

## Stakeholder Comment Form

### Rule 6.6 Review – Recommendation Paper

Date of Request for Comment: November 18, 2008  
Period of Consultation: October 30, 2008- November 18, 2008

Stakeholder: EPCOR

Section of Paper	Description	Stakeholder Comments
<b>1. Introduction</b>		<p>EPCOR supports the AESO’s review of its dispatch variance rule. EPCOR believes that such a rule is important for the integrity of the market; however, the rule should be directed at the party who has the ability to control physical compliance in order to provide incentives to the party that is able to correct the behaviour. EPCOR is disappointed that the AESO does not intend to address PPA Owner/Buyer issues in its amendments to the rule.</p> <p>EPCOR also believes, as described later in these comments, that the main focus of the AESO’s and MSA’s enforcement activities should be directed at parties who intentionally do not follow a dispatch from the system controller. The Discussion paper does not address intentional non-compliance with sufficient emphasis. The technical changes that the ISO is proposing with respect to the rule should be useful screens that the ISO can use in evaluating whether or not a market participant is intentionally failing to follow the dispatch that has been issued to that participant.</p>
<b>2.1 Rule History</b>	A brief history of rule 6.6	EPCOR agrees that one of the drivers behind the reduction of the tolerance was to address intentional non-compliance with dispatches. EPCOR believes that intentional non-compliance with the rule should be treated more harshly

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		than inadvertent misconduct and that the rule should address intentional non-compliance in addition to changing the technical parameters for compliance with the rule.
<b>2.2. The Compliance Monitoring Process</b>	An overview of the current compliance monitoring process	In light of our comments above, it may be advisable for the ISO and MSA to scrutinize more closely parties who appear to be consistently out of compliance with dispatches in response to increasing or decreasing Pool Prices and to take a more aggressive enforcement approach with those parties.
<b>2.3 Rationale for Changing the Rule</b>	The drivers and parameters behind the rule change	As stated above, EPCOR continues to believe that the AESO should address the PPA Owner/Buyer issues in its rule. Given our view that intentional non-compliance should be the primary subject of enforcement action, it is important that enforcement action be levied against the party with the intention not to comply or the ability to comply.
<b>2.4 Issue Identification</b>	A summary of the issues that participants have raised as well as some identified by the AESO	EPCOR supports the stated high level considerations.
<b>3 Rule Revision Recommendations</b>	Considerations for developing the rule	
<b>3.1 Pool participants are responsible for compliance with the ISO Rules.</b>	The AESO recommends the Pool Participant remains accountable for compliance	One of the stated considerations for the Rule is that “unreasonable expectations should not be placed on participants”. Requiring a PPA Buyer to comply with the operating requirements that are being incorporated into the Rule is an unreasonable expectation on the PPA Buyer, as it cannot physically ensure compliance with the Rule. If the purpose for the dispatch variance rule is to encourage generating units to be operated in accordance with dispatches, the rule is properly addressed, at least insofar as the rule

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		<p>relates of operation of the unit, to the operator of the facility, as that is the party with the ability to physically comply with the rule.</p> <p>The ISO offers as a rationale for imposing physical compliance obligations on PPA Buyers that they are the parties with the Pool Participant Agreement. The ISO does not require a participant agreement to require parties to comply with ISO Rules. Section 20(3) of the Electric Utilities Act imposes on all “market participants” an obligation to comply with ISO rules.</p> <p>The AESO attempts to characterize the PPAs as “commercial arrangements”; this is a mischaracterization of the PPAs which are regulatory instruments through which dispatch control was passed to the PPA Buyers and operational control remained with the PPA Owners. Incentives and deterrence should relate to the PPA parties' spheres of control; otherwise, the ISO is placing unreasonable expectations on participants. Imposing the rule on the wrong participant may well fail to produce the behaviour that is being sought.</p>
<b>3.2 The <math>\pm 5</math>MW allowable dispatch variance should be increased for units operating at their dispatch level.</b>	Recommendation is to change the allowable dispatch variance to 2.5%, minimum of $\pm 5$ MW, maximum of $\pm 10$ MW	EPCOR supports this change to the rule.
<b>3.3 The Rule must take into account time required for communication and ramping of a unit in response to a dispatch.</b>	Recommendation is to allow 7 minutes to begin responding and the time to ramp at the ETS ramp rate $\pm 40\%$	EPCOR believes that 15 minutes for most units is a more reasonable window for response, given the time needed for communication and for a physical response from the unit. We understand that even this may not be an adequate window for response for some units with unique operational characteristics.
<b>3.4 The rule should allow for normal fluctuations in</b>	The new rule should consider momentary operational	EPCOR supports this change to the rule.

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<b>output from generating units.</b>	deviations from the dispatch level.	
<b>3.5 Preparation to provide Operating Reserves must be considered</b>	The 15 minutes allowed for positioning to provide AS will be considered in the rule.	EPCOR supports this change to the rule.
<b>3.6 There must be allowance for governor action during frequency excursions.</b>	Governor action in response to a frequency deviation will be considered in the rule.	EPCOR supports this change to the rule.
<b>3.7 The Rule must recognize the operational challenges when ramping between 0 MW and minimum stable output.</b>	The rule will describe specific steps for operating below minimum stable generation level.	EPCOR supports this change to the rule.
<b>3.8 Participants must comply with small offer block volumes</b>	More stringent rules for small offer blocks and small units.	This issue might be better addressed by an explicit prohibition on intentional failure to follow a dispatch. While we concur with the rationale behind this rule, this proposal may not be practical for larger units. For example, on a 350MW unit even though an operator would have instructed the unit to move to a new level differing by 1-3 MW, the unit operator and or the AESO may or may not see the dispatched amount as it would fall within the “noise” range of the unit’s metering capability
<b>4. Policy Adherence</b>		
<b>5. Implementation Considerations</b>		If the Discussion paper is implemented as a rule without changes, there may still be a large number of infractions that are not the result of careless operation or intentional non-compliance. The ISO indicates that the proposed changes would still produce a 1% infraction level (page 11). If there are 100,000 dispatches per year and 1% of those result in rule violations and specified penalties, the MSA will be issuing 1,000 specified penalties/year. This appears to us to be disproportionate to behaviour that is

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		for the most part inadvertent.
<b>6. Summary of Recommendations</b>		
<b>7. Next steps</b>	The AESO seeks specific input on the timeline and items that might affect the timeline	ECOR supports moving forward with changes to this rule as soon as possible, given the continuing jeopardy that participants face through the current rule.