March 23, 2015

To: Alberta Utilities Commission (“AUC”)

Re: Forwarding Notice - Final Proposed New and Amended Alberta Reliability Standards:

a) Amendments to FAC-010-AB1-2.1, System Operating Limits Methodology for the Planning Horizon (“FAC-010-AB1-2.1”);

b) New FAC-011-AB-2, System Operating Limits Methodology for the Operations Horizon (“FAC-011-AB-2”); and

c) Amendments to FAC-014-AB1-2, Establish and Communicate System Operating Limits (“FAC-014-AB1-2”) (collectively referred to as the “New and Amended Reliability Standards”).

The Alberta Electric System Operator (“AESO”) recommends that the AUC approve the final proposed New and Amended Reliability Standards, pursuant to section 19 of the Transmission Regulation.

Background

Effective January 1, 2014, the AESO assumed the responsibilities that relate to the functions of a Reliability Coordinator (“RC”) in Alberta. Some of these functions had previously been performed by the Western Electricity Coordinating Council (“WECC”) RC. The AESO’s assumption of these functions was approved by the AESO Board in September, 2013 and the final proposed New and Amended Reliability Standards are necessary to reflect the same.

These final proposed New and Amended Reliability Standards are applicable only to the AESO.

Summary of Proposed Changes

The purpose of FAC-010-AB1-2.1 is to ensure that system operating limits used in the reliable planning of the bulk electric system are determined based on an established methodology or methodologies. FAC-010-AB1-2.1 is proposed as an amendment to the current Alberta version of this standard, FAC-010-AB-2.1.

The following amendments have been made to FAC-010-AB1-2.1:

1. Removed the requirement in “R4” that the AESO provide its system operating limits methodology to the WECC RC, as the AESO has assumed the RC functions;

2. Removed requirement “R6” as the Federal Energy Regulatory Commission (“FERC”) has approved the retirement of the equivalent requirement “R5” of corresponding North American Electric Reliability Corporation (“NERC”) standard FAC-010-2.1; and

3. Renumbered the requirements to align with the numbering in NERC standard FAC-010-2.1.

The purpose of FAC-011-AB-2 is to ensure that the system operating limits used in the reliable operation of the bulk electric system are determined based on an established methodology or methodologies. FAC-011-AB-2 is a new Alberta reliability standard.

---

1 The functions of an RC are outlined in the NERC Functional Model Terminology.
The following changes have been made in comparison to the NERC version of FAC-011-2 in effect in the U.S.:

1. Amended to reflect the AESO’s role as the RC for Alberta and the Alberta market structure, and to align with AESO terminology and drafting standards; and

2. Removed requirement “R5” as FERC has approved the retirement of requirement “R5” of the corresponding NERC standard, FAC-011-2.

The purpose of FAC-014-AB1-2 is to require the AESO to establish and communicate the system operating limits to be used in the reliable planning and operation of the bulk electric system. FAC-014-AB1-2 is proposed as an amendment to the current Alberta version of this standard, FAC-014-AB-2.

The following amendments have been made to FAC-014-AB1-2:

1. Added requirement “R1” for the AESO to establish system operating limits, including interconnection reliability operating limits, that are consistent with the AESO’s system operating limits methodology;

2. Removed requirement “R2” that the AESO’s system operating limits be consistent with the WECC RC system operating limits methodology, as the AESO has assumed the RC functions;

3. Amended requirement “R5” to require the AESO to provide the AESO’s system operating limits to each adjacent RC and to each entity that has a reliability-related need for those limits; and

4. Amended to reflect the fact that the AESO performs the functions of transmission planner, planning authority and transmission service provider for the the province of Alberta.

Changes were also made to FAC-010-AB1-2.1 and FAC-014-AB1-2 to align with current AESO drafting standards.

**AESO Consultation**

It is the AESO’s view that market participants are not likely to be directly affected by the final proposed New and Amended Reliability Standards. Accordingly, no formal consultation with market participants was undertaken in respect of these amendments.³

On March 5, 2015, the AESO posted a notification in its stakeholder newsletter, informing market participants and other interested parties that it would not be consulting on the final proposed New and Amended Reliability Standards, and would forward the final proposed New and Amended Reliability Standards to the AUC on March 23, 2015.

**Related Consultation**

On March 23, 2015, the AESO issued a Forwarding Notice to the AUC recommending the approval of the final proposed New RC Related ARS Definitions. The final proposed New RC Related ARS Definitions were developed in conjunction with the drafting of the final proposed New and Amended Reliability Standards.

**Attachments to Forwarding Notice**

The following documents are attached to this Forwarding Notice:

---

³ Section 19(4) of the Transmission Regulation states that, before adopting or making a reliability standard, “the ISO must consult with those Market Participants that it considers are likely to be directly affected”.

Forwarded to the AUC:
2015-03-23

Page 2 of 3
1. **Blackline** and **clean** copy of FAC-010-AB1-2.1;

2. Clean **copy** of FAC-011-AB-2;

3. **Blackline** and clean **copy** of FAC-014-AB1-2; and

4. **Copy** of AESO Stakeholder Newsletter dated March 5, 2015;

**Proposed Effective Date**

The AESO recommends that the AUC approve the final proposed New and Amended Reliability Standards to become effective on the first day of the month following 120 days after AUC approval.

The AESO submits that the final proposed New and Amended Reliability Standards comply with the requirements of the *Transmission Regulation*, are not technically deficient and are in the public interest.

If you have any questions, please contact the undersigned.

Sincerely,

“Original Signed By”

Kerry Snelson  
Regulatory Specialist  
Phone: 403-539-2470  
Email: kerry.snelson@aeso.ca

Attachments