



March 5, 2009

Dear Market Participants and Interested Parties:

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

In accordance with AUC Decision 2009-007 dated January 19, 2009 (“Decision”), the Alberta Electric System Operator (“AESO”) has been directed to revise certain provisions related to the above-captioned ISO Rules. Please click [here](#) to view the Decision.

The AESO is hereby providing notice and seeking feedback on the ISO Rule changes it is proposing as a result of the Decision, which will be considered for recommendation to the AESO Executive Rules Committee (“ERC”) in May 2009.

Conditional upon approval by the ERC, the AESO will be filing the revisions to the ISO Rules in pursuant to subsection 20.5(2) of the Electric Utilities Act.

In addition, and pursuant to Section 2(1) of the Commission Rule 017, the AESO is providing notice and seeking feedback on related OPP Rule changes that are being considered for recommendation to the AESO Executive Rules Committee (“ERC”) in May 2009. The AESO had solicited feedback on earlier versions of these OPP Rules in January 2009 but decided to not forward these for approval pending the Commission decision on the related LLTD rule. The current proposed versions of these OPP Rules reflect the comments received during the previous stakeholder consultation.

For your consideration, attached are the proposed ISO and OPP Rule changes. If you are interested in a particular ISO or OPP Rule, the following grid is hyperlinked to provide assistance in directing you to the ISO or OPP Rule of interest.

Rule Number	Description	Level	Most relevant stakeholder interest
G1 Definitions ISO Rules 6, 8 Appendix 7	Long Lead Time Energy Dispatches and Directives Rules	I	All Market Participants
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

Please see the attached summaries for more information on these proposed ISO and OPP Rule changes, including a brief explanation of the reason for the change.

Comments and suggestions on the ISO and OPP Rule changes being proposed are encouraged. Please use the comment matrix provided when submitting comments to the AESO on the proposed ISO Rule changes. Click [here](#) to access the comment matrix for the proposed ISO Rule changes. Click [here](#) to access the comment matrix for the proposed OPP Rule changes. Only written comments will be considered in finalizing the ISO and OPP Rule changes.

Please provide feedback or questions by **Friday, April 3, 2009** to the *individual* specified within the ISO and OPP Rule change description below.

The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder comments received along with AESO responses will be published with the final proposed ISO and OPP Rule changes being submitted to the ERC for approval in May 2009.

Yours sincerely,

Original Signed By

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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	2009 Q3 - subject to completion of the required SC tool change
AESO Contact	Director, Market Operations, Doug Simpson, doug.simpson@aeso.ca , (403) 539-2494
Attachments	<p>See attached – blacklined version. Long Lead Time Energy Dispatches and Directives Rules (blacklined)</p> <p>See attached – clean version.</p>

	Long Lead Time Energy Dispatches and Directives Rules (clean)
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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	2009 Q3- subject to completion of the required SC tool change
AESO Contact	Manager, Operating Policy and Procedures, Anita Lee, anita.lee@aeso.ca , (403) 539-2497
Attachments	<p>See attached – blacklined version OPP101DRAFT2 - blacklined</p> <p>See attached – clean version. OPP101DRAFT2 - 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	2009 Q3- subject to completion of the required SC tool change
AESO Contact	<p>Manager, Operating Policy and Procedures, Anita Lee, anita.lee@aeso.ca, (403) 539-2497</p>
Attachments	<p>See attached – blacklined version OPP705DRAFT2 - blacklined</p> <p>See attached – clean version. OPP705DRAFT2 - 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	2009 Q3- subject to completion of the required SC tool change
AESO Contact	Manager, Operating Policy and Procedures, Anita Lee, anita.lee@aeso.ca , (403) 539-2497
Attachments	<p>See attached – blacklined version OPP801DRAFT2 - blacklined</p> <p>See attached – clean version. OPP801DRAFT2 - clean</p>