



August 17, 2010

Dear Market Participants and Interested Parties:

Re: Letter of Notice – Modeling, Data, and Analysis (“MOD”) Reliability Standard Proposed for Adoption as Alberta Reliability Standard:
a) MOD-024&025–AB-1 Verification of Generator Real and Reactive Power Capability
b) New Definitions for Incorporation into AESO Consolidated Authoritative Documents Glossary.
(collectively the “Proposed Reliability Standard”)

Section 19 of the *Transmission Regulation* requires the Alberta Electric System Operator (“AESO”) to consult with market participants likely to be directly affected by the AESO’s adoption or making of reliability standards, and also requires the AESO to forward the proposed reliability standard to the Alberta Utilities Commission (“Commission”) for review along with the AESO’s recommendation that the Commission approve or reject them.

Accordingly, the AESO is providing notice and seeking comments from market participants on the attached Proposed Reliability Standard.

Following the AESO’s receipt of and reply to comments from market participants regarding the Proposed Reliability Standard, the AESO intends to finalize the Proposed Reliability Standard and forward it to the Commission for review and approval as a reliability standard that applies in Alberta.

Applicability of the Proposed Reliability Standard

The Proposed Reliability Standard is applicable to:

- the legal owner of a generating unit with a maximum authorized real power rating of 9 MW or greater and which is directly connected to the transmission system;
- the legal owner of an aggregated generating facility with a maximum authorized real power rating of 18 MW or greater and which is directly connected to the transmission system; and
- the AESO.

Summary of the Proposed Reliability Standard

The purpose of this reliability standard is to ensure accurate information on the gross real power, gross reactive power, net real power, and net reactive power capability of a generating unit or an aggregated generating facility is reported to the AESO.

The Proposed Reliability Standard has been amended to contain certain “Alberta variances” from the NERC standards. These variances have been included to ensure the Proposed Reliability Standard properly aligns with the industry structure in Alberta and is capable of being applied in Alberta. A summary of these variances are as follows:

- a) as a result of the similarity and commonality of the subject matter requirements and measures of NERC standards MOD-024-1 and MOD-025-1, they have been combined into one Alberta reliability standard MOD-024&025-AB-1; and
- b) NERC requirement R1 and its sub-requirements and R2 of MOD-024 and MOD-025 have been determined to be not applicable in Alberta as they are specific to a Western Electricity Coordinating Council (“WECC”) responsibility and do not apply to any entities in Alberta.

New defined terms “gross reactive power” and “net real power” are also being proposed for use in the Proposed Reliability Standard. Upon the effective date of the Proposed Reliability Standard, the AESO will include these proposed new definitions in the AESO Consolidated Authoritative Documents Glossary.

Further, as part of the AESO’s process to adopt Alberta reliability standards, the Proposed Reliability Standard has been amended to change passive terms such as “shall” to “must”, to apply a consistent writing style, to clarify requirements, and to ensure that measures are appropriately aligned with requirements. In addition, defined terms now appear in bold font rather than italics; and the use of acronyms is limited to the “AESO” and the “WECC” with all other defined terms being written out in full.

Implementation of Alberta Reliability Standards

All reliability standards proposed for approval or rejection by the AESO are based on the reliability standards and definitions developed, or approved, and enforced by the North American Electric Reliability Corporation (“NERC”). NERC was certified as the Electric Reliability Organization (“ERO”) for the United States by the Federal Energy Regulatory Commission (“FERC”) under the US *Energy Policy Act of 2005*. NERC has been granted recognition as the ERO by the Minister of Energy in Alberta pursuant to Section 20 of the *Transmission Regulation*.

In accordance with Section 19 of the *Transmission Regulation*, the reliability standards that apply in Alberta are those of the ERO or any other reliability standards to the extent that such reliability standards are adopted by the AESO after consultation with market participants and after receipt of Commission approval.

Further information regarding the AESO’s adoption of reliability standards is available on the AESO website at <http://www.aeso.ca/rulesprocedures/17004.html> .

AESO Papers and Other Related Communications

The AESO has not issued any AESO papers or other related communications with respect to the Proposed Reliability Standard.

Request for Stakeholder Comments

Comments and suggestions on the Proposed Reliability Standard are encouraged.

The attached Stakeholder Comparison Comment Rationale Matrix sets out the following:

- a) the complete text of MOD-024-1 and MOD-025-1, with the exception of the compliance section D. The Alberta reliability standards do not contain a compliance section. Compliance with all Alberta reliability standards is completed in accordance with the Alberta Reliability Standards Compliance Monitoring Program, available on the AESO website at: <http://www.aeso.ca/loadsettlement/17189.html>. For information, a link is provided to NERC compliance section D in the Stakeholder Comparison Comment Rationale Matrix;
- b) the proposed Alberta requirements and measures;
- c) the AESO's rationale with regard to any Alberta variances or other modifications to the NERC wording;
- d) new defined terms;
- e) a 'stakeholder comments' section to be used by market participants when providing written comments to the AESO; and
- f) an 'AESO replies' section that will be used by the AESO to respond to comments received from market participants, if any.

Please use the attached Stakeholder Comparison Comment Rationale Matrix when submitting comments to the AESO on the Proposed Reliability Standard. Only written comments will be considered by the AESO in finalizing the Proposed Reliability Standard.

Please provide written stakeholder comments or questions by **September 17, 2010** to Jerry Mosing at ars_comments@aeso.ca, (403) 539-2496.

The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder Comments received along with AESO replies to the comments will be published with the final Proposed Reliability Standards in October, 2010.

Attachments to Letter of Notice

The [Stakeholder Comparison Comment Rationale Matrix](#) is attached to this Letter of Notice:

The full text of all NERC reliability standards, is available on the NERC website: <http://www.nerc.com/page.php?cid=2|20>



Proposed Effective Date

The AESO proposes that the Proposed Reliability Standard becomes effective ninety (90) calendar days after the date the Commission approves it.

Yours sincerely,

Original Signed By

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Attachments

