

# AESO Reliability Committee Meeting (ARC)

September 25, 2008

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# WECC / AESO Membership and Operating Agreement Implementation Plan

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# Background and Current Status



- WECC RMS Agreement requires compliance with a small number of standards/criteria – currently in place
- WECC/AESO Agreement approved by WECC Board of Directors – April/08 and AUC – August/08
- Executed by both parties - September/08
  - Supports a north-America wide implementation of a consistent set of reliability standards (broader scope than RMS)
  - Establishes a mutually acceptable relationship recognizing WECC's role as a Regional Entity in the US and jurisdictional authority of Alberta governmental authorities

# Implementation Plan



- Ensure commitments are met within AESO business units
- Ongoing AESO participation as Class 1 and Class 6 member and related responsibilities
- Compliance with terms and conditions of WECC bylaws or possible exemptions
- Continued payment of WECC fees and negotiation of future credit to be applied against annual WECC fees
- Coordination with the WECC Reliability Coordinator in Vancouver, WA (transition from PNSC to WECC)
- Negotiation of components of monitoring program of AESO's operations related to AB-approved reliability standards

# Implementation Plan cont'd



- Processes implemented to participate in NERC and WECC standards development processes (vetted through ARC)
- Notification to WECC of AB-approved reliability standards and their content (consistent with US standards or AB variances)
- Obligation to provide or request exemptions related to data collection
  - Address confidentiality of data submitted
- Termination of RMS agreement

# Next Steps



- Meeting with WECC at the end of September
  - Update on Alberta activities
  - Plans for implementing agreement
  - Negotiations required
- Update to the WECC Board of Directors - October 2/08
- Implement terms of agreement

# Questions



# Implementing Reliability Standards

Jerry Mossing  
Director, Operations Planning

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# Implementing Reliability Standards



- ISO Rules
- Effective Dates
- Processes under Development

# Direction from T-Reg



AESO has considered:

- T Reg 86/2007 section 5: The ISO may make standards... respecting ... reliability standards
- T Reg 86/2007 section 7: The ISO may make rules respecting any standard ... or may adopt any standard ... as a rule.
- T Reg 86/2007 section 23: The ISO must make rules respecting its practices... monitoring and enforcement... reliability standards... standards and rules made under section 5...
- Implications of “reliability standards” vs. “ISO Rules”:

ISO Rule	Reliability Standard
<u>Filed</u> with the Commission	<u>Forward</u> the Reliability Standard to the Commission with recommendation to <u>approve</u>
<u>Market participant</u> can object on: <ol style="list-style-type: none"> <li>1) ISO did not comply with the Commission's rules</li> <li>2) Technically deficient</li> <li>3) Does not support FEOC</li> <li>4) Not in the public interest</li> </ol>	Interested person can file a deficiency claim – must satisfy the Commission that: <ol style="list-style-type: none"> <li>1) Technically deficient</li> <li>2) Not in the public interest</li> </ol>
Defined process regarding filing and dealing with objections	No existing process

# Proposed Approach



The proposed approach is that:

- The AESO will adopt reliability standards as ISO Rules
- The AESO and Commission will discuss T-Reg section 19, ...forward the proposed reliability standards with the ISO's recommendation that the Commission approve or reject them
- The AESO will monitor reliability standards using ISO Rule 12

Advantage:

- We will be using the well-established ISO Rules process
- Consistent with legislation that separated compliance monitoring from enforcement
- Reliability standards meet the same tests as market rules

# Choices resulting from ARC advice



- Alberta reliability standards are consistent with the US Reliability Standard, or
- Alberta reliability standards contain an Alberta Variance (a change from the US Reliability Standard that the AESO has determined is material) to the US Reliability Standard, or
- The US Reliability Standard does not apply.

# Effective Dates



- As part of the recommendation from the ARC Work Groups to ARC, an effective date is selected based on the work group member's advice.
  - Work group members have been provided with time to review standards within their organization for technical content, compliance readiness, etc.
- Organizations may begin compliance planning at any time during the reliability standards process (e.g. following workgroup recommendations to ARC through to the effective date)

# Plans / Processes Under Development



- DRAFT Proposal for NERC Standards Review Plan
  - 128 NERC and WECC standards
    - 79 are currently under review or are scheduled for review
    - 49 are relatively stable
  - Propose we continue to address the 49 standards through regular work group meetings
    - OWG – 25, TPWG – 4, SWG – 1, TWG – 6, AIWG – 13
    - Input from more than one work group will be required for some standards
  - Address the 79 following FERC approval of changes
  - Implies an ongoing obligation to ARC and ARC WGs

# ARC and ARC WG meetings through end of 2009



- Work Group meetings through end of 09
  - OWG ~bi-monthly
  - TWG ~ monthly
  - TPWG TBD
  - SWG TBD
  - MWG as required
- ARC meetings
  - Every third month (Dec 08, Mar 09, June 09, etc.)
  - Purpose will be to present the ARC WG standards recommendations as well as address any other issues
- Once the bulk of the standards have been reviewed, ARC and WGs can move to ad hoc meetings - probably in 2010

# Compliance Work Group (CWG) Update

Peter Wong – Director, Compliance  
September 25, 2008

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# CWG – CMP Update



- CWG held 6 meetings (today is scheduled 7<sup>th</sup> meeting after ARC)
- Progress to date
  - Draft of Compliance Monitoring Program (CMP) – 90% complete
    - Common understanding of the intent of the tools
    - Common understanding of how they apply
    - Developed a set of processes for the program
  - Tools largely in line with those used in the US, variations in how the process works
    - *Compliance monitoring audit (Table top, onsite, and spot-checking)*
    - *Self-certification (declaration)*
    - *Self-reporting*
    - *Exception reporting (event driven reporting)*
    - *Periodic data submissions and reporting*
  - Second reading completed, one more meeting to finalize
- CMP will be used
  - 1) by the CWG to develop an Implementation Plan
  - 2) by the market participants to understand how compliance monitoring is expected to be done; and prepare for that situation
- Next steps:
  - Will be presented to the ARC at the next meeting

- Second deliverable for the workgroup is an Implementation Plan
- Focus on the details of getting the CMP in place
  - Scheduling of the monitoring activities
  - Registration process
  - Look at reporting and submission tools (portals, etc)
  - Look at common and efficient ways to do things
  - Resources and education
  - Further detail **on** processes, other issues
- Will start in the next set of meeting – based on the CMP

# Issues Under Discussion with the AUC



- CWG identified several issues that were outside of the AESO scope, and referred those issues to the AUC for discussion at the last meeting,
  - Penalty assessments
    - Process on how penalties are assigned is a concern to stakeholders. AUC does that assignment through AUC Rule 19. AESO will provide support and input to the AUC as appropriate
  - Mitigation plans
    - US has mitigation plans in use where they have violations; AB does not currently use these. Stakeholders want to see AB adopt them.
    - AUC has heard the issue and is with them for consideration
- AESO has and will meet to provide support and advice to the AUC in their leadership of those issues. Stakeholder input on these issues can be directly communicated to the AUC.

# Compliance to NEW rules



- Some rules may become effective in the next few months. The CMP implementation plan will still be under development. In the interim, how will AESO carry out the compliance monitoring?
  - Compliance to the rule is expected after the effective date. The effective date is established to allow time for participants to prepare to be compliant.
  - As with any new rule, monitoring is covered under ISO Rule 12. This applies even in the absence of a specific monitoring program (such as the CMP).
  - AESO determines the level of monitoring needed for new ISO Rules. Most ISO Rules are not actively monitored. AESO will take action where there is a complaint, or referral, or where an event has occurred
  - Participants are expected to carry out requirements in the standard – where there is reporting, it should be reported; where there is a need to report an incident, it is expected that it be done.
- AESO will establish templates, instructions, email addresses, and communicate those to market participants for each standard that becomes effective. (in progress)

# Measures development process



- Under the revised standards review process, the compliance department will be involved in the initial drafting of the 'measures' for each standard.
- The proposed measures will be reviewed by the workgroups with input brought back for consideration
- Will improve the efficiency of the standards review process and also bring more consistency to the measures developed

# Next Steps



- Will hold 4-5 meetings of CWG to the year end
- Target finalizing the Implementation Plan by the end of the year
- Support AUC in addressing the enforcement issues and reflect any AUC decisions in CMP document
- Develop measures with the standards workgroups
- Questions or comments?

# Questions

