



June 26, 2009

Dear Market Participants and Interested Parties:

**Re: Final Additional Proposed Level I Changes to Existing ISO Rule 6.6  
Pool Participant Non-Compliance with Energy Market Dispatch and  
Directives**

Please find attached the AESO's final proposed ISO rule 6.6.

Additional proposed ISO rule changes pertaining to ISO rule 6.6 were initially issued for consultation on May 26, 2009. Based on stakeholder comments received, the final proposed ISO Rule 6.6 contains further revisions from the version proposed in the [Letter of Notice](#) provided to stakeholders on May 26, 2009.

For ease of reference, the following grid is hyperlinked to provide assistance in directing stakeholders to the summary of the ISO rule changes and the attachments.

Rule Number	Description	Level	Most relevant stakeholder interest
6.6	<a href="#">Pool Participant Non-Compliance with Energy Market Dispatch and Directives</a>	I	All Market Participants

The AESO is required to provide responses to market participant comments pursuant to Section 8 of the Alberta Utilities Commission ("Commission") Rule 17. Click [here](#) to access the comment-response matrix for the proposed ISO rule changes.

Pursuant to Section 9 of Commission Rule 017, please note the following:

1. The AESO will be filing the ISO rule changes with the Commission on July 16, 2009;
2. Market Participants, as defined in the *Electric Utilities Act* ("EUA"), may object to an ISO rule filed with the Commission within 10 days of the publication by the Commission of the notice of filing of the ISO rule, in accordance with Section 20.4 of the EUA; and

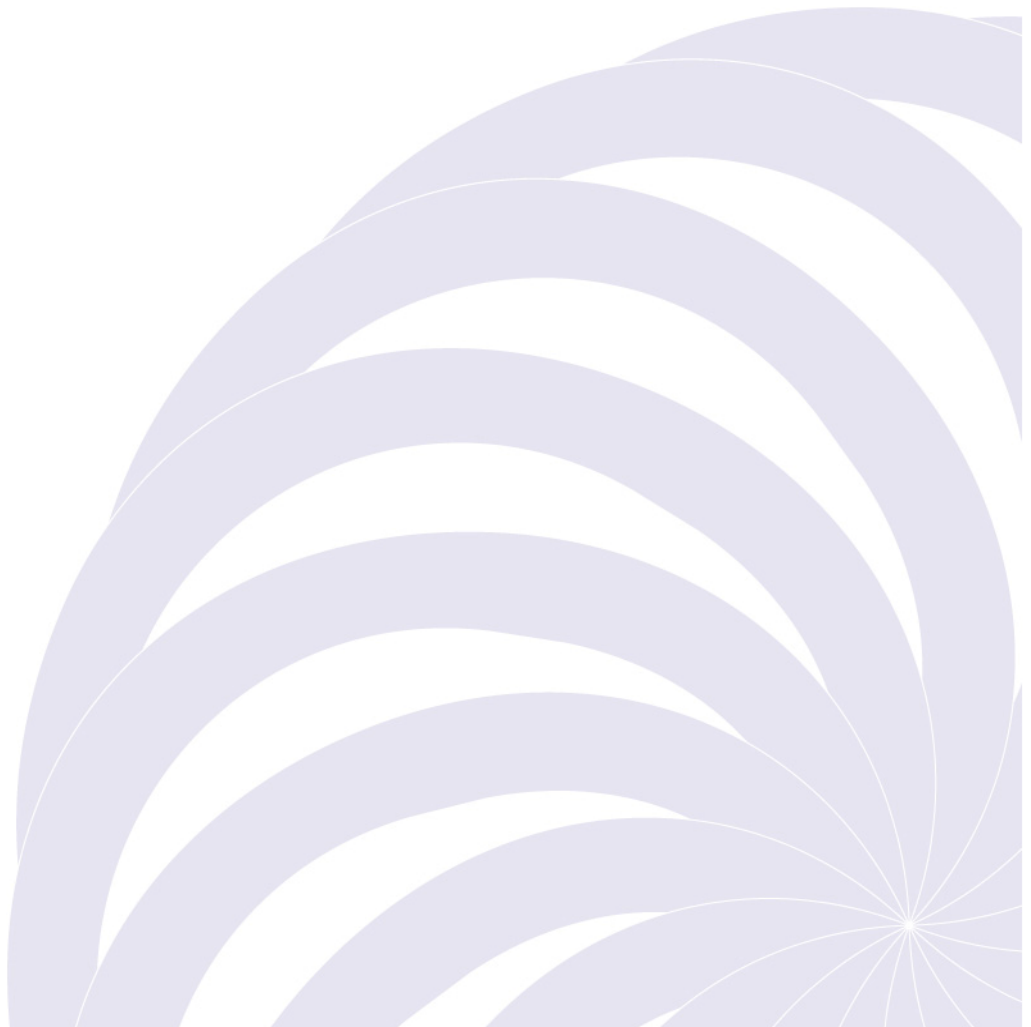


3. The ISO rule changes are proposed to be effective on September 1, 2009, in accordance with Section 20.3 of the EUA.

Yours sincerely,

*Original Signed By*

Paul Glatthor  
Senior Coordinator, Rules  
Ph: (403) 539-2464  
E-mail: [paul.glatthor@aeso.ca](mailto:paul.glatthor@aeso.ca)





## Proposed LEVEL I ISO Rule Changes

Level I changes are changes that have a significant operational or financial impact on the industry or the AESO.

<b>ISO Rule 6.6 Pool Participant Non-Compliance with Energy Market Dispatch and Directives</b>	
Rule Section/Number	G1 - Definitions ISO rule 6.6 – Pool Participant Non-Compliance with Energy Market Dispatch and Directives
Summary of ISO Rule	Implements procedural and tolerance amendments with respect to pool participant energy market dispatch compliance obligations; further implements an allowable dispatch variance for pool participants supplying energy to the energy market.
Summary of Amendment	ISO rule 6.6, in its present state, has been questioned by market participants and stakeholders in light of the <i>Alberta Utilities Commission Act</i> coming into force in 2008, as well as certain consequential changes to the <i>Electric Utilities Act</i> . Among other things, this legislation transferred ISO rule enforcement function to the Market Surveillance Administrator (MSA) and enabled the creation of Commission Rule 019 (i.e. the ‘penalty matrix’), which specifies the penalties that may be imposed on market participants for the contravention of ISO rules. The new legislation requires the AESO to refer suspected non-compliance events to the MSA, and as such the AESO will continue to monitor compliance. The MSA, however, has the authority to determine appropriate action (including applicable sanctions) in the event of noncompliance.

ISO rule 6.6 was originally established in the context that the AESO would be able to exercise discretion and consider operational, logistical, and environmental factors in the assessment of an event of non-compliance. Stakeholders argue that where those considerations are now not permitted, ISO rule 6.6 is now technically deficient and unreasonable. The AESO initiated a process to examine revisions to this ISO rule.

The AESO also has heard from stakeholders that ISO rule 6.6 does not promote a FEOC market and is technically deficient. The AESO has considered comments and most recently in response to the draft rules that were consulted on by the AESO on March 5, 2009.

The following summarizes the key amendments between the proposed rules on March 5, 2009, May 26, 2009 and the final proposed version:

- The revision to minimum stable generation has been dropped because the intent is covered elsewhere in the rule. All definitions for ISO rule 6.6 have been grouped at the beginning of ISO rule 6.6. The “Steady state” definition is being revised to begin in the first full 10 minute clock period.
- Reference to AESO monitoring functions has been removed and there has been a clarification throughout the rule of it being the pool participant’s obligations to comply with respect to energy market dispatches.

	<ul style="list-style-type: none"> <li>• A provision has been added to entrench for pool participants a standard of practice compliance requirement which pragmatically amounts to a due diligence defense. (ISO rule 6.6.1 (e) Compliance Responsibilities)</li> <li>• A further provision has been added to require them to use “all reasonable efforts” to cause generating assets referenced in an energy market dispatch to be operated using good electric operating practice. (ISO rule 6.6.1 (c) –Compliance Responsibilities)</li> <li>• The ISO rule now contains a hybrid of the ramp time plus or minus the greater of 40% or five minutes. This allows some variance on long and short ramps and multi-unit assets which was a concern for participants (Rule 6.6.3 – Ramping Compliance)</li> </ul>
Level	I
Explanation of Confidentiality	None
Proposed Effective Date	September 1, 2009
AESO Contact	Market Services, Doug Simpson, <a href="mailto:doug.simpson@aeso.ca">doug.simpson@aeso.ca</a> , (403) 539-2494
Attachments	<p><b>See attached – blacklined version.</b>  <a href="#">ISO Rule 6.6 – Pool Participant Non-Compliance with Energy Market Dispatch and Directives (blacklined)</a></p> <p><b>See attached – clean version.</b>  <a href="#">ISO Rule 6.6 – Pool Participant Non-Compliance with Energy Market Dispatch and Directives (clean)</a></p>