



September 2, 2010

Dear Market Participants and Interested Parties:

**Re: Letter of Notice – MOD-029-AB-1**

**Modeling, Data, and Analysis (“MOD”) Reliability Standard MOD-029-AB-1 Rated System Path Methodology Proposed for Adoption as Alberta Reliability Standard (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, if any, 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 AESO.

**Summary of the Proposed Reliability Standard**

The purpose of the Proposed Reliability Standard is to increase consistency and reliability in the development and documentation of transfer capability calculations for short-term use, performed by the AESO using the rated system path methodology to support analysis and system operations.

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) NERC requirement R2.8 includes reference to three phase fault dampening which has been removed from Alberta requirement R2.8. Three phase fault dampening will be referenced in the AESO’s available transfer capability implementation document as appropriate.



- b) NERC requirement R4 has been deleted as it has been assessed as not applicable in Alberta, as, in Alberta, the AESO is both the Transmission Operator and the Transmission Service Provider.
- c) NERC requirements R5 and R6 have been deleted as they have been assessed as not applicable in Alberta. The ISO tariff does not currently recognize transmission system “rights” or “commitments”.
- d) NERC requirement R7 identifies the calculation for firm available transfer capability; however, the AESO does not provide rights to the transmission system under the ISO tariff. Therefore, the calculation provided in R4 of the Proposed Reliability Standard is for the calculation of available transfer capability. There are no firm commitments for an available transfer capability path; consequently,  $ETC_F$ ,  $counterflows_F$  and  $Postbacks_F$  are not included in the available transfer capability calculation. Further, Capacity Benefit Margin (“CBM”) is not included in the available transfer capability calculation as CBM is not used in Alberta.
- e) NERC requirement R8 has been deleted as it identifies the calculation for non-firm available transfer capability, however, the AESO does not provide rights to the transmission system under the ISO tariff. The calculation provided in R4 of the Proposed Reliability Standard is the only calculation used for an available transfer capability path in Alberta.

Further, and with regard to certain requirements of the Proposed Reliability Standard, reference will be made in the Alberta Reliability Standards section of the AESO website to documents with related requirements in order to inform applicable entities of the existence of such requirements.

Finally, 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 ISO 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-029-1, 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) a 'stakeholder comments' section to be used by market participants when providing written comments to the AESO; and
- e) 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 **October 1, 2010** to Jerry Mossing at [ars\\_comments@aeso.ca](mailto:ars_comments@aeso.ca).

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.



## **AESO Replies to Stakeholder Comments**

If no comments are received by the AESO regarding the Proposed Reliability Standard, the AESO will not provide a reply and is expecting to file the Proposed Reliability Standard with the Commission on October 18, 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