



April 17, 2008

To Alberta Utilities Commission (“Commission”)

Re: Notice of Filing – Transmission Constraints Management Rules

The Alberta Electric System Operator (“AESO”) is filing ISO Rules pursuant to Section 20.2(1) of the *Electric Utilities Act* (“EUA”). The AESO is authorized to make ISO Rules in accordance with Sections 19 and 20 of the *EUA*.

The filed ISO rules are required to implement the recommendations contemplated in the *AESO Recommendation Paper – Congestion Management Plan* dated August 30, 2007.

The following grid is hyperlinked to provide assistance in directing you to the filed ISO Rules.

Rule Number	Description	Level	Most relevant stakeholder interest
Rule 9.4	Congestion Management Rule	I	All Market Participants and Interested Parties

The AESO has complied with the filing requirements pursuant to Sections 13 and 14 of Commission Rule 17, which includes the following:

- a) Posting the [Letter of Notice](#) on the AESO web site on January 30, 2008, and distributing copies of the Letter of Notice to market participants who are on the AESO weekly stakeholder newsletter distribution list;
- b) Posting [comments](#) received in response to the Letter of Notice on the AESO web site on February 20, 2008, and distributing copies of the letter of notice to market participants who are on the AESO weekly stakeholder newsletter distribution list; and
- c) Posting [replies](#) to comments received on the AESO web site on March 27, 2008, and distributing copies of the letter of notice directly to market participants who provided comments and market participants who are on the AESO weekly stakeholder newsletter distribution list;

The AESO is proposing the ISO Rules be effective on the 10th day after the day on which notice of the filed ISO Rules is published by the Commission and requests an order from the Commission to that effect.

The AESO notes that the filed ISO Rules outlines a generic protocol and that most of the Transmission OPP Rules (the 500 series) will need to be modified to align with the filed ISO Rules. The AESO will follow the ISO Rules Process to update the Transmission OPP Rules. The ISO Rules Process will require consultation with stakeholders on the



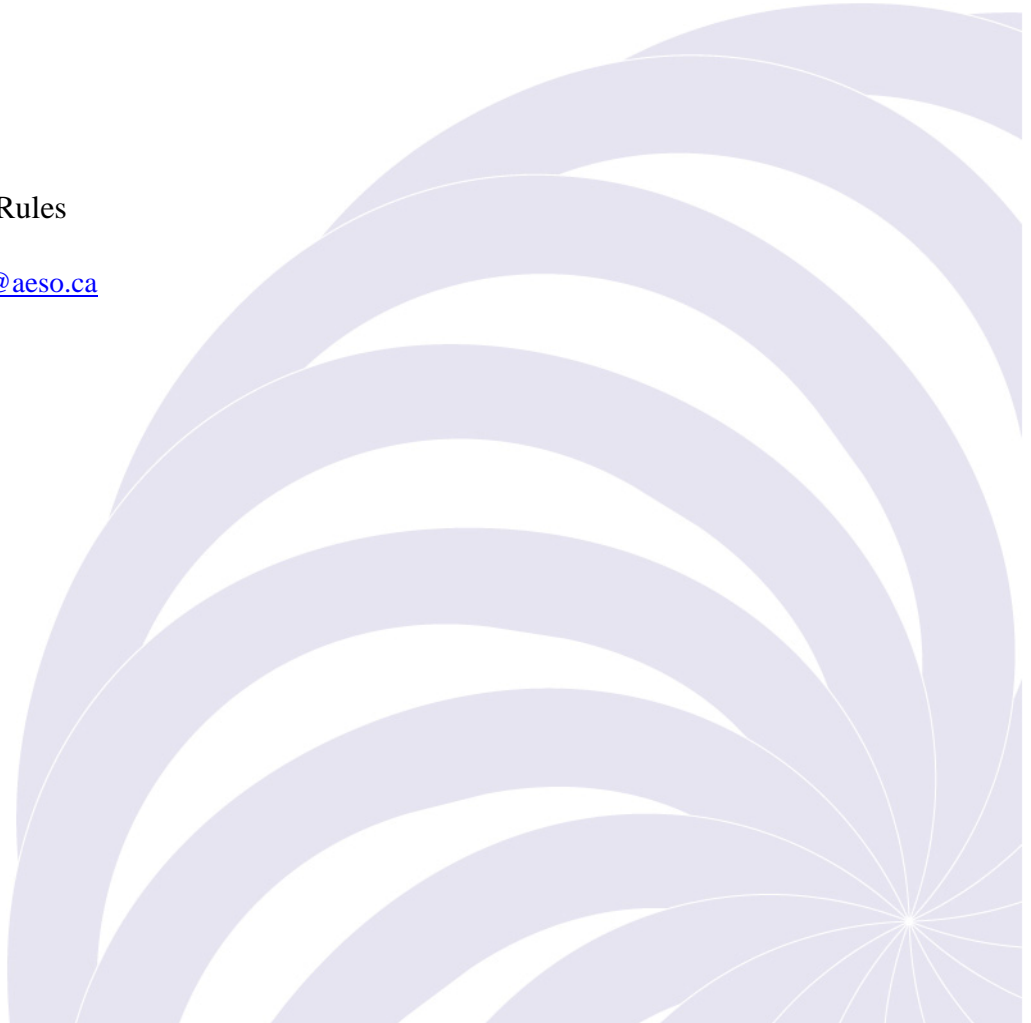
proposed changes for each OPP Rule impacted and may require modification of existing IT tools or creation of new IT tools to implement the filed ISO Rules for each OPP Rule. The AESO would then file each OPP Rule with the AUC along with a proposed effective date. The AESO will update the OPP Rules in stages because some OPP Rules are more complex and may require significant changes to our IT systems. The AESO acknowledges that when the filed ISO Rules are made effective some OPP Rules will not be in alignment and may not be for a significant time period. The AESO believes that it is important to have the filed ISO Rules in force when updating the OPP Rules because it will provide participants with clarity regarding the policy direction the AESO will be taking and will enable the OPP Rule consultation process to proceed more effectively.

The AESO submits that the filed ISO Rules, as noted, have complied with Commission Rule 17 made under Section 20.9 of the *EUA*, are not technically deficient, supports the fair, efficient and openly competitive operation of the market and are in the public interest.

Yours sincerely,

Original Signed By

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





AESO Executive Rules Committee Approved Level I ISO Rule Changes

Level I changes are changes that have a significant operational or financial impact on the industry or the AESO. These changes typically require working group input and/or extensive stakeholder consultation to implement an effective solution.

ISO Rule 9.4 – Transmission Constraints Management	
Rule Section/Number	<ol style="list-style-type: none"> 1. G1 Definitions – downstream, effective factor, upstream 2. 9.4.1 Purpose of Rule 3. 9.4.2 Determining a Transmission Constraint 4. 9.4.3 Notification to Market Participants 5. 9.4.4 Transmission Constraint Mitigation
Reason for Change	<p>The purpose of the proposed ISO rule changes is to implement the recommendations contemplated in the <i>AESO Recommendation Paper – Congestion Management Plan</i> dated August 30, 2007.</p> <p>As a follow up to the Department of Energy’s (DOE) Transmission Development Policy (2003) and subsequent regulations, the AESO has been working with industry to identify a set of congestion management (CM) protocols that are consistent with the policy and effective in terms of both system and wholesale market operation. In consultation with industry, the AESO developed a CM protocol and proposed rules for final approval in December 2006 (December CM Protocol). On final review, both the AESO executive and the DOE determined that the proposed rules were inconsistent with DOE policy in a number of areas. Accordingly, the AESO has re-evaluated the CM protocols and has developed a recommendation that is more</p>



	<p>closely aligned with DOE policy.</p> <p>The DOE policy and regulations provide a specific framework for real-time CM which include requirements for non-discriminatory access to the system (i.e. no preferential treatment for incumbents), and the use of merit order re-dispatch, followed, if necessary, by pro-rata curtailment in order to maintain orderly system and wholesale market operation.</p>
Confidential Provisions	None
Proposed Effective Date	The 10th day after the day on which notice of the ISO Rules is published by the Commission
AESO Contact	Market Services, Gordon Nadeau, gordon.nadeau@aeso.ca , (403) 539-2568
From (Current Rule)	To (Filed)
	<p>See attached – clean version.</p> <p>Transmission Constraints Management Rule</p>