

## 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:** Industrial Power Consumers Association of Alberta (IPCAA)

Topic	Description	Stakeholder Comments
<b>1.0 Executive Summary</b>	Outlines the four main topics as described in Section 18; Outage Coordination, Reliability Unit Commitment, Directives for Ancillary Services and Load Curtailment	IPCAA supports the ISO's work to make market rules and take steps to ensure that installed generation is available for delivery to the AIES. While IPCAA supports the market providing necessary signals for generators to respond to outage changes and start ups, it is noted that the market provides a collection of incentives and the ISO may need to take steps to ensure adequacy. It is consistent with DOE market policy that all installed capacity should be made available to the market. IPCAA supports the rules outlined to ensure that capacity is made available.
<b>2.0 Introduction</b>	Reviews Section 18 and indicates that guidance is provided by the Electricity Policy Framework. ISO Rules are required by April 11, 2008.	
<b>3.0 Recommendation regarding</b>	Introduces the AESO's interpretation of the direction given in section 18.	

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<b>Generator Coordination</b>		
<b>3.1 Advanced Generator Outage Scheduling (18(1))</b>	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 shortfall conditions, the AESO will invoke a pre-determined process.	Clearly the information that ISO provides will be pivotal to ensuring that a participant managed decision process can succeed in a forward timeframe. IPCAA encourages ISO to take steps to ensure transparency regarding system adequacy to support these decisions.
<b>a) Procedure</b>	Describes the sequence of events that will be used to ensure sufficient generation is made available.	
<b>b) Compensation to Generators</b>	ISO Rules will be developed to keep the generator ‘whole’ for tangible costs associated with moving an outage.	IPCAA views a keep whole payment for an outage directive to be consistent with other market rulings noting that an investigation may be warranted to determine why the directive was required. Further, the DOE policy is clear that “costs” do not include opportunity costs.
<b>3.2 Reliability Unit Commitment (RUC)</b>	RUC is a mechanism for the AESO to direct a generator to operate that is otherwise not scheduled near to the delivery	It is IPCAA’s view that Reliability Unit Commitment has always been a fundamental premise of a market design framework to provide any ISO with the ability to direct units as required. These rules have previously existed in Alberta and IPCAA supports their amendments to

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	<p>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.</p>	<p>align with a T-2 world.</p>
<p><b>a) Advance Dispatch Limitations</b></p>	<p>The generators view of the market may differ from that of the System Controller resulting in an advance dispatch ...</p>	<p>Clearly the information that ISO provides will be pivotal to ensuring that a participant managed decision process in advance of real time can succeed. IPCAA encourages ISO to take steps to ensure transparency regarding system adequacy to support these decisions including notices regarding forecast OPP 801 steps. The ISO may need to build an assessment tool to establish when advanced dispatched are required. However, given that the market policy requires all energy be made available to the market, the “must offer, must comply” component would require that a long lead time plant must also respond to an advanced dispatch.</p>
<p><b>b) Compensation Option 1</b></p>	<p>A status quo approach would be used whereby a dispatched generator would receive no additional incentives for an advance dispatch.</p>	<p>IPCAA supports Option 1 noting that assuming the ISO forecast regarding the advanced dispatch is correct, the market price signal should be sufficient to provide compensation to any generator and that generator can change their offers to stay on line to reap the scarcity prices. Given that the long lead time assets in our current market are not as restricted as previous units (i.e., Cloverbar), an asset should be “flexible” enough to manage its operations even when it receives an advanced dispatch. To the extent the ISO forecast is proven to be consistently conservative or the market changes fundamentally effecting the ability of these kind of assets to recover costs (or should</p>

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		physical reasons limit incremental starts, etc), the generator will have the avenue to appeal these costs to the AUC and/or the ISO may need to assess the criteria for advanced dispatches.
<b>c) Compensation Option 2</b>	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.	IPCAA would view Option 2 to be inconsistent with market policy in that fixed costs are to be recovered through energy market operations, not through keep whole payments. To that end, IPCAA would also object to an administratively set price during advanced dispatches as the action of the ISO is to ensure all assets are on line to receive dispatches, not to determine what the resultant hourly price would be to meet total load.
<b>3.3 Directives for Ancillary Services (18(1)(a))</b>	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.	This item will need to be reviewed following the outcome of the NSP at the AUC on the Article 11 items.
<b>4.0 Load Curtailment Priority Plan</b>	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.	IPCAA notes that the current practice of TFOs working with their customers to manage system directed outages has proven to be effective and any change from that practice is likely unnecessary and may prove difficult to implement. Should the ISO choose to proceed in this fashion, significant implementation work is likely required as a prorata approach for large industrial customers will be difficult to manage and likely ineffective.

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<b>5.0 Policy Coherence</b>	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.	
<b>6.0 Implementation</b>	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.	Implementation of any changes to the Load Curtailment Priority Plan will require discussion about implementation options including consideration of “priced bids” for these cases or a contracted “dispatch down” protocol. IPCAA would want to work with industry to examine options.