



July 20, 2010

Dear Market Participants and Interested Parties:

Re: Revised ISO Rule 9.4 Transmission Constraints Management (“Revised TCM Rule”)

The Alberta Electric System Operator (“AESO”) is seeking feedback on the rule language from market participants regarding the attached Revised TCM Rule. The original ISO Transmission Constraints Management rule 9.4 (“Original ISO rule 9.4”) was filed with the AUC on April 17, 2008.

Applicability

The Revised TCM Rule applies to all market participants and will be of specific interest to generators and load.

Summary of Revised TCM Rule

ISO rule 9.4 prescribes how the AESO must operate the transmission system and manage transmission constraints in real time.

ISO rule 9.4 is being amended to address the Commission’s directions in Decision 2009-042 and to improve the language of the general protocol of the steps that will be followed when managing a transmission constraint. Definitions for “downstream flow side”, “upstream flow side” and “constraint effective factor” have been amended to improve the common understanding of the terms and such definitions have been appropriately used within ISO rule 9.4. As well the definition of “local load pocket” has been removed from the definitions section and from the rule to allow for a broader application of Transmission Must Run (“TMR”) procurement for reliability reasons within the rule as per the AESO’s current practices.

The Revised TCM Rule is also intended to guide the development of the system controller procedures to be used to manage constraints that arise in real time.

Background

Draft version 1.0 of the Original ISO rules 9.4 were filed with the Commission on April 17, 2008. The Commission Proceeding 41 hearing was held in October 2008 to consider market participant objections to the Original ISO rules 9.4. On April 9, 2009, the Commission released Decision 2009-042 (“TCM Decision”) on the matter. The Commission decision found that the Original ISO rules 9.4 supported a FEOC market but was technically deficient with respect to specific definitions, scope of the rule and process steps.

On December 3, 2009, the AESO issued a discussion paper – Transmission Constraints Management: Rule 9.4 AUC Re-Filing Proposal in response to the Commissions directions put forth in the TCM Decision 2009-042. Stakeholder Comments on the discussion paper and



the AESO responses to those comments were published in a comment response matrix on July 20, 2010.

On July 21, 2009 the AESO published an overview letter “Overview of AESO’s approach to pending ISO Rules and OPPs related to Transmission Constraints Management and Remedial Actions Schemes” which outlined its approach to finalizing and implementing the Transmission Constraints Management rule, consulting on Remedial Action Schemes rules and practices and the handling of OPPs in the interim.

On July 20, 2010 the AESO published an update to the July 21, 2009 overview letter which outlines the AESO’s plans for finalizing and implementing ISO rule 9.4 and reiterates the overall approach the AESO will take with respect to the related changes to various Operating Policies and Procedures (“OPPs”) required for new customer interconnections.

To view the AESO papers and communications [Click here](#) or follow the path Market > Market Policy Implementation > Congestion Management.

The revised ISO rule 9.4 has been amended to address any technical deficiencies and be in alignment with the Commission directions to more clearly identify the scope of the rule and improve the language of the general protocol to clarify the common understanding of the steps that will be followed when managing a transmission constraint.

The TCM Decision also contained Commission directions regarding the consideration of the ENMAX pay-as-bid proposal as well as the Revised TCM Rule alignment with the market design and existing regulatory framework. The AESO will address the other Commission directions in its compliance filing of the final ISO rule 9.4 after it has completed consultations on the rule language.

Summary of Revisions

The AESO is proposing the following rule language changes in response to the Commission directions contained in the TCM Decision 2009-042:

Clarify the Scope of the TCM Rule

Sections 9.4.2 and 9.4.3 have been removed. These sections have been removed to provide clarity regarding the scope of the rule. The rule is intended to strictly apply to real time constraints and the deleted sections referred to planning stage activities that did not need to be referenced in a real time rule.

Clarify the TMR/TCM Rule Relationship

The TMR step in the TCM protocol has been modified to include reference to the current AESO practice of procuring foreseeable and unforeseeable TMR. TMR is only procured by the AESO for system reliability purposes. See section 9.4.1 v for the revised rule language.



Define Key TCM Rule Terms

Definitions of “downstream flow side”, “upstream flow side” and “constraint effective factor” have been modified to improve the common understanding of the terms and such definitions have been used appropriately within the rule. The definition of “local load pocket” has been removed from the definitions section and from the rule to allow for a broader application of TMR procurement for reliability reasons within the rule as per the AESO’s current practices. See the definitions section for the revised rule language.

Clarify TCM Rule Process Steps

The protocol step dealing with upstream Dispatch Down Service (“DDS”) has been deleted (previously step iii). This deletion addresses the Commission directive concerning clarity of the process; DDS is managed as per existing rules and reference to the existing rules have been added to the TCM rule (new subsection 9.4.1b);

The protocol step regarding TMR has been revised to reflect the AESO’s current practice of dispatching foreseeable contracted TMR and unforeseeable directed TMR for system reliability purposes. The local load pocket reference and definition has been removed to improve clarity. See section 9.4.1 v for the revised rule language.

The requirement to curtail Ancillary Services (“AS”) before energy is no longer a step in the protocol and is now a condition in subsection 9.4.1 c) to be imposed when following the protocol steps. This change provides clarity to the protocol steps.

New section 9.4.1 d) has been added to require that after a Remedial Action Scheme (“RAS”) has been activated and the system is stable, the TCM protocol steps will be followed. This change establishes current business practice as a rule.

Section 9.4.2 (formerly 9.4 b)) has been expanded to include additional descriptions of abnormal conditions and more emphasis on operating limits and time requirements as reasons for deviating for the protocol. This change addresses a Commission directive to clarify when system controller discretion would be exercised.

Request for Stakeholder Comments

Comments and suggestions on the Revised TCM Rule are encouraged. Please use the attached comment-rationale matrix provided when submitting comments to the AESO on the Revised TCM Rule. The AESO’s rationale for the key amendments has been provided within the comment-rationale matrix. Only written comments will be considered in finalizing the Revised TCM Rule.

Please provide written stakeholder comments or questions by **August 31, 2010** to Gordon Nadeau at gordon.nadeau@aeso.ca.



To aid stakeholders in providing comments, the following documents are attached to this letter:

- a) [Clean copy](#) of the TCM Rule filed with the Commission on April 17, 2008.
- b) [Blacklined](#) and [clean](#) copy of the Revised Rule 9.4, including certain new and amended ISO Rule Definitions;
- c) [Copy](#) of the comment-rationale matrix for the Revised ISO Rule 9.4.

The AESO will publish all stakeholder comments received for industry review shortly after the comment deadline. The AESO will consider the stakeholders comments in the preparation of the final compliance filing with the Commission on ISO Rule 9.4.

Yours sincerely,

“original signed by”

Kelly Gunsch

Vice President, Market Services
Ph: (403) 539-2513
E-mail : kelly.gunsch@aeso.ca

Attachments