terminating a service under Rate STS for a regulated generating unit listed in Appendix C of the **ISO tariff**, the difference in regulated generating unit

**Section 9
Changes to System Access Service After Energization**

connection cost charges which would be attributable to the service with and without the termination of the service during the notice period.

- (4) The discount rate used in the present value calculation will be that provided in subsection 10 of section 8 of the terms and conditions.
- (5) Payment in lieu of notice may be made at any time prior to or during the 5-year notice period, for the remainder of the notice period. Payment must be received by the **ISO** at least thirty (30) days before the reduction or termination of contract capacity is effective.
- (6) If circumstances warrant, the **ISO** may waive or reduce the requirement for payment in lieu of notice in recognition of transmission system benefits arising from the reduction or termination of contract capacity. Those benefits may include, but are not limited to, relief of regional transmission constraints, removal of capacity limitations which would restrict **system access service** to other **customers**, or avoidance of future upgrades to the transmission system.
- (7) The **ISO** may re-assess the payment in lieu of notice if material differences arise between the requested and actual **contract capacities** or between expected and actual load, and require additional payment from the **customer** if appropriate.

Excursions During the Notice Period

- 5(1) The **contract capacity** immediately following the 5-year notice period required by subsection 4(1) above will be the maximum of:
 - (a) the pre-notice **contract capacity** less the reduction of **contract capacity** requested by the **customer**; or
 - (b) the highest metered demand during the 5-year notice period less the reduction of **contract capacity** requested by the **customer**.
- (2) A **customer** may provide an additional notice of reduction after an excursion to request a subsequent reduction of **contract capacity** to the original notice level.

Payments

- 6(1) A request for payment of a **customer** contribution adjustment or a payment in lieu of notice must be satisfied by the **customer** within two (2) business days of such request.
- (2) The amount must be paid by way of electronic funds transfer or wire transfer to the bank account specified:
 - (a) for a **customer** contribution adjustment, by the **transmission facility owner**; or
 - (b) for a payment in lieu of notice, by the **ISO**.

Revision History

- 2009-11-02 Revised to update contribution policy.
Draft released at stakeholder consultation session.

SECTION 10 GENERATING UNIT OWNER'S CONTRIBUTION

Maximum STS Contract Capacity

- 1 The **contract capacity** for a new **point of supply** established by the **ISO** may not exceed:
 - (a) the sum of the **maximum capabilities** of all **generating units** connected to the **interconnected electric system** by the **point of supply**, less
 - (b) the sum of all loads that offset the energy delivered to the **interconnected electric system** from that **point of supply** under **normal operating conditions**.

Determination of Generating Unit Owner's Contribution

- 2(1) In addition to the **customer** contribution determined in section 8 of the terms and conditions, a **customer** taking **system access service** under Rate STS is required to pay a **generating unit owner's** contribution for:
 - (a) new Rate STS capacity requirements at a new **point of supply**, and
 - (b) new Rate STS capacity requirements at an existing **point of supply** where such additional requirements are the result of the addition of a new **generating unit**.
- (2) The **generating unit owner's** contribution is the sum of the following:
 - (a) \$10 000/MW multiplied by the amount of new Rate STS **contract capacity**, plus
 - (b) \$40 000/MW multiplied by the amount of new Rate STS **contract capacity** multiplied by the **customer's generating unit owner's** contribution factor. **Generating unit owner's** contribution factors will be determined by the **ISO** for areas of the transmission system where generation exceeds load in accordance with section 29 of the *Transmission Regulation*, and will be made publicly available by the **ISO** in advance of their effective dates.
- (3) **Generating unit owner's** contributions are not required for Rate STS capacity requirements for which a **system access service** agreement was signed before January 1, 2006, or for Rate STS capacity requirements of 1 MW or less.

Payment of Generating Unit Owner's Contribution

- 3(1) The **generating unit owner's** contribution must be paid in full by the **customer** to the **ISO** at least 30 days prior to the **energization** of the **generating unit**.
- (2) The **generating unit owner's** contribution must be paid by way of electronic funds transfer or wire transfer to the bank account specified by the **ISO**.

Refund of Generating Unit Owner's Contribution

- 4(1) A **customer's generating unit owner's** contribution will be refunded to the **customer** if the **customer's generating unit** meets the **ISO rules** regarding satisfactory annual performance, in accordance with the provisions of this subsection 4.
- (2) The **generating unit owner's** contribution will be refunded in annual amounts during the refund period which begins on January 1 following the **commercial operation** date of

the **customer's generating unit** and ends nine (9) calendar years later on December 31.

- (3) The annual amounts during the refund period will be:
 - (a) 5.6% of the **generating unit owner's** contribution in each of the first through fourth calendar years in the refund period;
 - (b) 11.2% of the **generating unit owner's** contribution in the fifth calendar year in the refund period; and
 - (c) 16.6% of the **generating unit owner's** contribution in each of the sixth through ninth calendar years in the refund period.
- (4) For each calendar year during the refund period in which the **ISO rules** regarding satisfactory annual performance are met, the **customer** will receive a refund of the annual amount determined in subsection 4(3) above for that year. If the **ISO rules** regarding satisfactory annual performance are not met, the annual amount for that year will be reduced or forfeited.
- (5) For each year of the refund period, the **customer** must report the **generating unit's** annual performance to the **ISO** by January 31 of the following year.
- (6) For each year of the refund period where the **customer** has reported annual performance and where the **ISO rules** regarding satisfactory annual performance are met, the **ISO** will pay the **generating unit owner's** contribution refund annual amount to the **customer** by February 28 of the following year.
- (7) Annual amounts are refunded without interest.

Return of Refunds

- 5 The **ISO** may determine that a refund of an annual amount must be returned to the **ISO** in whole or in part where it is demonstrated that an error was made or that an inappropriate refund was given.

Revision History

- 2009-11-02 Revised to update generating unit owner's contribution policy.
Draft released at stakeholder consultation session.

SECTION 11 ANCILLARY SERVICES

General

- 1 **Ancillary services** are provided by **customers** when the **ISO** determines there is a need for such services to maintain system security and ensure the reliable operation of the **interconnected electric system**. **Customers** required by the **ISO** to provide **ancillary services** shall be directed to do so in accordance with **ISO rules** and will be compensated as provided in subsections 2 through 7 below, as applicable.

Contracted Ancillary Services

- 2 If at the time the **customer** is directed to provide **ancillary services** the **customer** has an existing contract with the **ISO** to provide the **ancillary services** in question from the directed facility (the “existing contract”), then the amount to be paid to the **customer** by the **ISO** for the **ancillary services** shall be determined according to the terms of the existing contract.

Directed Ancillary Services Other Than Transmission Must-Run Services

- 3 If at the time the **customer** is directed to provide an **ancillary service** other than transmission must-run service, the **customer** does not have an existing contract, then the amount to be paid to the **customer** by the **ISO** in respect of each **ancillary service** provided shall be the greater of the following monthly amounts. Each amount is the sum for the month of hourly compensation amounts.
 - (a) The product of the MW hour directed and the highest price paid in the hour to **customers** providing the same **ancillary service** pursuant to subsection 2 above and that the existing contract was the result of a competitive process conducted in the prior twelve (12) months; or
 - (b) The verifiable net opportunity cost related to foregone electricity sales incurred by the **customer** to supply the directed **ancillary service**, taking into account offsetting pool energy receipts.

Transmission Must-Run Services

- 4(1) Transmission must-run services are **ancillary services** provided by **customers** with **generating units** in response to a **direction** provided by the **ISO** to ensure safe and reliable electrical service for a region of the **interconnected electric system**.
- (2) Transmission must-run services are foreseeable if the **ISO**, taking into account reasonable procurement timing requirements, determines transmission must-run services are required to meet **ISO transmission reliability criteria** which includes consideration of expected operating conditions and planned transmission outages. Transmission must-run services are unforeseeable transmission must-run services if they do not constitute foreseeable transmission must-run services.

Arrangements and Compensation for Foreseeable TMR Services

- 5** Arrangements and compensation for foreseeable transmission must-run services will be made in accordance with the *Foreseeable TMR Service Procurement Procedure* (Appendix B of the **ISO tariff**).

Compensation for Unforeseeable Transmission Must-Run Services

- 6(1)** If at the time the **customer** is directed to provide unforeseeable transmission must-run service the **customer** does not have an existing contract, then the amount to be paid to the **customer** in the applicable **billing period** for unforeseeable transmission must-run service is equal to variable costs plus fixed costs, where:
- (a) variable costs means the hourly difference of the pool price subtracted from the energy price, which shall not be less than zero (0), multiplied by the corresponding hourly energy generated (MWh) by the specific directed **generating unit** in compliance with the directive to provide unforeseeable transmission must-run service, where:
 - (i) Energy price (\$/MWh) is the product of the heat rate multiplied by the fuel cost, added to the sum of the variable STS charges and variable O&M charge.
 - (ii) Heat rate (GJ/MWh) is the actual heat rate of the **customer's generating unit** during the period when the unit was complying with the directive.
 - (iii) Fuel cost for a gas **generating unit** is the natural gas market price (\$/GJ), being the "Daily Spot Price at AECO-C and NIT", excluding weekends, as published in the *Canadian Gas Price Reporter*, for natural gas on the applicable day. The fuel cost for a coal **generating unit** shall be provided by the **customer**.
 - (iv) Variable STS charges (\$/MWh) is the actual cost of all variable charges from Rate STS of the **ISO tariff**, including the applicable loss factor charge or credit.
 - (v) Variable O&M charge (\$/MWh) is the all-in cost (including major/minor overhauls), fixed at \$4.00/MWh, of providing incremental output from the unit, excluding fuel costs and variable STS charges.
 - (b) Fixed costs are equal to the average monthly fixed cost multiplied by the greater of the must-run ratio or the minimum must-run ratio, where:
 - (i) Average monthly fixed cost is equal to one-twelfth of the sum of the annual costs in items (A) through (H) as follows:
 - (A) annual amortization and depreciation amounts for the **customer's** investment or for the power purchase arrangement acquisition cost related to the specific directed **generating unit**, consistent with amounts reported in the **customer's** audited financial statements, and adjusted for cogeneration infrastructure not utilized for generation purposes;
 - (B) the product of the unamortized or undepreciated capital investment multiplied by a deemed debt percentage of 70% and multiplied by a debt interest rate that is equal to the current 10-year Government of Canada bond interest rate plus 0.5%, and where the unamortized or undepreciated capital investment is the greater of

**Section 10
Generating Unit Owner's Contribution**

- (1) the **customer's** initial cost of property, plant, and equipment for the specific directed **generating unit**, or the **customer's** initial power purchase arrangement acquisition cost related to the specific directed **generating unit**, less accumulated depreciation or amortization, as the case may be, related to the specific directed **generating unit**; or
- (2) 25% of the **customer's** initial cost of property, plant, and equipment for the specific directed generating unit, or the customer's initial power purchase arrangement acquisition cost related to the specific directed power purchase arrangement.
- (C) the product of unamortized or undepreciated capital investment, as described in (B) above, multiplied by a deemed 30% common equity percentage of capital structure multiplied by a deemed 12% rate of return on equity;
- (D) if the **customer** provides verifiable actual values for the items in both (B) and (C) then those will be used instead of the deemed values;
- (E) the product of the tax rates multiplied by the rate of return on equity amount determined in (C), where income tax costs reflect the marginal income tax rates for both federal and provincial portions of income tax;
- (F) total annual direct fixed operation and maintenance costs associated with the specific directed **generating unit**;
- (G) total annual direct fixed fuel costs associated with the specific directed **generating unit**; and
- (H) fixed charges from applicable PPAs associated with the specific directed generating unit.
- (ii) Must-run ratio is the ratio of the number of hours in the month when unforeseeable transmission must-run services were provided to the total number of hours in the month;
- (iii) Minimum must-run ratio is:
 - (A) 12% for the first or second unforeseeable transmission must-run service event within a rolling 12-month period in which transmission must-run service is directed by the **ISO**;
 - (B) 20% for the third unforeseeable transmission must-run service event within a rolling 12-month period in which transmission must-run service is directed by the **ISO**;
 - (C) 30% for the fourth unforeseeable transmission must-run service event within a rolling 12-month period in which transmission must-run service is directed by the **ISO**;
 - (D) 40% for the fifth unforeseeable transmission must-run service event within a rolling 12-month period in which transmission must-run service is directed by the **ISO**; or
 - (E) 50% for the sixth or any additional unforeseeable transmission must-run service event within a rolling 12-month period in which transmission must-run service is directed by the **ISO**.

If there is more than one unforeseeable transmission must-run service event in a **billing period**, the minimum must-run ratio shall be the highest applicable percentage described in (A) through (E) above.

- (2) In lieu of the variable and fixed costs in subsections 6(1)(a) and 6(1)(b) above, if a **customer** can demonstrate foregone future energy sales due to a transmission must-run directive, then the verifiable net opportunity cost related to foregone electricity sales incurred by the **customer** to supply the directed transmission must-run service, taking into account offsetting pool energy receipts. This applies only to **customers** that have responded to a transmission must-run direction using hydroelectric **generating units**.

Maximum TMR Services Compensation

- 7 The maximum monthly amount to be paid by the **ISO** for transmission must-run service results in the recovery of fixed, operating, and maintenance costs, including a reasonable rate of return for the service provider, and is equal to the average monthly fixed cost plus variable costs as provided for in subsection 6 above.

Invoicing

- 8 **Customers** that provide unforeseeable transmission must-run service in response to a direction from the **ISO** will submit an invoice to the **ISO** within fifteen (15) business days after the end of the month in which the service was provided. The amount of the invoice shall be determined in accordance with the method in subsection 6 above, and will separately itemize the values used for each component specified (fixed and variable costs).

Audit Rights

- 9 The **ISO** has the right to audit a **customer's** invoices and source information related thereto for transmission must-run services, provided that any such audit is:
- (a) conducted only on reasonable prior notice to the **customer**;
 - (b) conducted on the **customer's** premises during normal business hours;
 - (c) not conducted by, or the information gathered made available to, those persons at the **ISO** that determine contestability for purposes of the **ISO** procuring transmission must-run competitively;
 - (d) conducted subject to section 16 of the terms and conditions; and that
 - (e) no copies of records reviewed during the audit shall be made without the **customer's** prior written consent.

Revision History

- 2009-11-02 Reformatted for consistency with revised terms and conditions.
Draft released at stakeholder consultation session.

SECTION 12 DEMAND OPPORTUNITY SERVICE

[Note: Will be revised to consolidate and incorporate rights and obligations from existing OPPs and DOS Business Practices.]

Eligibility

- 1 To qualify for **demand opportunity service**, the **customer** must meet the commercial eligibility criteria and submit the required applications as set out in the *Demand Opportunity Service Business Practices*. The **ISO** must be satisfied that the **customer's** use of the **demand opportunity service** would not proceed on any other applicable rate. Eligibility is also contingent upon sufficient transmission capacity and suitable system operation conditions capable of accommodating the request.

Fees

- 2 In conjunction with the **demand opportunity service** stage 2 application, which must be submitted at least thirty (30) days prior to taking **demand opportunity service**, the **customer** must pay a non-refundable \$5 000 fee to the **ISO** for evaluation of the **customer's** commercial eligibility for **demand opportunity service**.

Recallable Service

- 3 **Demand opportunity service** is recallable:
 - (a) in accordance with the provisions of Rate DOS;
 - (b) in accordance with the provisions of section 2 of the terms and conditions; and
 - (c) whenever sufficient transmission system capacity becomes temporarily or permanently unavailable.

Metered Energy

- 4 Any **metered energy** taken by the **customer** in a **billing period** that exceeds the aggregate **metered energy** allowed under the **customer's demand opportunity service system access service agreements** will be added to the **customer's** Rate DTS **metered energy** in the same **billing period**. Where the **customer** has not executed a **system access service agreement** for Rate DTS, the **customer** will be deemed to have executed such an agreement effective with the beginning of the relevant **billing period**.

Effect of Disqualification

- 5 From time to time, the **ISO** may audit the **customer's** eligibility for **demand opportunity service**. If the **ISO** finds that the **customer** no longer qualifies for **demand opportunity service**, the **customer** will be deemed to have executed an agreement for demand transmission service effective on the date of disqualification and the **ISO** will terminate billing under Rate DOS. The **ISO** may, in its sole discretion, recover retroactive amounts for the period during which such **customer** did not qualify for, but was billed under, Rate DOS.



Revision History

2009-11-02 Revised to update generating unit owner's contribution policy.
Draft released at stakeholder consultation session.

**SECTION 13
FINANCIAL SECURITY, BILLING, AND PAYMENT TERMS**

Credit Requirements

- 1(1)** **Distribution facility owners** that are regulated by the **Commission** are not required to comply with the **ISO's** financial security requirements applicable to system access service charges in this section 13 of the terms and conditions. All other **customers** must comply with the **ISO's** financial security requirements.
- (2)** Prior to receiving service, the **customer** must provide the **ISO** with all financial information that the **ISO** reasonably requests in order to establish the financial security required from the **customer**.
- (3)** If requested by the **ISO**, the **customer** must provide financial security in an amount of up to two (2) months' payment in advance for **system access service**. The amount of the financial security will be estimated by the **ISO** at its sole discretion based on the **customer's** historic use or on an estimate where actual use is not available. Such security must be in a form satisfactory to the **ISO** including but not limited to a guarantee, cash deposit, or irrevocable letter of credit from a Canadian chartered bank, credit union, trust company, or other financial institution with a minimum senior unsecured long-term debt A- credit rating or equivalent as determined by Standard & Poor's, Moody's Investor Services, DBRS, or equivalent credit rating agency.
- (4)** The **ISO** may request, at its sole discretion, at any time after initial granting of service, additional or replacement security based on the **ISO's** estimate of the appropriate security required. Required additional or replacement security must be provided to the **ISO** within two (2) **business days** of such request. **Customers** must report any event of default for borrowed funds or material adverse changes in their financial position to the **ISO** within two (2) **business days** of such event.
- (5)** Unsecured credit established for a **customer** by the **ISO** may be used to reduce the amount of security the **customer** must provide, up to the limit of such unsecured credit not utilized to reduce other security required by the **ISO** or the **transmission facility owner**.

Effect of Non-Compliance

- 2(1)** If the **customer** fails to provide adequate security outlined in subsection 1 above, then subsection 2(1)(a), 2(1)(b), or both below may apply.
 - (a)** The **ISO**, at its sole discretion, may invoke a financial penalty which will be calculated at the Toronto Dominion Canadian prime rate plus 6%; until such time as the security has been provided to the **ISO**.
 - (b)** The **ISO** may immediately withhold or suspend the **customer's system access service**.
- (2)** Any withholding or suspension of **system access service** under subsection 2(1)(b) above will not relieve the **customer** from its obligation to pay any rate, charge, or other amount that has accrued, or is accruing, to the **ISO**.

Billing Procedures

- 3(1)** The **ISO** issues **statements of account** which may include:
- (a) amounts determined on an initial basis in the month following energy flow and no later than fifteen (15) **business days** after the end of the **billing period**;
 - (b) amounts determined on an interim basis in the third month following energy flow; and
 - (c) amounts determined on a final basis in the seventh month following energy flow.
- (2)** From time to time the **ISO** may review a **statement of account** issued in accordance with subsection 3(1) above and may issue a new **statement of account** following that review.
- (3)** The **ISO** may choose not to issue **statements of account** on an interim or final basis that result in a charge or refund of less than \$1 000.
- (4)** The **ISO** may use estimated values to produce a **statement of account** when **metered demand** or **metered energy** data is not available or is incomplete, when **metering equipment** fails, or when the data is under **dispute**. The **ISO** may also use estimated values to produce a **statement of account** if the **ISO's** billing and settlement system is unable to produce a **statement of account**. In the event that a **statement of account** is based on estimated values, an adjustment will be made on a subsequent **statement of account** issued in accordance with subsection 3(1)(a) or 3(1)(b) above to reflect the use of actual or more appropriate estimated values.
- (5)** The **ISO** may, but is not required to, deduct from the **statements of account** any amounts owing by the **ISO** to the **customer** or its **affiliates**.

Totalized Billing

- 4** Effective January 1, 2002, where a **customer** is an industrial facility with multiple **points of connection**, the **ISO** may totalize the **points of connection** and produce one **statement of account** for the **customer**. The **ISO** will base its decision to totalize on a review of the economics of providing more than one **point of connection**, reclassification of the site as a **Commission**-designated industrial system, or the existence of a credible transmission bypass alternative.

Adjustments

- 5** When a **customer** requests that a **statement of account** issued in accordance with subsection 3 above be recalculated and reissued forty-five (45) days or more after the end of the applicable **billing period** as a result of:
- (a) unavailable or incomplete meter data, or
 - (b) inaccurate estimates of meter data,
 - (c) reconciliation with updated estimates of meter data,
- the **ISO** will recover the cost of recalculating and reissuing the affected **statement of account** from the **customer** taking service from the relevant **metering equipment**. The **customer** must pay to the **ISO** \$1 000 for each recalculated and reissued **statement of account**.

Request for Billing Data

- 6** Data required to verify any billing information provided by the **ISO** may be made available to **customers** during regular business hours and the **customer** will be responsible to pay for all of the costs of retrieval and provision of the data.

Payment Terms

- 7** Notwithstanding any unresolved **dispute** between the **ISO** and the **customer**, the **customer** must pay the entire amount due, as shown on the **statement of account**, no later than the twentieth **business day** after the end of the **billing period**. Payment must be made by way of electronic funds transfer or wire transfer to the bank account specified by the **ISO**.

Interest and Other Charges

- 8(1)** In the event of non-payment under the terms of subsection 7 above, interest and late payment penalties will be charged to defaulting **customers**.
- (a) Where non-payment exists, interest charges will be calculated on the day following the applicable transmission settlement date. The interest will be calculated at the Toronto Dominion Canadian prime rate plus 6%. Interest will be calculated from the due date to the date on which bank value is received.
- (b) In addition to the interest charge, a penalty charge will be assessed based on two (2) days' interest on the outstanding amount owing and calculated at the Toronto Dominion Canadian prime rate plus 6%.
- (2)** The **ISO** will also assess the defaulting **customer** for all administrative and collection costs relating to the recovery by the **ISO** of amounts owed. The **ISO**, at its sole discretion, may suspend **system access service** and realize upon any security provided by the defaulting **customer** if the **customer** is not in compliance with subsection 7 above in full or partial satisfaction (as the case may be) of all amounts owing to the **ISO**. **System access service** to the **customer** will not be re-instated until the **customer** has paid all amounts owing to the **ISO** in full and has restored or secured its credit facility in a manner satisfactory to the **ISO**, at the **ISO**'s sole discretion.

Revision History

- 2009-11-02 Revised for 2010 tariff application.
Draft released at stakeholder consultation session.

**SECTION 14
PEAK METERED DEMAND WAIVER**

Causes Eligible for Peak Metered Demand Waivers

- 1(1)** The **ISO** may, in its sole discretion, waive **metered demand** for a **customer** for the purposes of calculating the **billing capacity** when the **metered demand** was caused by one of the following:
- (a) commissioning;
 - (b) activities required to repair and maintain **transmission facilities**;
 - (c) an event of **force majeure**;
 - (d) compliance with a dispatch from the **ISO** during an emergency; or
 - (e) load restoration activities following an outage of **transmission facilities** or **distribution facilities** or caused by an **emergency** on the transmission system.
- (2)** In addition, the **ISO** may, in its sole discretion, waive **metered demand** for a **distribution facility owner** for pre-scheduled activities required to maintain **distribution facilities**.

Requests for Peak Metered Demand Waivers

- 2** A **customer** may request a peak metered demand waiver through submission of the **ISO's Peak Metered Demand Waiver Request** form, available on the AESO website or by request from the **ISO**. The *Peak Metered Demand Waiver Request* form must be submitted by the **customer** to the **ISO** no later than three (3) **business days** after the end of the **billing period** for which the waiver is being requested.

Revision History

- 2009-10-29 Revised for consistency with revised terms and conditions.
Draft released at stakeholder consultation session.



SECTION 15 LIMITATION OF LIABILITY

Limitation of Liability

Notwithstanding anything to the contrary contained in these terms and conditions, no action lies against an **ISO person**, and an **ISO person** is not liable for an **ISO tariff** act, which means any act or omission carried out or purportedly carried out in performing its obligations under the **ISO tariff**, unless such **ISO tariff** act constitutes willful misconduct, negligence, breach of contract or, if the **ISO tariff** act is carried out by an **ISO person** who is an individual, if such act is not carried out in good faith. If an **ISO person** is liable to another person for an **ISO tariff** act, then the **ISO person** is liable for only **direct loss or damage** suffered or incurred by that other person.

Revision History

2009-10-20 Revised for consistency with revised terms and conditions.
Draft released at stakeholder consultation session.

**SECTION 16
CONFIDENTIAL INFORMATION**

Confidential Information

- 1(1)** Both the **ISO** and **customers** will treat information as confidential in accordance with the provisions of section 103.1 of the **ISO rules** regarding confidential information. Confidential information will be disclosed only in accordance with the provisions of that **ISO rule**.
- (2)** When exchanging information related to the **ISO tariff**, a **customer** shall be considered a **market participant** for the purpose of the confidential information provisions established under section 103.1 of the **ISO rules**.

Revision History

- 2009-10-23 Revised to refer to provisions of ISO rules.
Draft released at stakeholder consultation session.

SECTION 17 DISPUTE RESOLUTION

Dispute Resolution Process

- 1(1)** A dispute between a **customer** and the **ISO** related to the **ISO tariff** will be addressed in accordance with the provisions of section 103.2 of the **ISO rules** regarding dispute resolution.
- (2)** When addressing a dispute related to the **ISO tariff**, a **customer** shall be considered a **market participant** for the purpose of the dispute resolution provisions established under section 103.2 of the **ISO rules**.

Continued Obligation

- 2** Pending resolution of any **dispute**, the **ISO** and the **customer** will continue to perform their respective obligations under the **ISO tariff**.

Revision History

- 2009-10-22 Revised to refer to provisions of ISO rules.
Draft released at stakeholder consultation session.

SECTION 18 MISCELLANEOUS

Assignment

- 1** A **customer** may assign its **system access service agreement** or any rights thereunder to another **customer** who is qualified for the **system access service** available under such agreement, but only with the consent of the **ISO**, such consent not to be unreasonably withheld. In the event a Rate DTS or Rate STS agreement has been assigned, all rights and obligations associated with the service, including any and all retrospective adjustments due to deferral account reconciliation or any other adjustments, will be applied to the account of the assignee.

Compliance With ISO Directives

- 2** **Customers** must comply with dispatches and directives of the **ISO** which are required for performance of **customers'** obligations hereunder in real-time, including, without limitation, those related to transmission connection requirements and provision of **ancillary services**.

Notifications

- 3(1)** All notices given or served upon the **ISO** in accordance with this **ISO tariff** must be in writing and marked "Important" and given by personal service, email, telefax, or registered letter addressed to:

AESO
Attention: Manager, Customer Connections
2500, 330 – 5th Avenue SW
Calgary, Alberta T2P 0L4
Fax (403) 539-2795
- (2)** All notices given or served upon the **customer** in accordance with this **ISO tariff** must be in writing served by personal service, registered letter, or telefax and sent to the address or addresses shown for such **customer** in the relevant **system access service agreement**.

Revision History

- 2009-11-02 Revised for updated tariff.
Working draft, not released.