

Stakeholder Comment Form

AESO Recommendation Paper - Transmission Regulation Section 18

Date of Request for Comment: December 19, 2007
Period of Consultation: December 20, 2007 to January 16, 2008

Stakeholder: EPCOR Utilities Inc.

Topic	Description	Stakeholder Comments
0.0 Principles	Principles	<p>EPCOR recommends that the following guiding principles be included in this section in support of the AESO's Section 18 rules development:</p> <ol style="list-style-type: none"><li data-bbox="919 797 1780 899">1. The AESO will not reschedule outages which would cause the affected generation owner to be in contravention of other safety related regulations or licensing requirements.<li data-bbox="919 943 1780 1117">2. To the extent there are costs incurred to the generation owner as a result of the AESO restricting or rescheduling an outage, the AESO shall compensate the generation owner all tangible costs (including demonstrable contract costs) associated with moving an outage, in addition to pool receipts.<li data-bbox="919 1161 1780 1300">3. AESO rules regarding Outage Coordination, RUC, Ancillary Service Directives and Load Curtailment should be designed to minimizing market interference in pursuit of Short Term Adequacy objectives.

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1.0 Executive Summary	Outlines the four main topics as described in Section 18; Outage Coordination, Reliability Unit Commitment, Directives for Ancillary Services and Load Curtailment	
2.0 Introduction	Reviews Section 18 and indicates that guidance is provided by the Electricity Policy Framework. ISO Rules are required by April 11, 2008.	
3.0 Recommendation regarding Generator Coordination	Introduces the AESO's interpretation of the direction given in section 18.	EPCOR submits that during the hours of the AESO's outage rescheduling, the market price should be moved to the cap in order to communicate the proper signal to the market. Generators affected by the AESO rescheduling should be compensated for all costs (including demonstrable contract costs) in addition to pool receipts.
3.1 Advanced Generator Outage Scheduling (18(1))	Describes the expectation of Section 18 that the AESO give direction to generators to operate under certain conditions. It is expected that with sufficient notice, generators will react to market signals and adjust their outage plans accordingly. If the market does not respond in a manner that alleviates a supply	<p>EPCOR recommends that although the AESO has a 24 month forward planning timeline, it should only reschedule outages to take place within a much shorter 3 month time horizon since short term adequacy forecast precision will suffer beyond this 3-month time frame.</p> <p>EPCOR also submits that the AESO should only be allowed to move maintenance schedules by up to one week. This will minimize market interference, equipment risk and costs.</p> <p>If the AESO wishes to alter the generator's plans, the generator will be</p>

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	<p>shortfall conditions, the AESO will invoke a pre-determined process.</p>	<p>given an opportunity to reschedule the outage in a period acceptable to the generator owner.</p> <p>Finally, EPCOR submits that the AESO audit each use of its maintenance coordination rule to determine the full market and full participant cost.</p>
<p>a) Procedure</p>	<p>Describes the sequence of events that will be used to ensure sufficient generation is made available.</p>	<p>EPCOR recommends that the following highlighted changes be incorporated in Step 5 of the proposed procedures:</p> <p>5. If the notification does not result in a reduction of the outage volume to ensure an acceptable residual supply cushion, communication will escalate to the AESO VP Operations & Reliability in consultation with VP Market Services. Based on their assessment, the AESO may direct the owner of a generating unit to cancel or reschedule an outage and therefore operate in order to maintain adequate system supply. <u>The AESO’s directions will reflect its preference to minimize market interference and will ensure that generator owners would not be contravening safety regulations or licensing requirement resulting from those directions.</u></p>
<p>b) Compensation to Generators</p>	<p>ISO Rules will be developed to keep the generator ‘whole’ for tangible costs associated with moving an outage.</p>	<p>EPCOR recommends that <u>in addition to</u> pool receipts (with market price set at the cap), generator owners be compensated for all “tangible costs” associated with moving an outage. “Tangible costs” should be defined to include all demonstrable contract costs.</p> <p>Examples of “tangible costs” include:</p>

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		<ul style="list-style-type: none"> • Rescheduling of maintenance/construction contracts • Contracts for special equipment or services • Potential increase in labor costs • PPA Penalties <p>This “keep whole” approach is necessary to ensure dispatched generators are not operating at a financial loss as a result of outage scheduling by the AESO.</p> <p>EPCOR submits that this “keep whole” approach is fair to all parties since PPA Owners do not have offer rights.</p>
3.2 Reliability Unit Commitment (RUC)	RUC is a mechanism for the AESO to direct a generator to operate that is otherwise not scheduled near to the delivery hour but may be available to the market, or in other words has the ability to ‘commit’ their unit. The current ISO Rules (e.g. Must Offer Must Comply, T-2, Payments to Suppliers on the Margin) will assist to facilitate the requirements to implement RUC.	
a) Advance Dispatch Limitations	The generators view of the market may differ from that of	

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	the System Controller resulting in an advance dispatch ...	
b) Compensation Option 1	A status quo approach would be used whereby a dispatched generator would receive no additional incentives for an advance dispatch.	
c) Compensation Option 2	A 'keep whole' approach would be used to ensure dispatched generators are not operating at a financial loss as a result of an advance dispatch.	<p>EPCOR recommends that <u>in addition to</u> pool receipts (with market price set at the cap), generator owners be compensated for all “tangible costs” associated with moving an outage. “Tangible costs” should be defined to include all demonstrable contract costs.</p> <p>EPCOR recommends that this approach is necessary to ensure dispatched generators are “kept whole” and are not operating at a financial loss as a result of outage scheduling by the AESO.</p> <p>EPCOR submits that this approach is fair to all parties since PPA Owners do not have offer rights.</p>
3.3 Directives for Ancillary Services (18(1)(a))	The AESO is given the authority to direct units during abnormal conditions for the provision of ancillary services as reflected in the current ISO Rules. ISO Tariff Article 11 negotiations addressed compensation issues. A separate process will address outstanding issues.	EPCOR supports the AESO’s efforts to enable greater transparency around ancillary service procurement, dispatches and directives through a separate process.

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4.0 Load Curtailment Priority Plan	The AESO will undertake to consult with certain non-residential load customers to develop a plan to curtail industrial and large commercial loads in line with the direction set out in the Electricity Policy Framework.	
5.0 Policy Coherence	The AESO has ensured that the recommendations of the Paper are consistent with the requirements of Section 18 (1) of the Transmission Regulation AR 86/2007, the Electricity Policy Framework and the Electric Utilities Act.	
6.0 Implementation	The AESO has worked with the DOE to ensure that the recommendations in the paper are accurate and reasonable and it welcomes all stakeholder feedback.	