



June 19, 2009

Dear Market Participants and Interested Parties:

Re: Final Proposed Level I Changes to Existing Long Lead Time Energy Dispatches and Directives Rules and Related OPP 101, OPP 705, OPP 801

Please find attached the ISO Rule changes that have been approved by the AESO Executive Rules Committee (“ERC”).

Proposed ISO Rule changes pertaining to Long Lead Time Energy Dispatch and Directives (“LLTD Rules”) were initially issued for consultation on March 5, 2009. The events leading up to the March 5, 2009 distribution are provided below for context.

An earlier version of proposed changes to the LLTD Rules was first filed with the Alberta Utilities Commission (“AUC” or “Commission”) on April 10, 2008. In response to stakeholder objections the Commission convened a public hearing and on January 19, 2009 issued Decision 2009-007, which directed modifications to the proposed LLTD Rules.

On March 5, 2009 the AESO issued a Letter of Notice regarding amended proposed LLTD Rules that incorporated the AUC’s directions from Decision 2009-007. For consultation pursuant to the AUC Rule 017 the March 5, 2009 Letter of Notice also included consequential changes to related OPPs 101, 705 and 801 (the “OPP Rule Changes”) that are necessary to give effect to the new proposed LLTD Rules. Amendments to the LLTD Rules and the OPP Rule Changes reflecting stakeholder comments received in response to the March 5, 2009 Letter of Notice have been included in the attached final proposed ISO Rule changes.

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. The hyperlinked documents include a summary of measures taken by the AESO in response to the Commission’s directions in Decision 2009-007. Click [here](#) to see the document “AESO Responses to Commission Directions AUC Decision 2009-007”.

Rule Number	Description	Level	Most relevant stakeholder interest
G1 Definitions ISO Rules 6, 8	Long Lead Time Energy Dispatches and Directives Rules	I	All Market Participants



Appendix 7			
OPP 101	Dispatching the Energy Market Merit Order and DDS Merit Order	I	All Market Participants
OPP 705	Short Term Adequacy Assessment		All Market Participants
OPP 801	Supply Shortfall		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. Click [here](#) to access the comment-response matrix for the proposed OPP Rule Changes.

The proposed changes to the LLTD Rules will come into effect pursuant to subsection 20.5(4)(c) of the EUA when the Commission is satisfied that the AESO has incorporated the Commission’s directions from Decision 2009-007. As implementation of the LLTD Rules requires concurrent implementation of the OPP Rule Changes, the AESO proposes September 1, 2009 as the effective date for both.

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

1. The AESO will be filing the ERC approved OPP Rule Changes with the Commission on July 7, 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 OPP 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@aes0.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.

Long Lead Time Energy Dispatches and Directives Rules	
Rule Section/Number	<ol style="list-style-type: none"> 1. G1 – Definitions: <i>long lead time energy, long lead time energy directive, long lead time generating asset</i> 2. Rule 6.3.5.1 – Authority to Issue a Long Lead Time Energy Directive 3. Rule 6.3.5.2 – Requirements and Directives 4. Rule 6.3.6.2 – Conditions for Dispatch Down Service Dispatch 5. Rule 6.3.6.3 – Determining Dispatch Down Service Dispatch Quantity 6. Rule 8.1.1 – Settlement at Pool Price 7. Rule 8.4.2 – Final Pool Statement 8. Appendix 7 – Payment for Incremental Generation Costs for Long Lead Time Energy Directive and Generator Outage Cancellation and Reporting
Summary of ISO Rule	<p>Existing ISO Rules impacted by the proposed amendments to ISO Rules:</p> <p>6.3.5.1 – new section</p> <p>6.3.5.2 – addresses specific requirements for pool participants regarding long lead time energy.</p> <p>6.3.6.2 and 6.3.6.3 – address specific requirements regarding the</p>

	<p>provisions of Dispatch Down Service by pool participants</p> <p>8.1.1 and 8.4.2 - relate to financial settlement requirements between the AESO and pool participants.</p> <p>Appendix 7 - provides a definition of “incremental generation costs and sets out payment for same. Also sets out reporting requirements in the event of a long lead time energy directive.</p>
<p>Summary of Amendment</p>	<p>In April 2008, revisions to the rules noted above were submitted to the ERC and such rules were subsequently the subject of a stakeholder Objection with the AUC. As such the AESO undertook to rewrite the affected rules that were never implemented as a result of the Objection. The tracked changes in the attached document reflect changes to the rules that were submitted to the ERC last April, not changes from the version that is currently in effect.</p> <p>Pursuant to Proceeding ID 33 – AUC Decision 2009-007, the Commission directed the AESO to change the LLTD Rule as follows:</p> <ul style="list-style-type: none"> (a) Provide an update as to the status of OPP 705 and OPP 801 at the time it re-files the LLTD Rule; (b) Clarify that the circumstances in which the LLTD Rule would be used are reasonably limited to situations as contemplated in subsections 18(1)(a) and 18(1)(b) of the <i>Transmission Regulation</i>; (c) Provide a definition of “incremental generation costs” applicable to the LLTD Rule;

	<p>(d) Revise the LLTD Rule to reflect the AESO’s stated intent that a generator that opts out of the directive at any point prior to being directed off forfeits rights to compensation for costs it would not have incurred absent the directive.</p> <p>(e) Consider the technical compensation issue raised by ENMAX when developing a definition of “incremental generation costs” applicable to the LLTD Rule;</p> <p>(f) Revise the LLTD Rule in a manner that allows for compensation to be directed to the impacted party if a long lead time directive is issued as discussed in section 4.6; and</p> <p>(g) Provide a reporting mechanism that should include mandatory items that describe the circumstances that caused and related to a long lead time directive and reflect the reporting requirements contained in the AESO’s Argument.</p>
Level	I
Explanation of Confidentiality	None
Proposed Effective Date	September 1, 2009
AESO Contact	Director, Market Operations, Doug Simpson, doug.simpson@aeso.ca , (403) 539-2494
Attachments	<p>See attached – blacklined version. Final Long Lead Time Energy Dispatches and Directives Rules (blacklined)</p> <p>See attached – clean version.</p>

	<u>Final Long Lead Time Energy Dispatches and Directives Rules (clean)</u>
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OPP 101 Dispatching the Energy Market Merit Order and DDS Merit Order	
Rule Section/Number	Part 3, OPP 101 Dispatching the Energy Market Merit Order and DDS Merit Order
Summary of ISO Rule	OPP 101 defines the methodology used by the System Controller (SC) when dispatching bids and offers in the energy market merit order under normal operating conditions.
Summary of Amendment	<p>Proposed amendments to OPP 101 are required to implement the proposed amendments to ISO Rules on dispatch down service (DDS) with respect to long lead time (LLT) energy directives.</p> <p>The following summarizes the key amendments:</p> <ul style="list-style-type: none"> • For DDS with respect to LLT, the system marginal price can be higher than the reference price but less than or equal to the highest priced operating block in the energy market order. • DDS amount is determined as the minimum of eligible DDS, and (TMR quantity + directed LLT energy - constrained generation). • Operating blocks dispatched off with respect to LLT directive will be dispatched on following the highest priced operating block in the energy market order and then consider implementing the supply shortfall procedures in OPP 801.
Level	I



Explanation of Confidentiality	None
Proposed Effective Date	September 1, 2009
AESO Contact	Manager, Operating Policy and Procedures, Anita Lee, anita.lee@aeso.ca , (403) 539-2497
Attachments	<p>See attached – blacklined version OPP101FINAL - blacklined</p> <p>See attached – clean version. OPP101FINAL - clean</p>



OPP 705 Short Term Adequacy Assessment

Rule Section/Number	Part 3, OPP 705 Short Term Adequacy Assessments
Summary of ISO Rule	OPP 705 defines the policy and procedures for the System Controller when determining the short-term adequacy of available supply to meet the Alberta Interconnected Electric System demand requirements and requesting for or directing available supply.
Summary of Amendment	<p>Proposed amendments to OPP 705 are required to implement the proposed amendments to ISO Rule 6.3.5 Long Lead Time Energy.</p> <p>The following summarizes the key amendments:</p> <ul style="list-style-type: none"> • The owner of a long lead time generating asset that has received a long lead time energy directive from the System Controller (SC) may: <ul style="list-style-type: none"> ○ offer generating asset in the energy market and be dispatched according to the energy market merit order; or ○ accept the SC long lead time energy directive and become eligible for compensation as described in Appendix 7 of ISO Rules.
Level	I



Explanation of Confidentiality	<p>OPP 705 has confidential Tables 2 and 3 that provide a list of aggregated assets that have long lead times greater than one hour and behind-the-fence load supplied by on-site generation and is considered as privileged information by the customers.</p> <p>The AESO will be requesting the Commission confirm that disclosure of confidential tables attached to the OPP Rule would not be in the public interest.</p>
Proposed Effective Date	September 1, 2009
AESO Contact	<p>Manager, Operating Policy and Procedures, Anita Lee, anita.lee@aeso.ca, (403) 539-2497</p>
Attachments	<p>See attached – blacklined version OPP705FINAL - blacklined</p> <p>See attached – clean version. OPP705FINAL - clean</p>

OPP 801 Supply Shortfall	
Rule Section/Number	Part 3, OPP 801 Supply Shortfall
Summary of ISO Rule	OPP 801 defines procedures to follow and measures to be taken when responding to supply shortage in Alberta in order to maintain system reliability.
Summary of Amendment	<p>Proposed amendments to OPP 801 are required to implement the proposed amendments to ISO Rule 6.3.5 Long Lead Time (LLT) Energy.</p> <p>The following summarizes key changes made to Table 1:</p> <ul style="list-style-type: none"> • Dispatch off Dispatch Down Service (DDS) with respect to directed Long Lead Time (LLT) energy (step 3). • When all resources in the energy market merit order have been dispatched and DDS has been dispatched off, issue the message to all participants and enter it into the SC Shift Log that a supply shortfall has commenced (step 4). • The SC will direct long lead time units to load above their minimum stable level after all resources in the energy market merit order have been dispatched (step 14).
Level	I
Explanation of Confidentiality	OPP 801 has Tables 2 through 5 that contain information on generation levels, station service loads, voluntary curtailment loads and phone numbers. This information is considered



	<p>privileged information by the generators and customers.</p> <p>No changes were made to the confidential Tables attached to OPP 801.</p>
Proposed Effective Date	September 1, 2009
AESO Contact	<p>Manager, Operating Policy and Procedures, Anita Lee, anita.lee@aeso.ca, (403) 539-2497</p>
Attachments	<p>See attached – blacklined version OPP801FINAL - blacklined</p> <p>See attached – clean version. OPP801FINAL - clean</p>