



Stakeholder Comment Form

AESO AUTHORITATIVE DOCUMENT PROCESS

Removal of ISO OPP Rule 606

NOTE: The AESO is asking market participants to give an initial indication of their support for, or opposition to, the specific ISO OPP 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 OPP 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 18, 2009
 Period of Consultation: December 18, 2009 through January 29, 2010

Comments From: Direct energy Marketing Limited
 Date: February 1, 2010
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| OPP 606 Generation Outage Coordination | |
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| 1. Purpose | |
| <p>The AESO is proposing to remove the OPP 606 as existing ISO rule 5 and related Appendix 7 have been combined with OPP 606 to form new ISO rule 5. The description of the assessments that the AESO must perform before cancelling a scheduled generator outage has been included along with the steps the AESO will take to actually cancel a scheduled generator outage.</p> <p>This drafting consolidation is consistent with the AESO’s Transition of Authoritative Documents (“TOAD”) project objectives, which have been endorsed by participants. Among these objectives are to streamline and simplify the AESO’s rules and OPPs, and eliminate redundant or confusing provisions.</p> | <p>Support X Oppose No Comment</p> |

**Reason for Stakeholder Positions:
Direct Energy Marketing Limited (DEML)**

DEML respectfully submits that the Incremental Generation Costs under the proposed rule 5 are transmission charges and should therefore be recovered in the AESO Tariff. It is DEML's position that the ISO Fees are not the proper manner in which to recover these Transmission charges as set out in the proposed rule 5.

DEML recognizes that the AESO has two statutory options to recover these costs. Electric Utilities Act Section 30

(4) The Independent System Operator may recover the costs of transmission line losses and the costs of arranging ancillary services acquired from market participants by

- (a) including either or both of those costs in the tariff, in addition to the amounts and costs described in subsection (2), in which case the Commission must include in the tariff the additional costs it considers to be prudent, or
- (b) establishing and charging ISO fees for either or both of those costs

However, the EU Act section 4. ISO tariff 30(2)(a) states
... the rates must

- (a) be sufficient to recover

(ii) the amounts to be paid to the owner of a generating unit in circumstances in which the Independent System Operator directs that a generating unit must continue to operate, and the costs to make prudent arrangement to manage the financial risk associated with those amounts,

The current formulas proposed for the determination of the need for an outage cancellation clearly reflect transmission is the major consideration in determining the need for an outage cancellation. The following sections of rule 5 clearly indicate that transmission is considered and therefore skews the proposed rule toward transmission being the issue.

- 5.2 (a) (iii) import available transfer capacity on the British Columbia and Saskatchewan interconnections with ILRAS, minus
- 5.2 (a) (v) any capacity of generation units which are affected by transmission constraints, minus
- 5.2 (b) (vii) import to forecast available transfer capability on the British Columbia and Alberta, Saskatchewan interconnections
- 5.2 (b) (viii) reducing exports on the Alberta – British Columbia and Alberta – Saskatchewan, interconnections to zero (0) MW
- 5.2 (b) (x) generating unit or import available transfer that can be obtained by canceling transmission system maintenance,
- 5.2 (b) (xi) unavailable energy from generating units due to transmission constraints

Further to our argument that these costs are Transmission the proposed rule also states with regard transmission must run generators that are directed to cancel scheduled outages:

Section 5.4 (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 Section 5.4

DEML's conclusion is that if you are a TMR generator and you are directed to cancel an outage the cost will always be charged to the AESO Tariff. So why not do this for all generators directed under ISO Rule 5?

DEML concludes that these charges are predominately caused by the existing constrained transmission system. The costs therefore should be included in the AESO Tariff as stated in the EUA not AESO fees.

DEML looks forward to further discussion of this matter.

We also are offering an alternate proposal for discussion.

Alternate Proposal:

DEML would suggest that charges that are of a pure "energy" component need a formula under the proposed AESO Rule 5.

DEML would argue that the first question that the AESO should ask is:

In an **unconstrained transmission system** is there enough generation available in Alberta to meet the requirements of reliable operation of the AIES. **Therefore exclude from the formulas, 5.2.1 (a) (iii) and (v), 5.2.1 (b) (vii), (vii) and (x).**

If the answer is **NO**, then there is a generation shortfall and a directive to a generator under ISO rule 5.3 should be issued as required. The costs should be recovered from AESO Fees (Energy Uplift) as proposed.

If the answer is **YES** that there is enough generation then use the formula **as proposed in 5.2.1 (a) and (b)** to determine if under



“constrained transmission” there is enough generation available in Alberta and from the interconnections to meet the requirements.

If the answer is **NO** then there is a shortfall that is a result of a transmission constraint issue and a directive to a generator under ISO rule 5.3 should be issued as required. **Then the resulting charges should be recovered through the transmission tariff**, not AESO “uplift” charges.

DEML respectfully suggests that when the AESO makes the determination as presented above and that when a generator outage cancellation procedure is required that the reasons for this cancellation be made both public and clear, i.e. transmission reliability or supply shortfall (when no transmission constraints exists).

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

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