

March 18, 2010

Dear Market Participants and Interested Parties:

Re: Stakeholder Consultation on FAC-014-AB-2 “Establish and Communicate System Operating Limits” Proposed for Adoption as Alberta 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 Facilities Design, Connections, and Maintenance (“FAC”) Reliability Standard FAC-014-AB-2 “Establish and Communicate System Operating Limits” (“FAC-014-AB-2”)

Following the AESO’s receipt of and reply to comments from market participants regarding proposed FAC-014-AB-2, the AESO intends to finalize proposed FAC-014-AB-2 and forward it to the Commission for review and approval as a reliability standard that applies in Alberta.

Applicability of proposed FAC-014-AB-2

Proposed FAC-014-AB-2 is applicable to:

- the AESO.

Summary of proposed FAC-014-AB-2

The purpose of proposed FAC-014-AB-2 is to establish and communicate system operating limits to be used in the reliable planning and operation of the bulk electric system.

FAC-010-AB-2.1 establishes the AESO’s system operating limits methodology. The Alberta Reliability Standards section of the AESO website, in particular the section that contains this reliability standard, will contain reference to FAC-010-AB-2.1 as a related authoritative document.

Summary of Amendments to NERC Standard FAC-014-2

Proposed FAC-014-AB-2 has been amended as follows:

1. The Applicability section has been amended to correctly identify the applicable entities in Alberta and to align with the defined terms included in the AESO *Consolidated Authoritative Documents Glossary*;
2. NERC requirements R3, R5 and R6 have been amended to improve clarity and consistency;

3. The effective date of FAC-014-AB-2 has been amended to allow 90 days after the system operating limits methodology, as required in FAC-010-AB-2.1 comes into effect, in order to allow time for the AESO to establish and communicate the system operating limits;
4. NERC requirements R1, R5.1 and its sub-requirements have been deleted as they apply to Reliability Coordinators and therefore are not applicable to any entities in Alberta;
5. Alberta requirement R1 has been amended to clarify that the establishment of system operating limits applies in the operations time horizon;
6. NERC requirement R4 has been deleted as the AESO is the transmission planner and the planning authority in Alberta. NERC requirement R4 is therefore redundant with Alberta Requirement R2;
7. NERC requirement R5.2 is included in Alberta requirement R3 as the AESO is the applicable entity for this requirement in Alberta;
8. NERC requirement R5.3 is included in Alberta requirement R3 as the AESO is the applicable entity for this requirement in Alberta;
9. NERC requirement R5.4 is included in Alberta requirement R3 as the AESO is the applicable entity for this requirement in Alberta;
10. Passive terms such as “shall” have been changed to “must”, a consistent writing style has been applied, requirements have been clarified, and measures have been 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; and
11. Proposed FAC-014-AB-2 has also been amended to include certain “Alberta variances”¹ from the NERC standard. These variances have been included to ensure that proposed FAC-014-AB-2 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) The AESO did not include the wording from NERC FAC-014-2 requirement R2 that states:

“establish system operating limits as directed by its Reliability Coordinator”

but rather, Alberta requirement R1 requires the AESO to develop system operating limits consistent with the WECC Reliability Coordinator’s system operating limits methodology.

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

¹ An Alberta variance is a change from the US Reliability Standard that the AESO has determined is material.

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>.

Request for Stakeholder Comments

Comments and suggestions on proposed FAC-014-AB-2 are encouraged.

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

- a) the complete text of NERC FAC-014-2, 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 proposed FAC-014-AB-2. Only written comments will be considered by the AESO in finalizing proposed FAC-014-AB-2.

Please provide written stakeholder comments or questions by **April 15, 2011** to Jerry Mossing at ars_comments@aeso.ca.

AESO Replies to Stakeholder Comments

The AESO will be publishing all stakeholder comments received shortly after the comment deadline. Stakeholder Comments received along with AESO replies to the comments will be published in April 2011.

In the event that the AESO does not receive comments from stakeholders regarding proposed FAC-014-AB-2, the AESO is expecting to forward along with its recommendation to approve proposed FAC-014-AB-2 to the Commission in May 2011.

Attachments

The following documents are attached:

- a) [Stakeholder Comparison Comment Rationale](#) for proposed FAC-014-AB-2.

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 FAC-014-AB-2 becomes effective on July 1, 2012.

Yours sincerely,

Original Signed By

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Attachments