

ARC Work Group Reports

ARC Meeting 2008-02-28

Reliable **Power**

Reliable **Markets**

Reliable **People**



ARC Meeting Agenda



1:30 - ARC Workgroup reports

- Operations - Jerry Mossing
- Technical - Dan Shield
- Security – Jerry Mossing for Garry Spicer
- Compliance - Peter Wong

3:30 - Update on WECC Operating Agreement - Diana Pommen

3:50 - Update on the ARC Workgroup Terms of Reference - Jerry Mossing

New – OPP 1306 – Reporting Equipment Changes – Anita Lee

4:00 - Discussion, future items requiring discussion, meeting dates

- The AESO prepared a template for capturing the ARC Work Group assessments on the NERC/WECC standards.
- No recommendations on the standards are being submitted by the Work Groups at this time.
- Work groups are seeking input from ARC on several matters
- Future Actions/Decisions:
 - Prepare Rules format for capturing applicability of NERC/WECC standards in Alberta.

Standards Reviewed by the Operations Work Group



Standard Number	Title	Date Reviewed	Status
TOP-007-0	Reporting SOL and IROL Violations	2008-01-22	Dependent
IRO-001-1	Reliability Coordination – Responsibilities and Authorities	2008-02-04	Dependent
IRO-002-1	Reliability Coordination - Facilities	2008-02-04	Dependent
IRO-003-2	Reliability Coordination – Wide Area View	2008-02-04	Dependent
IRO-004-1	Reliability Coordination – Operations Planning	2008-02-04	Dependent
IRO-005-2	Reliability Coordination – Current Day Operations	2008-02-27	Dependent
IRO-006-4	Reliability Coordination - TLR	2008-02-27	Dependent
IRO-014-1	Reliability Coordination Between RCs	2008-02-27	Dependent
IRO-015-1	Notification & Info Exchange Between RCs	2008-02-27	Dependent
PRC-001-1	System Protection Coordination	2008-02-27	Reviewed
TOP-001-1	Reliability Responsibilities and Authorities	2008-02-27	Incomplete

- The OWG reviewed TOP-007 and has identified an issue.
 - The WECC has prepared an interpretation of Interconnection Reliability Operating Limits (IROLs) that is pending approval from the NERC Board of Trustees (BOT). There could be significant implications to Alberta if the WECC interpretation is not approved and in which case the applicability of TOP-007 would need to be re-assessed.
- The OWG is currently withholding a recommendation to the ARC at this time until the NERC BOT decision on the WECC interpretation has been made.

- The Operations Work Group has determined that IRO standards need to be reviewed in consideration of the contents of the TOP standards to ensure the legislated responsibilities of the AESO are fully covered in the TOP standards.
- If TOP standards are not sufficient to cover legislated responsibilities, then some of the Reliability Coordinator responsibilities in the IRO standards will need to be reassigned to the AESO.

- Generator participants are concerned about the RC sharing day ahead generator dispatch levels and outage information with 3rd parties that in turn may make information available to market participants
- It is possible that timing of such information creates a condition where such information is not yet available to participants in Alberta.
- In accordance with IRO-004-1, Requirement 4, the RC will share this information with Transmission Operators upon their request.
- The AESO is to propose how to address this and will review this requirement in light of the confidentiality provisions within the AESO/WECC Operating Agreement.
- The OWG requests advice from the ARC on this matter.

Standards Reviewed by the Technical Work Group



Standard Number	Title	Date Reviewed	Status
FAC-001-0	Facility Connection Requirements	2008-01-24 2008-02-05 2008-02-21	Organizational Review
MOD-013-1	RRO Dynamics Data Requirements and Reporting Procedures	2008-02-21	Organizational Review
PRC-001-1	System Protection Coordination	2008-02-21	Reviewed and sent to OWG for further assessment

Technical Work Group Report



- The review of FAC-001-0 required revisions to the assignment of responsibilities to make the requirements fit the Alberta Reliability Framework.
- Interpretations for some of the requirements in FAC-001-0 were prepared to make them appropriate for application in Alberta.

Technical Work Group Report



- The Technical Work Group assessments of FAC-001-0 and MOD-013 have been sent to the work group members for review within their respective organizations.
- It is expected that the acceptance recommendations for FAC-001-0 and MOD-013 will be prepared at the next TWG meeting and then submitted to the ARC members for the March ARC meeting.

Technical Work Group Report



- The Technical Work Group reviewed PRC-001 and input from Operations Work Group members was also required to address operational matters.

Technical Work Group Report



- The Technical Work Group is investigating the status of some of the assigned standards that are being revised by the WECC or NERC to determine if the review of these standards should be deferred. However, NERC review of a standard takes 18 months on average.
- The TWG requests advice from the ARC on this matter.

PPA Generator Issue

- The NERC Functional Model includes the functions of Generator Operator and Generator Owner
- These do not align with Alberta PPA Buyer and PPA Owner entities
- The Operations and Technical Work Group are assigning responsibilities for some requirements to PPA Owners as they relate to generator protection and controls, plant operator communication and interaction with transmission operators
- Do ARC members agree with assigning requirements to PPA Owners?

Security Work Group Report



- The Security Workgroup Terms of Reference has been drafted and is awaiting ARC comment.
- ARC is requested to submit names for members (if haven't done so already)

AESO Reliability Committee (ARC)

ARC Workgroup Report – Compliance Workgroup
February 28, 2008

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Topics



1. Compliance monitoring for NERC Standards
2. Need for an Alberta model
3. Establish a Compliance workgroup under ARC
4. Review Terms of Reference

NERC Standards – Compliance



- Alberta is in the process of reviewing NERC standards, which includes two components,
 - Technical standard – technical requirements that must be complied with
 - Compliance standard - measures, reporting requirements, monitoring processes, non-compliance assessment levels, and penalty assessments
- WECC has established a Compliance Monitoring and Enforcement Program (CEP) that defines how compliance will be carried out
 - The program defines processes, templates, worksheets, audit requirements, mitigation options, record management, etc.
 - This program is being implemented in the US last year, and has been in effect since June 1, 2007.
- Stakeholders are having difficulty understanding, complying with, and responding to the CEP. The WECC is having some difficulty carrying out the program effectively.
 - Independent user groups have formed to lobby and address issues that they feel WECC is not adequately addressing
 - WECC is implementing changes on the fly to address process issues

Need for an Alberta Model



- Alberta cannot implement the WECC CEP model as is
 - Act and Regulations have defined a different structure and model for compliance in Alberta, where responsibilities for compliance and enforcement will rest with 3 agencies (AUC, MSA, and AESO) and not a single agency (WECC)
 - The CEP model is not in alignment with other established compliance methods used for market rules, load settlement, and other rules
- We are aware of the considerable difficulty, WECC and the stakeholders are experiencing in the CEP model, and hope to avoid those problems
 - Examples – mitigation plans submitted without further direction; boxes of audit data requested but unprocessed; lack of clarity in reporting requirements leading to insufficient or non-required data being submitted; lack of consistent interfaces and standards for data submission.
- Alberta has an opportunity to establish a compliance program that meets requirements in an efficient and manageable way
 - Reduce the high level of effort and stress for all organizations, and minimize the added costs in the end, while ensuring compliance to important standards

- ARC workgroups are reviewing standards, but only from the technical perspective. Compliance standards are not being reviewed by the Standards Review workgroups.
 - In the future, we expect that where a standard is being reviewed, both the technical and compliance components will be reviewed together.
 - For those standards adopted without compliance standards, a process will be established to re-review them
- To enable that – there must be a compliance monitoring program developed that defines how compliance will work in Alberta with respect to reliability standards
 - Reliability standards are different from other ISO Rules that are now subject to ISO Rule 12, in that AESO must be align with the intent of NERC standards to the extent possible, and that Alberta must be able to demonstrate compliance with adopted NERC standards.

Proposed ARC Workgroup



- AESO is looking for your input to develop the compliance monitoring program
 - By establishing a new workgroup under the ARC
 - To provide advice in accordance with the Terms of Reference for the workgroup
 - To be completed by or before July 1st, 2008
 - For implementation by January 1st, 2009
- The workgroup will have completed it's duties by July 1st and be dissolved, unless otherwise directed by ARC
- Draft Terms of Reference – provided for comment

Terms of Reference

Purpose



- **Purpose**

- The AESO Reliability Committee (ARC) Compliance workgroup shall provide advice to the AESO on the development of an Alberta compliance monitoring program for mandatory reliability standards, as required under section 23(1) of the Transmission Regulation (AR 86 / 2007).
- The ARC workgroup shall receive assignments from the AESO and the chair shall report to the ARC in a timely manner.

Terms of Reference

Workgroup Membership



- **Workgroup Membership**

- The ARC workgroup will be chaired by the AESO.
- ARC members shall assign appropriate resources to participate in ARC Workgroups
- ARC Workgroup members are expected to be senior level personnel with appropriate expertise
- Any market participant that is directly affected by the compliance process may attend meetings and participate in the activities of that workgroup.

Terms of Reference

Principles



- **Principles for Development of the Compliance Program**
 - The program must allow AESO must be able to carry out and meet the obligations of our mandate
 - The program must be aligned with regulations and framework established for compliance and enforcement in Alberta
 - The program must meet the intent of NERC reliability standards, and be sufficient to demonstrate Alberta's compliance to the reliability standards
 - AESO will consider the input of stakeholders in the development of the program and in making decisions related to the establishment of the program
 - The program shall focus on how to effectively implement compliance monitoring (meet principles above) with consideration to minimizing costs, effort, and disruption to the industry as a whole

Terms of Reference

Scope and Duties (In-Scope)



- **Work Group Scope and Duties**
- Work group shall
 - Provide input to AESO on topic areas pertaining to establishing a compliance monitoring program for approved reliability standards, including but not limited to,
 - Reviewing and providing input on methods for monitoring reliability standards to be employed in Alberta (NERC has 8 components in NERC CEP (Compliance Enforcement Program))
 - Establishing common data and reporting formats, protocols, and mechanisms for submission and exchange of data/information
 - Providing input on processes/procedures for auditing of reports
 - Providing input on guidelines to assist in setting compliance requirements during Standards Review process
 - Draft implementation and transition plan
 - Development of audit schedules for 2009?
 - Assist the AESO in fulfilling its public interest mandate and duty to consult with industry on appropriate matters
 - Consider input from all applicable entities that will create the most efficient and effective compliance monitoring practices for Alberta
 - Consider the input with alignment to the overall compliance monitoring roles and processes established under ISO Rule 12
 - Refer issues that are identified by the work group that are outside of the scope to other workgroups, parties, or agencies

Terms of Reference

Scope and Duties (Out of Scope)



- Work group shall NOT
 - Establish metrics, measures, data collection, or other compliance monitoring requirements pertaining to any individual standard (role of other ARC workgroups)
 - Establish processes or rules pertaining to compliance monitoring which are covered through ISO Rule 12 (consultation is separate)
 - Establish processes or rules pertaining to assessment of penalties for non-compliance (role of the AUC)
 - Establish processes or rules pertaining to enforcement of non-compliance (role of the MSA)
 - Establish processes or rules to determine non-compliance (role of the MSA)

Terms of Reference

Workgroup Administration



- **Compliance Workgroup Administration**
 - Work group will provide advice to AESO in the development of a compliance monitoring program for reliability standards, which is expected to be completed by June 30, 2008, and ready for operation by January 2009.
- **Workgroup Member - Desired Skills:**
 - Familiarization with audit, compliance or regulatory processes and practices
 - Understanding and appreciation of industry regulations and processes
 - Broad understanding to identify where proposed directions will result in issues for the industry, and to be able to discuss them
 - Understanding of AESO and/or NERC compliance standards/processes an asset
 - Technical knowledge of electric industry not required
- **Estimated Time Commitment (to be finalized by workgroup)**
 - Workgroup will meet approximately every 2-3 weeks
 - Commencing in April 2008
 - Workgroup is expected to close off by July 2008
- **Chair – AESO Director, Compliance - Peter Wong**
 - Responsible for administration and facilitation of meetings
 - Responsible for leading discussions and capturing input
 - Will represent AESO in putting forward topics and issues for discussion
 - Will produce draft and final compliance monitoring program
 - Alternate Chair – to be determined

Terms of Reference

Terms of Engagement



- **Terms of Engagement**

1. Work groups will determine their own meeting dates and timelines. Meeting agenda will be prepared and communicated in advance to provide market participants with opportunity to decide whether their attendance is required at a work group meeting. Work groups are expected to meet at least once between each ARC meeting and potentially as often as weekly, depending on workload.
2. Members are expected to dedicate time to participate in work group meetings and review material prior to meetings,
3. Members must participate within the scope and duties as outlined above,
4. Work groups output will be submitted to the ARC for review and resulting recommendations will be considered by the AESO to establish appropriate standards, processes and rules. The AESO will make decisions consistent with its mandate, policy and legislation considering the input and advice provided by the ARC. The rationale for decisions will be communicated.
5. The activities of the work groups and related documents will be communicated to the stakeholders by the AESO as appropriate.
6. Member concerns shall be summarized in written form by the contributor to the Work Group chair and will be shared with all stakeholders (i.e. posted to AESO Website) unless this is not in the public interest due to confidentiality or security reasons.
7. A member or a representative of any work group will not be precluded from participating in the AESO's Rules process or ultimately participating in any related AUC proceeding.
8. In cases where an assigned standard or a requirement of a standard may apply to a different work group, the work group assigned to review the standard may ask another work group to review one or more elements of that standard.

Questions?



Next Steps



- Interest in participating in the workgroup – submit names and contact information by March 15
- Please submit comments on the Terms of Reference by March 15
- Will contact workgroup members, provide Terms of Reference, set up meetings, address administrative issues
- Organize first meeting with workgroup participants in April
- Questions, please contact:
 - Peter Wong, Director Compliance
 - Peter.wong@aeso.ca (403-539-2552)