May 28, 2015

To: Market Participants

Re: Restatements and Substitutions of Operating Reserves

This is a notification letter from the AESO being sent to all market participants to provide clarification and raise awareness of expectations or obligations within the ISO Rules. It should not be construed as implying that any market participant is in contravention of any ISO Rule.

The New Operating Reserve Rule Amendments came into effect on December 23, 2014 which included the creation of Section 205.3 of the ISO rules, Restatements for Operating Reserve, under Division 205, Ancillary Services Market.

As part of its monitoring of market participant behavior in the Ancillary Services (AS) market, the AESO reviews restatements and substitutions of operating reserves. This review includes identifying restatements and substitutions that appear not to be in accordance with the ISO Rules.

Section 205.3 Restatements for Operating Reserve, states in part:

3(5) A pool participant that submits a restatement must restate to zero (0) or to no less than five (5) MW for each pool asset.

4 A pool participant may substitute one (1) or more pool assets to provide operating reserve for another pool asset, if:

(d) such substitutions result in a minimum of five (5) MW of operating reserve for each pool asset.

The intent of these subsections is that pool participants must not submit restatements or substitutions that result in a pool asset having a final non-zero obligation of less than 5 MW for any type of operating reserve.

The purpose of this letter is to clarify the expectations of the AESO and to serve as a reminder that the Energy Trading System (ETS) does not prevent pool participants from making restatements to these levels. The AESO strongly encourages all pool participants providing operating reserves to review Section 205.3 of the ISO Rules to ensure that they understand these requirements and are operating in compliance with all applicable obligations.

If you have any questions regarding this information please contact myself at 403.539.2831.

Yours truly,

Kevin Wipond
Manager, Compliance – ISO Rules

cc: Biju Gopi – Manager, Commercial, Market Services