



March 5, 2009

Dear Market Participants and Interested Parties:

Re: Letter of Notice – Proposed Level I Changes to Existing ISO Rule 6.6 Pool Participant Non-Compliance with Energy Market Dispatch and Directives

Pursuant to Section 2(1) of the Alberta Utilities Commission (“Commission”) Rule 017, the Alberta Electric System Operator (AESO) is providing notice and seeking feedback on ISO Rule changes that are being considered for recommendation to the AESO Executive Rules Committee (“ERC”) in May 2009.

As outlined in our [letter](#) of March 5, 2009, the proposed ISO Rules contain some differences from the Recommendation Update provided to stakeholders on January 15, 2009.

For your consideration, attached are the proposed ISO Rule changes. The following grid is hyperlinked to provide assistance in directing you to the ISO Rule.

Rule Number	Description	Level	Most relevant stakeholder interest
6.6	Pool Participant Non-Compliance with Energy Market Dispatch and Directives	I	All Market Participants

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

Comments and suggestions on the ISO 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. Only written comments will be considered in finalizing the ISO 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.

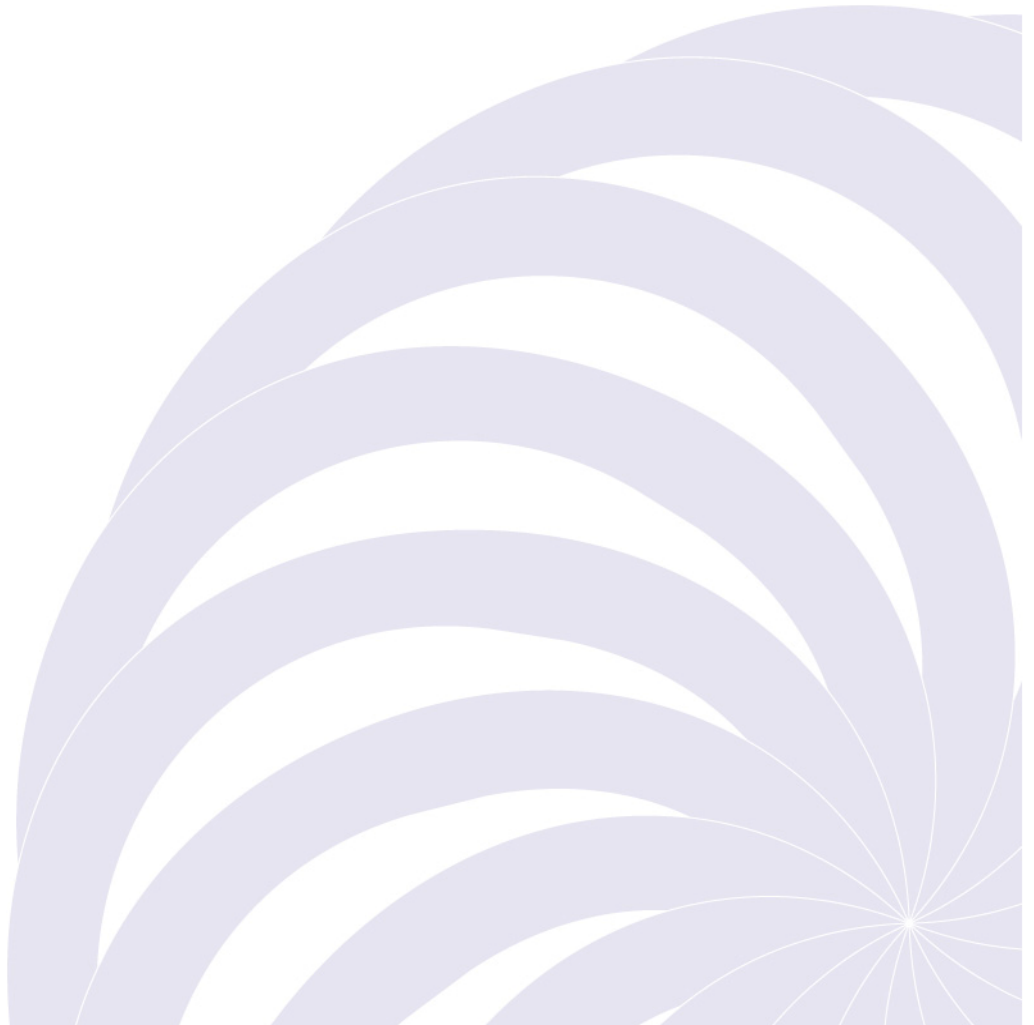


The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder comments received along with AESO responses will be published with the final proposed ISO and OPP Rule changes being submitted to the ERC for approval in May 2009.

Yours sincerely,

Original Signed By

Paul Glatthor
Senior Coordinator, Rules
Ph: (403) 539-2464
E-mail: 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.

ISO Rule 6.6 Pool Participant Non-Compliance with Energy Market Dispatch and Directives	
Rule Section/Number	G1 - Definitions Rule 6.6 – Pool Participant Non-Compliance with Energy Market Dispatch and Directives
Summary of ISO Rule	Establishes expectations and 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 what the appropriate action may be (including applicable sanctions) in the event of noncompliance.

	<p>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.</p> <p>The AESO has heard from stakeholders that ISO Rule 6.6 does not promote a FEOC market and is technically deficient. The AESO has considered comments received from stakeholders, including Complaints filed by TransCanada, TransAlta and EPCOR in June 2008.</p> <p>The following summarizes the key amendments:</p> <ul style="list-style-type: none"> • Steady state compliance – average MW output for each clock 10 minute • Maximum delay time increased to 10 minutes – participants will submit ramp profile • Operational fluctuations in output from generating units will be considered • Preparation to provide Operating Reserves will be considered • There will be an allowance for governor action during frequency excursions • Recognizes the operational challenges when ramping between 0 MW and minimum stable output
Level	I
Explanation of Confidentiality	None



Proposed Effective Date	June 2009
AESO Contact	Market Services, Doug Simpson, doug.simpson@aeso.ca , (403) 539-2494
Attachments	<p>See attached – blacklined version. ISO Rule 6.6 – Pool Participant Non-Compliance with Energy Market Dispatch and Directives (blacklined)</p> <p>See attached – clean version. ISO Rule 6.6 – Pool Participant Non-Compliance with Energy Market Dispatch and Directives (clean)</p>