



June 11, 2010

Dear Market Participants and Interested Parties:

Re: AESO Reply to Stakeholder Comments –Further Proposed Level I ISO Rules Amendments to:

- a) Certain New ISO Rules Section G1 Definitions;**
- b) New ISO Rules 5 Reliability Assessment and Scheduled Outage Cancellation;**
- c) Removal of Existing OPP 606 Generation Outage Coordination; and**
- d) Removal of Existing ISO Rules Appendix 7 Payment for Incremental Generation Costs for Long Lead Time Energy Directive and Reporting (collectively, the “Final Proposed New ISO Rule 5 Provisions”)**

In accordance Section 8 of Alberta Utilities Commission (“AUC’ or Commission”) Rule 017, the Alberta Electric System Operator (“AESO”) is required to provide a reply to stakeholder comments regarding the Final Proposed New ISO Rule 5 Provisions. A [Letter of Notice](#) setting out the proposed changes to the G1 Definitions Changes was distributed for consultation on May 14, 2010. The Final Proposed New ISO Rule 5 Provisions being recommended for internal AESO approval in June 2010 are attached.

Section 18 of Transmission Regulation

The Final Proposed New ISO Rule 5 Provisions are related to requirements of Section 18 of the *Transmission Regulation* affecting generator outage cancellation. Specifically, the Final Proposed New ISO Rule 5 Provisions define the steps the AESO must take and the issues the AESO must consider when cancelling a planned outage to maintain supply adequacy or reliable operation. The Final Proposed New ISO Rule 5 Provisions also outline the compensation generation owners may receive in the event the AESO directs generators to cancel a planned outage.

Section 18 of *Transmission Regulation* required the AESO to make ISO rules respecting directions it may give to generators that are not operating or scheduled to operate for any reason, as well as ISO rules to implement a load curtailment priority plan in the event of a supply shortfall.

Summary of Amendments

The following outlines the differences between the December 18, 2009 draft version 2.0 proposed New ISO Rule 5 Provisions and the attached version of the Final Proposed New ISO Rule 5 Provisions:

1. Upon further review of legislation and comments included in AUC Decision 2008-137, the AESO is of the view that costs for cancelling a generator outage are appropriately recovered through the ISO tariff in accordance with Section 30(2)(a) of the *Electric Utilities Act*. The amendments are now reflected in subsection 5.5(2) of the Final Proposed New ISO Rule 5 Provisions.



2. The other proposed amendments set out in the Final Proposed New ISO Rule 5 Provisions reflect the AESO's reconciliation of feedback received from past stakeholder consultations.
3. Additional incidental clarifying amendments were made based on further AESO review.
4. As previously indicated in draft version 2.0 proposed New ISO Rule 5 Provisions, once the Final Proposed New ISO Rule 5 Provisions become effective, Appendix 7 "Payment for Incremental Generation Costs for Long Lead Time Energy Directive and Reporting" will be removed in its entirety from the existing ISO rules framework, as the content is now addressed in the body of the Final Proposed New ISO Rule 5 Provisions.
5. Also as previously indicated draft version 2.0, note that the AESO is withdrawing its proposed amendments to ISO rules Sections 8.1.1 and 8.4.2 as they appear in that version.

AESO Reply to Stakeholder Comments

The written stakeholder comments received by the AESO regarding the draft version 2.0 proposed New ISO Rule 5 Provisions were supportive of the proposed cost recovery mechanism through the ISO tariff.

The AESO is expecting to file the Final Proposed New ISO Rule 5 Provisions with the Commission on June 28, 2010.

In accordance with Section 20.4 of the *Electric Utilities Act* ("EUA"), market participants may object to an ISO rule filed with the Commission within 10 days of the publication by the Commission of the notice of filing of the ISO rule.

In accordance with Section 20.3 of the EUA, the Final Proposed New ISO Rule 5 Provisions are proposed to be effective 15 days following the later of:

- a) The date a final order of the Commission is issued respecting directions set out in Decision 2008-137, and
- b) Confirmation of the proposed New ISO Rule 5 Provisions filed pursuant to AUC Rule 017.

Attachments to AESO Reply:

1. [AESO Replies](#) to the May 14, 2010 Letter of Notice, including stakeholder comments on the draft version 3.0 proposed New ISO Rule 5 Provisions;



2. [Blacklined](#) and [clean](#) copy of the Final Proposed New ISO Rule 5 Provisions. The blacklined copy of the Final Proposed New ISO Rule 5 Provisions further amends the draft version 3.0 proposed New ISO Rule 5 Provisions that were distributed for consultation on May 14, 2010;
3. [Clean](#) copy of existing OPP 606 Generation Outage Coordination proposed for removal;
4. [Clean](#) copy of Appendix 7 "Payment for Incremental Generation Costs for Long Lead Time Energy Directive and Reporting" proposed for removal.

Yours sincerely,

Original Signed By

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Attachments