

## Stakeholder Comment Form

### Rule 6.6 Review – Recommendation Paper

Date of Request for Comment: November 18, 2008  
Period of Consultation: October 30, 2008- November 18, 2008

Stakeholder: TransCanada Energy Ltd.

Section of Paper	Description	Stakeholder Comments
<b>1. Introduction</b>		
<b>2.1 Rule History</b>	A brief history of rule 6.6	Some of the issues identified in this section, such as merit order instability, were addressed subsequent to the reduction in allowable dispatch variance by the implementation of T-2 rules.
<b>2.2. The Compliance Monitoring Process</b>	An overview of the current compliance monitoring process	This portion is incomplete as it does not provide the criteria used to determine compliance. <b>See also paragraph 6</b> of TransCanada’s submission.
<b>2.3 Rationale for Changing the Rule</b>	The drivers and parameters behind the rule change	<p>The Recommendation Paper does not identify specific objectives for ISO Rule 6.6.</p> <p><b>See also Section II</b> of TransCanada’s submission for a full explanation of its views on these deficiencies.</p> <p>The Recommendation Paper references several legislative changes in Alberta’s Power market which affected the roles and responsibilities of the AESO and the MSA. These changes affected the use of discretion by the AESO in past practices and are presented as a basis for changes to Rule 6.6. We support this as a rationale for change but require that either discretion be clearly set out in the rule (as the AESO states) or that compliance with “hard” limits be achievable 100% of the time with reasonable actions and systems.</p>

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		TransCanada seeks a comprehensive list of clear objectives for a new rule in order to confirm the reasonableness of the AESO’s proposed compliance targets.
<b>2.4 Issue Identification</b>	A summary of the issues that participants have raised as well as some identified by the AESO	<p><b>Please also refer to paragraphs 11 and 14(a) and (b) of TransCanada’s submission.</b></p> <p>With a clear purpose, the AESO would have ascertained two very different dispatch compliance issues:</p> <ol style="list-style-type: none"> <li>1. Dispatch variance from inadvertent non-compliance; and</li> <li>2. Deliberate non-compliance with dispatch.</li> </ol> <p>Because these two issues are quite different, they require a different approach both to distinguish between them and to discourage them.</p> <p>Deliberate non-compliance has a greater potential to harm market integrity and reliability than does inadvertent failures occurring randomly a small fraction of the time. Therefore, whatever level of compliance that the AESO deems as adequate for each unit, inadvertent non-compliance events should not warrant investigation or penalty.</p>
<b>3.0 Rule Revision Recommendations</b>	Considerations for developing the rule	Absent clear objectives for Rule 6.6, the recommendations provided by the AESO are inappropriate. TransCanada’s views on the recommendations are set out in more detail later in the matrix and also throughout the attached written submission.
<b>3.1 Pool participants are responsible for compliance with the ISO Rules.</b>	The AESO recommends the Pool Participant remains accountable for	TransCanada finds the reasoning inadequate for this recommendation for reasons explained in <b>Section V of its submission.</b>

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	compliance	The AESO cannot ignore the implication of the PPAs as they are the product of Alberta legislation and regulation. To support dispatch compliance from PPA units the AESO should report as contemplated in Schedule I of the PPAs (“Flags”). This provision in the PPAs was created to ensure dispatch compliance from the PPA owners. The AESO’s failure to issue Flags as contemplated in the PPAs causes issues for both PPA Buyers and Owners.
<b>3.2 The <math>\pm 5</math>MW allowable dispatch variance should be increased for units operating at their dispatch level.</b>	Recommendation is to change the allowable dispatch variance to 2.5%, minimum of $\pm 5$ MW, maximum of $\pm 10$ MW	<p><b>Please also refer to Section V of TransCanada’s submission.</b></p> <p>The dispatch variance criteria proposed would identify a large number of potential non-compliance events and still allow significant self-dispatch.</p> <p>For instance, when evaluating the steady state recommendation, a market participant whose portfolio contains eight units and whose units are in compliance 99.55% would amass over 300 non-compliant hours each year (8760 hours/year x eight units x 0.45%). At the same time this participant could self-dispatch more than 72 MW (eight units x 9 MW each) without contravening the recommendations for Rule 6.6.</p> <p>Unit differences that are significant for this rule are more than those the AESO has considered.</p> <p>TransCanada is aware the AESO considered maximum unit output, age and fuel type but this is not a complete list of considerations necessary for the rule to be fair. Table 4 makes it clear that the proposed targets are far more easily attained by some units than others.</p>
<b>3.3 The Rule must take into account time required for communication and ramping of a unit in response to a dispatch.</b>	Recommendation is to allow 7 minutes to begin responding and the time to ramp at the ETS ramp rate $\pm 40\%$	In some cases seven minutes is an adequate amount of time to respond to and communicate a dispatch and in other cases, it is unlikely that a market participant would be able to respond, issue a dispatch to its unit operator, and remain in compliance if target levels in the Recommendation Paper are incorporated into a rule.

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		At paragraphs 20 and 21 of TransCanada’s submission, it explains its position on this recommendation further with examples.
<b>3.4 The rule should allow for normal fluctuations in output from generating units.</b>	The new rule should consider momentary operational deviations from the dispatch level.	TransCanada agrees with the AESO’s concept of allowing for normal fluctuations in output from generating units, but requests that the number of megawatts in the period of time be defined. TransCanada suggests this is also something that is unit specific.
<b>3.5 Preparation to provide Operating Reserves must be considered</b>	The 15 minutes allowed for positioning to provide AS will be considered in the rule.	This recommendation is appropriate as units that can provide operating reserves are those that ramp effectively.
<b>3.6 There must be allowance for governor action during frequency excursions.</b>	Governor action in response to a frequency deviation will be considered in the rule.	This recommendation is appropriate.
<b>3.7 The Rule must recognize the operational challenges when ramping between 0 MW and minimum stable output.</b>	The rule will describe specific steps for operating below minimum stable generation level.	This recommendation is too vague for comment. TransCanada therefore requests further detail with regard to a generating unit operating below its minimum stable generation level.
<b>3.8 Participants must comply with small offer block volumes</b>	More stringent rules for small offer blocks and small units.	TransCanada is concerned the Recommendation Paper suggests that treating all generators the same is necessary for fairness.  Fairness cannot be achieved without considering circumstances. TransCanada notes that a small generator could have been constructed with no intention of having either 7x24 staffing or remote controls. This generator now, as a result of “must offer” and “must comply” rules, may now become labeled and penalized as a rule breaker.
<b>4. Policy Adherence</b>		
<b>5. Implementation Considerations</b>		TransCanada would like a new Rule 6.6 implemented as quickly as possible. TransCanada has invested considerable time and effort developing solutions

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		that the AESO would agree with generators on. TransCanada is concerned that the results of these efforts have been recommendations from the AESO that do not reflect several key requirements for the rule to be workable and supportive of a fair, efficient and openly competitive market.
<b>6. Summary of Recommendations</b>		<p>TransCanada makes the following recommendations in respect of the Recommendation Paper:</p> <ol style="list-style-type: none"> <li>1. the AESO provide its specific objectives underpinning ISO Rule 6.6;</li> <li>2. the AESO issue two rules – one to address dispatch compliance, and another to address deliberate self-dispatch for gain;</li> <li>3. that assessments of market participant behaviour be undertaken on a unit by unit basis including a determination of the past performance levels of each unit;</li> <li>4. revisions to ISO Rule 6.6 should state that a market participant is in compliance when it has taken reasonable steps to comply with ISO Rule 6.6, an analysis that must be considered in the context of what is reasonable at the time of the alleged incident and take into account whether the current compliance record is at least equal to the level set out at paragraph 14 of TransCanada’s written submissions which accompany this matrix;</li> <li>5. ISO Rule 6.6 should be amended to ensure that deliberate strategies of non-compliance by PPA Owners are contraventions for which the Owner is penalized; and</li> <li>6. in respect of compliance from PPA units, Failure Flags should be issued according to the steady state and ramp limits.</li> </ol>
<b>7. Next steps</b>	The AESO seeks specific input on the timeline and items that might affect the timeline	<b>Please refer to paragraphs 3 and 4 of TransCanada’s submission</b>

