Stakeholder Comment Form

AESO AUTHORITATIVE DOCUMENT PROCESS

New G1 Definitions
New ISO Rule 5

NOTE: The AESO is asking market participants to give an initial indication of their support for, or opposition to, the specific ISO rule changes referenced below. Such an initial indication assists in the AESO's practical understanding of the receptivity of the industry to the proposed changes, and in that regard the AESO thanks in advance all market participants who choose to respond. With regard to the specific ISO rule changes and their implications, such responses are without prejudice to the rights of market participants under the Act, any regulations, or related decisions of the Commission.

Date of Request for Comment: December 17, 2009
Period of Consultation: December 17, 2009 through January 29, 2010

Comments From: EPCOR
Date: January 29, 2010
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G1 Definitions to ISO Rules	
"**scheduled generator outage**" means the period of time as planned by the **owner** of a **generating unit** during which that **generating unit** is partially or fully removed, derated from, or otherwise is not physically or mechanically available for service by the **owner** due to planned or scheduled maintenance or repairs to any of the plant, equipment or components of the **generating unit.** "**incremental generation costs**" means, where the **ISO** has issued a **directive** under ISO rule 6.3.5 or 5.3 requiring that the **generating unit** be made available to, or to actually operate, exchange **electric energy** or provide **ancillary services,** those reasonable costs incurred that are reasonably attributed to compliance with the **directive** and which may reasonably be determined to have been avoided but for the **directive,** and include:	**Support** **Oppose** **No Comment**

(a) the following specific costs as incurred and related to compliance with a **directive** for long lead time energy under **ISO rule** 6.3.5:

(i) the actual costs of all variable charges from the **STS Rate Schedule** of the **ISO Tariff**, including any applicable **loss factors** charge or credit;

(ii) variable operational and maintenance charges;

(iii) fuel costs to start and run the **generating unit** ; and,

(iv) other related reasonable costs.

(b) the following specific costs as incurred and related to compliance with a **directive** canceling a **scheduled generator outage** for a **generation unit** under **ISO rule** 5.3:

(i) those incurred to plan, prepare for and execute the **scheduled generator outage**, from initial planning and inception to the date of the **directive** from the **ISO** canceling the **scheduled generator outage**;

(ii) those incurred subsequent to the date of cancellation by the **directive** and in accordance with **good electric operating practice,** and otherwise which would not have been incurred but for the cancellation;

(iii) those incurred for re-scheduling personnel, equipment and other materials required for the performance of the work originally to be completed or performed pursuant to the cancelled **scheduled generator outage;**

(iv) in the form of verified damages or liquidated claims dollar amounts incurred or claimed by third parties pursuant or related to:

(A) any third party contract terms and conditions for performing repair, retrofit, upgrade or maintenance work on or directly related to the **generating unit** during the **scheduled generator outage**, which third party work has been cancelled or otherwise cannot be performed due to the **scheduled generator outage** cancellation;

(B) any third party market or hedging transactions directly related to participation in the energy market by the **generating unit** which is the subject of the **directive;** and (v) other related reasonable costs.	
Reason for Stakeholder Positions:	
Alternate Proposal:	
ISO rule 5 Reliability Assessment and Scheduled Outage Cancellation	
1. Applicability	
(1) To the **ISO**. (2) To a **pool participant** registered under Section 1 of the **ISO rules** to exchange or transact with respect to a specific **generating unit.** (3) To an **owner** of a **generating unit.** (4) To **market participants.**	**Support** **Oppose** **No Comment**
Reason for Stakeholder Positions:	
Alternate Proposal:	
2. Requirements	
5.1 Reliability and Adequacy Assessments (1) The **ISO** will, on an as required basis, apply all Alberta reliability standards and operating polices and procedures criteria for the purpose of assessing **reliability.** (2) For the purpose of assessing **adequacy** the **ISO** will: (a) complete a supply and demand forecast using the peak demand hour for every	**Support** **Oppose** **No Comment**

day for the next successive two (2) year period, incorporating or addressing the following:

(i) the sum of the **maximum capability** from all **generating units** in Alberta with a **maximum capability** equal to or greater than 5 **MW**, plus

(ii) an estimate of the output from wind **generating units** , plus

(iii) import **available transfer capability** on the British Columbia and Saskatchewan interconnections with **ILRAS**, minus

(iv) declared **generating unit** deratings, minus

(v) any capacity of **generating units** which are affected by **transmission constraints,** minus

(vi) anticipated **generating unit** derates, minus

(vii) the daily forecast Alberta internal **load** demand, minus

(viii) **operating reserves** requirements, plus

(ix) price responsive **load,** plus

(x) aggregate **outage** records for **load**, plus

(xi) **load** for **demand opportunity service.**

(b) complete a real time **adequacy** assessment for each **settlement interval** for the **trading day** and for the six (6) remaining **days** of the **forecast scheduling period** on the **day** preceding that **trading day**, and which assessment will incorporate or address the following:

(i) the sum of the **available capability** of all **generating units** in Alberta with a **maximum capability** equal to or greater than five (5) **MW,** and with a start up time either:

(A) less than or equal to one (1) hour, or

(B) at or before the period being assessed, plus

	(ii) an estimate of the output from all wind **generating units**, plus (iii) an estimate of the amount of price responsive **load** that will reduce **demand**; plus (iv) an estimate of **load** for **demand opportunity service** that will be curtailed; plus (v) an estimate of the amount of on site generation that supplies behind the fence **load** and submits **available capacity** as net-to grid value; minus (vi) an estimate of the amount of anticipated **generating unit** derates, plus (vii) import to forecast **available transfer capability** on the British Columbia and Saskatchewan interconnections, plus (viii) reducing exports on the Alberta –British Columbia and Alberta-Saskatchewan interconnections to zero (0) **MW**, plus (ix) all **supplemental reserves** and excess **spinning reserves** delivered, plus (x) **generating unit** or import **available transfer capacity** that can be obtained by canceling **transmission system** maintenance, minus (xi) unavailable energy from **generating units** due to **transmission constraints**.	
Reason for Stakeholder Positions:		
Alternate Proposal:		
5.2 Generating Unit Scheduled Generator Outage Reporting For any **generating unit** with (a) installed capacities of five (5) **MW** or higher; or (b) derate changes of plus or minus five (5) **MW** or greater; the **owner** of the **generating unit,** or the subsection 1(2) **pool participant** if different from the		**Support** **Oppose** **No Comment**

owner, must comply with the **scheduled generator outage** reporting requirements for the **generating unit** as set forth in the **ISO rules** below.

5.2.1 Timely Information From Owner to Pool Participant

(1) The **owner** of a **generating unit** must provide to a subsection 1(2) **pool participant**, such timely and complete information so as to enable the **pool participant** to comply with its obligations set out under this section 5.2.

5.2.2 Specific Scheduled Generator Outage and Forced Outage Reporting Requirements

(1) Subject to subsection (2), each subsection 1(2) **pool participant** must use the outage scheduling entry in the **Energy Trading System** to provide to the **ISO** the dates, times, durations, and impact to **MW** capability for any **scheduled generator outage** and the specific nature of the **scheduled generator outage** work to be done as well as designate the outage as **"**Derate-Planned**"** or **"**Outage-Planned"**.**

(2) The subsection 1(2) **pool participant** must comply with the following specific requirements when submitting either **forced outage** or **scheduled generator outage** information to the **ISO:**

(a) by the first (1st) day of every month subsequent to the date of **commissioning**, submit **scheduled generator outages** that are known or planned to occur at any time within the next twenty four (24) months after that day, with any subsequent revisions to the plans submitted to the **ISO** as soon as reasonably practical after the decision is made by the **owner** of the **generating unit** to change the plans, but in any event no later than three (3) months prior to the first day the **scheduled generator outage** is planned to commence;

(b) for **scheduled generator outages** that are known or planned to be required within the next three (3) months after the first (1st) day of a month, submit the plan as soon as reasonably practical if different than the plan referred to in Subsection (2) (a) above, but in any event no later than three (3) days of the decision being made by the **owner** of the **generating unit**, which submission must include a statement setting out the reasons that the new plan for the **scheduled generator**

outage was not included in, or must vary from, the original Subsection (2) (a) submission; (c) for a **forced outage**: (i) inform the **system controller** on a telephone line designated by the **ISO** which will contain a voice recording system; and (ii) use the outage scheduling entry in the **Energy Trading System** to provide to the **ISO** the dates, times, durations, and impact to **MW** capability for the **forced outage** and designate the outage as "Derate-Forced" or "Outage-Forced". (3) The subsection 1 (2) **pool participant** must provide to the **ISO** in writing a list of contact persons who will be involved in the planning of **scheduled generator outages**, and be in a position of authority to resolve with the **ISO** any issues or concerns regarding **scheduled generator outages** and **forced outages**. **5.2.3 Generating Unit Outage Information Confidentiality** Subject to Section 5.2.4 below, **scheduled generator outage** and related information submitted to the **ISO** under these **ISO rules** will be kept confidential by the **ISO** in accordance with **ISO rules** and the related **ISO** policies and procedures, except as otherwise required to be made public under any legislation, regulation or any other provision of the **ISO rules**, or to **WECC** under any applicable agreement provisions. **5.2.4 Aggregate Information Posting** The **ISO** will post on its website and on an aggregate basis the **scheduled generator outage** information for all **generating units**, in a manner that seeks to preserve the confidential nature of the subject matter and precludes the identification of any **owners,** the subsection 1(2) **pool participant** or other directly affected **pool participants.**	
Reason for Stakeholder Positions:	
Alternate Proposal:	
5.3. Authority to Issue a Scheduled Generator Outage Cancellation Directive	**Support**

(1) Pursuant to subsection 18(1) of the **T-Reg** the **ISO** may issue a **directive** to an **owner** of a **generating unit,** or the subsection 1(2) **pool participant** or both if different persons, to cancel a **scheduled generator outage** planned for that **generating unit** based on the **reliability** and **adequacy assessments** conducted under the provisions of Section 5.1 and under the specific circumstances and in accordance with the procedures set out in these **ISO rules**. (2) No **directive** canceling a **scheduled generator outage** will be issued by the **ISO** without the authorization of the Chief Executive Officer of the **ISO** or his designee**.** **5.3.1 Scheduled Generator Outage Cancellation Procedure** Prior to issuing a **directive** canceling a **scheduled generator outage**, the **ISO** must comply with the following procedures, in the following sequence: (1) The **ISO** will consider and analyze the results of the assessments undertaken in accordance with Section 5.1 above, and perform a further assessment of the status of all **generating units** in Alberta based on all **scheduled generator outage** plans submitted by all subsection 1(2) **pool participants** under Section 5.2.2 above. (2) After completing the assessments, and taking in to account the total amount of all **generating unit** capacity in Alberta which is planned for **scheduled generator outages**, if the **ISO** determines that there is a high probability of an **adequacy** or **reliability** shortfall then the **ISO** will notify **market participants** on the **AESO** website of its determination. (3) The **ISO** will continue to conduct further situational analysis to seek to alleviate the potential **adequacy** or **reliability** shortfall and avoid the cancellation of any **scheduled generator outages**. (4) The **ISO** will post the determination referred to in subsection (2) above for a minimum period of one (1) calendar week, and in anticipation that certain **owners** of **generating**	**Oppose** **No Comment**

units may have flexibility to voluntarily amend plans for **scheduled generator outages** to assist in the alleviation of the **adequacy** or **reliability** shortfall situation.

(5) If the **ISO** notification and any resulting voluntary actions referred to in subsection (4) above do not result in a reduction in the total amount of **generating unit** capacity planned for **scheduled generator outages** such that the forecast **adequacy** or **reliability** shortfall will be alleviated, then the **ISO** will contact the individual **owners** to request that **scheduled generator outage** plans be further reviewed.

(6) If after completing the assessments and procedures set out in subsections (1) through (5) above the **ISO** determines that there remains:

(a) an immediate need on a short term basis for services provided by certain **generating units** to maintain the necessary level of **reliability** or **adequacy,** as the case may be; and

(b) a high probability that the situation will not be alleviated in a voluntary manner:

(i) by any **owners** of **generating units** amending or revising **scheduled generator outage** plans**;**or

(ii) through the ordinary course operation of the market;

then the **ISO,** after also taking in to account the factors set out in subsection (7) below, may issue a **directive** to cancel a **scheduled generator outage** planned for that **generating unit,** which cancellation must be on a date no sooner than ninety (90) **days** in advance of the first **day** of the period which has be determined to be the commencement of the **reliability** or **adequacy** shortfall.

(7) The **ISO** must consider all of the following factors in its determination as to whether or not to issue a **directive** canceling a **scheduled generator outage** as contemplated in this Section 5.3.1:

(a) The economic and operational consequences for the **owner** of the **generating unit** and for any subsection 1(2) **pool participant,** if a different **person**;

(b) The operational and functional impact on the **generating unit** if the subject **scheduled generator outage** is cancelled**;**

(c) The effectiveness of canceling the subject **scheduled generator outage** in alleviating the **reliability** or **adequacy** shortfall;

(d) The historical frequency that a given **generating unit** has been the subject of **scheduled generator outage** cancellations, relative to other **generating units** in Alberta**;**

(e) The length of time of, and reasons for, any **scheduled generator outage** as previously submitted to the **ISO** by the subsection 1(2) **pool participant** under the reporting requirements set out in these **ISO rules;**

(f) The extent to which the **scheduled generator outage** will begin or end during the period of the forecast **reliability** or **adequacy** shortfall;

(g) Any requirements or material implications under or related to any applicable municipal, provincial or federal legislation or regulations, if the **ISO** proceeds to issue a **directive** to cancel a given **scheduled generator outage**;

(h) The practicality and effectiveness of market-based solutions to alleviate the **reliability** or **adequacy** shortfall, including a consideration of **load** curtailment options.

5.3.2 Scheduled Generator Outage Planned Costs and Work Submission

(1) The **owner** of a **generating unit** who has received notice of the cancellation of a **scheduled generator outage** for the **generating unit** must use all reasonable efforts to submit to the **ISO** in advance of the period when the outage would have occurred:

(a) a detailed description and estimation of the work, costs and expenses which are to be carried out during the **scheduled generator outage**, including an itemization of the specific plant, machinery and equipment which are the subject of the work during the that period; and

(b) an estimate of any known or anticipated **incremental generation costs** that may be the basis for a claim for compensation under these **ISO rules**.

(2) The submissions set out in subsection (1) do not limit compensation claims for other reasonable demonstrable costs

5.3.3 Time Constrained Scheduled Generator Outage Cancellation

Notwithstanding the provisions of Section 5.3.1, if in the opinion of the **ISO** it is evident that immediate **reliability** or **adequacy** circumstances will not allow sufficient time to permit the **ISO** to comply with any or all of the procedures set out in that Section 5.3.1, then the **ISO** may dispense with any such procedures and proceed to issue a **directive** to cancel a **scheduled generator outage.**

5.3.4 Scheduled Generator Outage Cancellation Report

If the **ISO** issues a **directive** under this Section 5.3 to cancel a **scheduled generator outage** then the **ISO** must prepare a report and post it on the **ISO** website, which report will contain:

(a) an explanation of the circumstances, background and chronological events that caused and are related to the issuance of the **directive** cancelling the **scheduled generator outage**;

(b) the particulars of the **scheduled generator outage** that was cancelled, including date of cancellation, duration, and quantities **(MW)** affected;

(c) any material market impacts known to the **ISO**; (d) whether the cancellation was a time and procedurally constrained one under Section 5.3.3, and the reasons for a decision to depart from any prescribed procedures set out in Section 5.3.1; and (e) any other matters that, in the **ISO's** opinion, will provide a full and complete explanation to all **market participants** of the decision taken.	
Reason for Stakeholder Positions:	
Alternate Proposal:	
5.4 Payment Eligibility for Incremental Generation Costs, and Claim Limitations (1) The subsection 1(2) **pool participant** or the **owner** of the **generating unit,** or both of them if different **persons,** that has had a **scheduled generator outage** cancelled by a **directive** under these **ISO rules** is eligible as a claimant for an **incremental generation costs** payment in accordance with the provisions and procedures of this Section 5.4. (2) Subject to subsection (7) below, the **ISO** must pay any **incremental generation costs** payment to the section 1(2) **pool participant** or the **owner** of the **generating unit,** or both if different **persons,** whose **scheduled generator outage** has been canceled by a **directive** from the **ISO** pursuant to Section 5.3. (3) Within ninety (90) days after the end of the **settlement period** related to the period during which the **directive** was effective , the claimant under this Section 5.4 must provide the **ISO** with a written statement which contains the details of the claim and calculation of **incremental generation costs** as incurred caused by the cancellation. (4) The claimant must provide to the **ISO** any and all of the claimant's own and third party supporting data, records, invoices, formulas, calculations, third party contract claims and related terms and conditions, and any other information or materials used to calculate or determine the amounts claimed in the statement, plus any other detail and information as may be reasonably requested by the **ISO** in order to verify the subject **incremental**	**Support** **Oppose** **No Comment**

generation costs, claims, calculations and particulars.

(5) Once the submission and related materials are filed with the **ISO** and any information deficiencies have been met by the claimant, the **ISO** approval of the compensation and settlement in respect of any **incremental generation costs** will occur on or before the fortieth (40th) **day** following the **day** of the receipt by the **ISO** of the last of any initial submission or deficiency materials.

(6) If there is any dispute between a claimant and the **ISO**, in respect of an **incremental generation cost** claim for compensation then the matter will be resolved in accordance with the provisions of applicable **ISO rules**.

(7) If the claimant has been issued a **directive** to cancel a **scheduled generator outage** but is eligible for compensation for such cancellation pursuant to the provisions of a **transmission must run** contract with the **ISO**, then the claimant will not be eligible for **incremental generation cost** claims under this Section 5.4.

(8) No **incremental generation cost** claim by any claimant may include:

(a) any costs or claims associated with or related to the claimant's market or hedging portfolio, other than those allowed under subsection (iv) (B) of the definition of **incremental generation costs** which limits such costs and claims to the **generating unit** which is the subject of the **directive;**

(b) any form of lost opportunity costs, or other form of loss of profits, revenue, earnings or revenue not specifically provided for in the definition of **incremental generation costs;**

(c) any raw material, fuel, processing, production, manufacturing or industrial costs of any nature which are not directly related to the generating unit's participation in the energy market;

(d) any fixed costs

(e) any costs or claims that otherwise could have been mitigated by the claimant through all reasonable efforts.	
Reason for Stakeholder Positions:	
Alternate Proposal:	
5.5 Forecast Dispatch Price The **ISO** will use reasonable efforts to publish a **forecast dispatch price** for each **settlement interval** no later than seventy (70) minutes prior to the start of such **settlement interval**. **5.5.1 Determination of Forecast Dispatch Price** The **forecast dispatch price** for a **settlement interval** is the highest **forecast asset marginal price** of all **assets** forecast to be required to meet the forecast **load** requirement, using the expected **energy market merit order** for the **settlement interval** including **importer operating blocks** and the **ISO** expected import **ATC** for the **interconnections** for the **settlement interval.** **5.5.2 Determination of Forecast Asset Marginal Price** The **forecast asset marginal price** for a **pool participant's asset** for each **settlement interval** will be set at the price specified for the **price block** in the **pool participant's offer** or **bid** which corresponds to the forecast **energy market dispatch** level of the **asset** to meet the forecast **load** requirement.	**Support** **Oppose** **No Comment**
Reason for Stakeholder Positions:	
Alternate Proposal:	

Section 8.1.1 Settlement at Pool Price *The following section is added to the end of Section 8.1.1 "Settlement at Pool Price":* The calculation of payment for **incremental generation costs** incurred due to the cancellation of a **scheduled generator outage** of a **generating asset** will be based on the information provided to the **ISO** by the claimant in accordance with the provisions of Section 5.4. **Section 8.4.2 Final Pool Statement** *The following Subsection l) is added to the end of Section 8.4.2 "Final Pool Statement"* l) **Incremental Generation Costs Due to Scheduled Generator Outage Cancellation** The **ISO** may charge to all **pool participants** an **ISO fee** to recover the **incremental generation costs** paid under an approved claim by a **pool participant** who has been issued a **directive** to cancel a **scheduled generator outage** under Section 5. The contribution paid by a **pool participant** is determined by prorating the amount paid to settle the **incremental generation costs** claim over the total **energy consumption** of each **pool participant** during the **settlement intervals** in which the **incremental generation costs** were incurred. Such costs will be invoiced and discretely identified in the **pool statement.**	**Support** **x Oppose** **No Comment**
Reason for Stakeholder Positions: In EPCOR's previous comments there were fundamentally two issues. The first was the inability of retailers to pass uplift charges down to load. The second was that the AESO was in the best position to manage generator cancellation costs, and so should be incented to do so. The proposed solution was to have the AESO forecast and recover the costs through their tariff, and not pass them through to retailers via an uplift charge. The AESO argues that the costs are not transmission, and that the price signal to load will affect consumption, thus potentially eliminating the need for an actual cancellation. However, should actual cancellation costs be incurred, there is currently no ability for retailers to pass them through to load. It is EPCOR's position that it is more important that load bear the costs, than whether those costs be recovered through an energy charge or a transmission charge. Leaving those costs stranded with the retailers is wrong. Without the legislative constraints imposed on retailers, the AESO's position is understandable and acceptable. However, EPCOR believes that the AESO should take into account those constraints, and adjust their approach accordingly. Should those legislative constraints be later removed, the AESO can then reconsider how it recovers these costs.	
Alternate Proposal:	

Should the AESO again reject the above argument, EPCOR proposes an alternative treatment of the costs that will ultimately result in the costs being recovered appropriately by all parties. The issue is basically one of timing. Retailers are prevented from flowing these costs through for two reasons - either they are in contracts, and haven't been able to foresee these costs (being essentially new), or they are RRO providers, with negotiated settlements that don't expire until mid 2011, establishing what costs they pass through. Those settlements again exclude these at the time unforeseen costs, and RRO providers are prevented from collecting the costs in a deferral account to pass through later by regulations. The objective of getting them paid for by load, as the AESO has said is appropriate, is being frustrated. As an alternative to the above approach, EPCOR recommends that the AESO collect these costs into a deferral account, and pass them through on a delayed basis to allow for renegotiation of contracts, energy price setting plans, etc. While the retailers can not establish deferral accounts on energy related costs, the AESO is not prevented from doing so. To be useful, the delay would have to be fairly significant. For example, costs incurred in 2010 would have to be held through 2011 and collected in 2012. That delay would enable retailers to adjust tariffs, EPSPs and contracts at least to some extent, and would make the amount of the cost to be recovered known in advance. EPCOR also suggests that a single uplift deferral account be used to collect uplift costs from all sources - generator on the margin, outage cancellation, and other measures the AESO may yet put in place resulting in uplift charges. This would simplify how retailers could deal with them.

Please return this form with your comments by Friday, January 29, 2010, to:

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