



INFORMATION DOCUMENT (ID)

ISO Rules – Acceptable Operational Reason

ISO INFORMATION DOCUMENT

2009-003

Revision History

Effective	Description
September 30, 2009	Initial Release

ISO Interpretation of Acceptable Operational Reason as Defined in the ISO Rules

1. Background Information

The AESO would like to provide additional clarification of our interpretation of the definition of “acceptable operational reason” or “AOR” appearing in the ISO rules (“rules”). AOR is a formally defined term in the rules and it has a key application in section 3.5 Offers and Bids. As such is the subject of compliance related discussions.

An AOR is required to make changes to a source asset’s available capability, an export asset’s available capability within the T-2 timeframe or to make mandatory energy restatements or dispatch down service energy restatements within the T-2 timeframe. Unless there is an AOR, available capability must equal maximum capability.

2. Clarification of Acceptable Operational Reason

The AOR definition states, “acceptable operational reason” means with respect to an asset, any one or more of the following:”.. and then is followed by six paragraphs which describe AOR events Market participants are encouraged to refer to the full legal text of the definition appearing in the ISO rules.

It is the ISO’s view that subsections ii) and iii) of the AOR definition appear to be in need of some clarification in terms of their pragmatic application. Subsection ii) states:



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“ii) re-positioning an asset within the energy market due to the need to meet a dispatch given to that asset from the system controller to serve the stand-by ancillary services market; “

The purpose of this subsection is to allow generating assets to comply with dispatches to provide ancillary services that were offered in the stand-by ancillary services market without becoming non-compliant in the energy market. While stand-by ancillary services are acquired by the ISO no later than noon the day before they are required, the actual dispatch of stand-by ancillary services is not predictable.

They are dispatched when active ancillary service amounts are inadequate and this is quite often caused by an unexpected generator trip. The dispatch of stand-by ancillary services then, may find the generator at an output level where they are unable to provide the product. The AOR therefore makes the explicit allowance found in paragraph ii), that allows the generator to restate their energy so that they can reposition to provide stand-by ancillary services.

Paragraph iii) of the AOR states:

iii) re-positioning a generating asset within the energy market to manage physical or operational constraints associated with the asset;

The purpose of this subsection is to allow generators to restate their energy when they have a problem (constraint) with the unit. It is expected that these problems are unanticipated or could not have been avoided by the exercise of reasonable diligence otherwise they would have already been reflected in the generator's offers.

Subsection iii) is not intended to allow generators to re-position offers to allow the generator to provide ancillary services from the active market. It is expected that since active ancillary services are acquired the day before they are required and the provider is aware of the times their product will be required, that the generator energy offers can be submitted at least two hours in advance of the delivery hour to allow the generator to properly position to respond to the ancillary service dispatch.

This approach is aligned with providing a more stable merit order within two hours of the delivery hour and the delivery hour. Unlike subsection ii), where



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there is an explicit allowance for stand-by ancillary services, subsection iii) and no other part of the AOR definition offers the same allowance for active ancillary services.

ISO Rule References:

Definitions: acceptable operational reason, available capability, maximum capability

Rule 3.5 - Offers and Bids

Comments/Questions

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