

3. OFFERS, BIDS, ANCILLARY SERVICES AND ASSET DECLARATIONS

3.1 Purpose of Rule

The purpose of this rule is to prescribe the process and conditions by which a **pool participant** submits **offers, bids** and provides other **asset** declarations.

3.2 Who Submits an Offer or Bid

Pool participants submit offers and bids for an asset opposite their name in the ISO asset list.

- a) In accordance with **rule 3.5.3.1 a)**, a **pool participant** with an active **source asset** must submit an **offer** to the **power pool**. In accordance with **rule 3.5.4.1**, a **pool participant** with an active **sink asset** may submit a **bid** to the **power pool**.
- b) **Pool participants** submit **offers** or **bids** in respect to an **asset** listed opposite their name in the **ISO asset list** but not otherwise, unless they are representing a **pool participant** as an **agent**, approved under **rule 1.8**.

3.3 How to Submit an Offer, Bid, Operating Constraint or Ancillary Service Declaration

Submissions are done in accordance with protocols.

- a) **Offers, bids, operating constraints** and **ancillary service declarations** must be submitted in accordance with the manner prescribed by the **pool participant manual** and **rule 3.4**.
- b) **Offers, bids, operating constraints** and **ancillary service declarations** submitted to the **ISO** by means other than the primary electronic means must be compatible, in the **ISO's** opinion, with the **ISO's** computer **software and procedures** and in accordance with alternative means listed in **rule 3.4**.

3.4 Submission Protocols

Pool participants provide submissions electronically. To submit by other means (i.e., facsimile, telephone, courier), ISO participants must follow certain protocols.

- a) Unless otherwise agreed by the **ISO**, **pool participants** must submit information according to the **ISO rules** by the following means:
 - i) by **electronic submission facilities**; or
 - ii) if it is not possible to do so by **electronic submission facilities**, then by facsimile only if the **ISO** is advised by telephone to expect the facsimile prior to it being sent; or
 - iii) if it is not possible to do so by **electronic submission facilities** or by facsimile, then by telephone only if the content of the telephone conversation is confirmed by facsimile within one half hour after the telephone conversation takes place.
- b) In the event the **pool participant** submits information by facsimile or telephone, the following conditions apply:

- i) The **system controller** will not enter the information into **ETS** on behalf of the **pool participant**;
- ii) The **pool participant** sending the information is responsible to ensure and confirm the **ISO** received the information;
- iii) The **pool participant** must ensure that all current and future **offers** or **bids** that are submitted by facsimile or telephone are submitted again through **electronic submission facilities** as soon as it is possible to do so;
- iv) Information received by facsimile or telephone will not be used to determine the **energy market merit order**, but will be used to satisfy the requirements that **market participants** advise the **system controller** as soon as practical that a **dispatch** or **directive** will not be complied with and to provide operational information to the **system controller**.

The electronic address of the **ISO**, the facsimile number, and telephone number of the **system controller**, are detailed in Appendix 4.

3.5 Offers and Bids

3.5.1 Block Allocations

The **ISO** will allocate to:

- a) each **pool participant** who has registered a **source asset**, one **asset** per **source asset** or **registered aggregate asset**, comprised of seven **blocks** and one **DDS block**.
- b) each **importer**, one **asset** per **interconnection**, with each **asset** comprised of one **block** with a \$0.00 **offer** price.
- c) each **pool participant** with **energy consumption** within a **settlement zone**, at least one **asset** for each such zone, with each **asset** comprised of seven **blocks**.
- d) each **exporter**, one **asset** per **interconnection** with each **asset** comprised of one **block** with a \$999.99 **bid** price.

3.5.2 Submission Timing

- a) Subject to **rules** 3.5.2 e) and f), any **pool participant** submitting an **offer** or **bid** for an **asset** must submit such **offer** or **bid** for the next **trading day** to the **ISO** before 12:00 hours of the day before the next **trading day**.
- b) A **pool participant** may submit an **offer** or **bid** for the **forecast scheduling period**.
- c) In accordance with **rule** 3.7, a **pool participant** may submit a **standing offer** or **standing bid**.

- d) Any **pool participant** submitting a **DDS offer** for an **asset** may submit such **offer** to the **ISO** at any time prior to two hours before the start of any **settlement interval**.
- e) The **ISO** may extend the time for submitting an **offer** or **bid** pursuant to **rule 3.5.2 a)** if **pool participants** are unable to submit **offers** or **bids** before 12:00 hours due to the **ETS** being out of service.
- f) The duration of the extension beyond 12:00 hours may not exceed one hour after the **ETS** is back in service.

3.5.3 Offers

A **pool participant's offer** for each **source asset** must consist of price in \$/MWh and quantity in **MW** for each **block** allocated to the **source asset**.

3.5.3.1 Submitting Offers

- a) A **pool participant** with a **source asset** that has a **maximum capability** of 5 **MW** or greater must submit an **offer** for such **asset** unless the **pool participant** has a **LTA threshold actions** contract in accordance with **rule 13**.
- b) The quantity in **MW** of each such **offer** must total the **maximum capability** of the **source asset**.
- c) The **available capability (MW)** for each **source asset** must be stated. **Available capability** must equal the **maximum capability**, unless the **pool participant** has submitted an **acceptable operational reason** with the **offer**.
- d) A **pool participant** must submit whether each **block** of its **offer** is a **flexible block** or **inflexible block**.

3.5.3.2 Mandatory Energy Restatements

- a) A **pool participant** who has submitted an **offer** must submit an energy restatement restating the **available capability** of the **source asset** for the applicable hours in the **trading day**, as soon as reasonably practicable, if there is a change to the **available capability**.

The energy restatement is subject to the following conditions:

- 1) If the restated **available capability** is reduced, then the quantity (**MW**) reduction will be applied to the **blocks** in the **current submission** in order of descending price;
 - 2) If the restated **available capability** is increased, then the quantity (**MW**) increase will be applied to the **blocks** in the **current submission** in order of ascending price.
- b) A **pool participant** who has submitted an **offer** must submit a revised **offer** for its **asset** redistributing the quantity (**MW**) to represent the operating state of the

asset, as soon as reasonably practicable, if all of the following conditions are met:

- i) the **asset** can no longer comply with the **pool participant's current submission**;
 - ii) an energy restatement under a) cannot reasonably accommodate the **asset's** operating state; and
 - iii) the **pool participant** can no longer submit a price restatement in accordance with **rule 3.5.3.3**.
- c) A **pool participant** must submit the reason or reasons for submitting an energy restatement in accordance with **rule 3.5.3.2**. A **pool participant** must record and provide to the **ISO**, if requested and within a reasonable time from such request, the basis on which it determined that there was an **acceptable operational reason**.

3.5.3.3 Voluntary Price Restatements

- a) A **pool participant** who has submitted an **offer** may submit a price restatement prior to two hours before the start of a **settlement interval** within the **trading day**.
- b) A price restatement is a revised **offer** of an **asset** which restates the price in \$/MWh or the quantity in **MW** or both, for each **block** allocated to a **pool participant's source asset**. Notwithstanding the foregoing, a price restatement cannot result in a change to the **maximum capability** or the **available capability** of the **asset**.

3.5.3.4 Additional Information

- a) Each **pool participant** who has submitted an **offer** must submit **operating constraints** with respect to each **generating asset**, including the following:
 - i) **ramp rate**;
 - ii) the time required by the **generating asset** to synchronize with the **AIES** from its off-line state;
 - iii) **minimum stable generation**; and
 - iv) other, as reasonably requested by the **ISO**
- b) A **pool participant** must submit to the **ISO** any changes to the **operating constraints** of such **generating asset** as soon as reasonably practicable.

3.5.3.5 Implementation of Offers

- a) The **ISO** will implement revisions to **offers** in the manner outlined in **rules 3.5.3.2** and **3.5.3.3**.

- b) When a **source asset** has been issued both an **ancillary service dispatch** and an **energy market dispatch** for the same period, the **ISO** will deduct the quantity of **MW** in such **ancillary service dispatch** from the **available capability** of such **asset** for the purposes of determining the quantity of **MW** of the **energy market dispatch**. Such determination will be undertaken in the same manner as energy restatements pursuant to **rule 3.5.3.2 a)**.
- c) When a **source asset** has been issued a **DDS dispatch**, the **ISO** will deduct the quantity of **MW** in such **DDS dispatch** from the **in merit** amount in the **source asset's offer** for the purposes of determining the quantity of **MW** of the **energy market dispatch**. The **ISO** will deduct such quantity from the **offer** in ascending order starting with the lowest priced **block** of such **source asset**.

3.5.4 Bids

A **pool participant's bid** for each **sink asset** must consist of price in \$/MWh and quantity in **MW** for each **block** allocated to the **sink asset**.

3.5.4.1 Submitting Bids

A **pool participant** with a **sink asset** may submit a **bid** for such **asset**.

3.5.4.2 Mandatory Energy Restatements

- a) A **pool participant** who has submitted a **bid** must restate the **available capability** of the **asset** for the applicable hours in the **trading day**, as soon as reasonably practicable, if there is a change to the **available capability**.

The energy restatement is subject to the following conditions:

- 1) If the restated **available capability** is increased, then the increase will be added to the **current submission's** lowest priced **operating block**;
- 2) With the exception of the **current submission's** lowest priced **operating block** submitted for the **asset**, each of the remaining **block** sizes may not be increased beyond the amount of each specified in the **current submission**;
- 3) If the restated **available capability** is decreased, then the **MW** reduction will be applied to the **asset's operating blocks** in the **current submission** in order of ascending price;
- 4) Subsequent energy restatements which:
 - i) increase the **available capability** at which the **asset** will be available, will be re-applied to the **current submission blocks** in order of descending price;
 - ii) decrease the **available capability** will continue to be applied to the **current submission blocks** in order of ascending price;

- b) A **pool participant** who has submitted a **bid** and whose **asset** meets all of the following conditions, must submit a revised **bid**, as soon as reasonably practicable, redistributing the quantity (**MW**) to represent the operating state of the **asset** if:
- i) the **pool participant** or **asset** cannot comply with the **bid**
 - ii) an energy restatement under a) cannot reasonably accommodate the change to the **bid**; and
 - iii) the **pool participant** can no longer submit a price restatement in accordance with **rule 3.5.4.3** for such **asset**.
- c) A **pool participant** must submit the reason or reasons for submitting an energy restatement of an export **asset** in accordance with **rule 3.5.4.2**. A **pool participant** must record and provide to the **ISO**, if requested and within a reasonable time from such request, the basis on which it determined that there was an **acceptable operational reason**.

3.5.4.3 Voluntary Restatements

- a) A **pool participant** who has submitted a **bid** may submit a price restatement prior to two hours before the start of a **settlement interval** within the **trading day**.
- b) A price restatement is a revised **bid** of an asset, which restates the price in **\$/MWh** or the quantity in **MW** or both, for each **block** allocated to a **pool participant's sink asset**

3.5.4.4 Additional Information

- a) A **pool participant** must submit **operating constraints** with respect to each **bid** for an intra-Alberta **sink asset**, including the following:
- i) **ramp rate**;
 - ii) the time required to respond to a **dispatch**; and
 - iii) other, as reasonably requested by the **ISO**
- b) A **pool participant** must submit to the **ISO** any changes to the **operating constraints** of such intra-Alberta **sink asset** as soon as reasonably practicable.

3.5.4.5 Restatement Implementation

The **ISO** will implement revisions to **bids** in the manner outlined in **rules 3.5.4.2** and **3.5.4.3**.

3.5.5 Dispatch Down Service

A **pool participant's DDS offer** for each **source asset** must consist of price in \$/MW, in accordance with **rule 3.9 c)** and quantity in **MW** for the **DDS block** allocated to the **source asset**.

If a **DDS offer** for a **settlement interval** is determined by the **ISO**, as per **rule 6.3.6.1**, to be ineligible to provide **DDS** for such **settlement interval**, no **DDS** payment shall be payable by the **ISO** to the **pool participant** for such **settlement interval**.

3.5.5.1 Submitting Dispatch Down Service Offers

- a) A **pool participant** with a **source asset** may submit a **DDS offer**. Such **offer** quantity must not be less than 10 **MW**.
- b) The quantity (**MW**) of each such **DDS offer** must not total more than the **available capability** less the **minimum stable generation** of the **source asset**.
- c) The **DDS block** of a **DDS offer** must be a **flexible block**.

3.5.5.2 Mandatory Dispatch Down Service Energy Restatements

- a) A **DDS** energy restatement is permitted within two hours before the start of any **settlement interval** and only for an **acceptable operational reason**.
- b) A **pool participant** who has submitted a **DDS offer** must submit a **DDS** energy restatement restating as soon as reasonably practicable, if there is a change in the **pool participant's** ability to comply with a **current DDS submission** or **DDS dispatch**.
- c) A **pool participant** must record and provide to the **ISO**, if requested and within a reasonable time from such request, the basis on which it determined that there was an **acceptable operational reason**.

3.5.5.3 Voluntary Dispatch Down Service Price Restatements

- a) A **DDS** price restatement is only permitted prior to two hours before the start of any **settlement interval**.
- b) A **DDS** price restatement is a revised **DDS offer** of an **asset** which restates the price in \$/MWh or the quantity in **MW** or both, for the **DDS block** allocated to a **pool participant's** **source asset**.

3.6 Ancillary Service Declarations

3.6.1 Purpose of Rule

Certain processes and procedures for ancillary services must be followed to ensure the AIES is operated in a safe, economic and reliable manner.

In order to ensure the system controller is able to operate the AIES in a safe, economic and reliable manner, the system controller has expectations that services will be provided, from those pool participants that have agreed to supply ancillary services. These expectations are based on the declarations provided by and the ancillary service dispatches accepted by ancillary service providers. The purpose of this rule is to define the process whereby the ancillary service providers declare to the system controller the services they are capable of providing and the performance capabilities that the system controller can expect.

3.6.2 Ancillary Service Provider Declaration

Ancillary service providers are obliged to declare the availability of the services that they can provide.

Ancillary service providers must declare to the **system controller** on an ongoing basis for each **asset** from which they intend to provide **ancillary services**, the abilities of that **asset** to provide **ancillary services**. **Ancillary service providers** are required to submit an initial declaration for each **asset** and thereafter are required to restate changes in the capability of the **asset** to deliver the service. Information, which has been declared, remains in effect until the **pool participant** submits a change through the restatement process. The services to be declared are as follows:

1. **Spinning reserve (SR)**
2. **Supplemental reserve generation (SUPG) or supplemental reserve load (SUPL)**
3. **Regulating reserve (RR)**
4. Voltage support (VS)
5. **Power system stabilizers (PSS)**
6. **Automatic voltage regulator (AVR)**
7. Fast acting **remedial action scheme for loads (RASL)**
8. **Black start capability (BSC)**
9. **Transmission must-run service (TMR)**
10. **Remedial action scheme for generators (RASG)**

3.6.3 Restatements

Pool participants will restate ancillary service capabilities under certain circumstances.

- a) **Pool participants** may restate the declared capabilities of an **asset** prior to an **ancillary services directive** being issued by the **system controller**.
- b) **Pool participants** must restate the capability of an **asset**, in a timely manner, if there is a material change in capability to supply the **ancillary service**.

- c) **Pool participants** must restate in the manner prescribed in **software and procedures**.

3.6.4 Records of Ancillary Service

The system controller will maintain ancillary service records for auditing and verification purposes.

The **system controller** is responsible for ensuring there is a record of **asset** declarations and restatements sufficient to meet audit and verification requirements of the **ISO**.

3.7 **Standing Offers and Bids**

Pool participants submit offer and bids that stand, unless otherwise changed by the pool participant.

- a) A **pool participant** submits a **standing offer** or **standing bid** to the **ISO** by submitting an **offer** or **bid** for the last day in the **forecast scheduling period**. The **standing offer** or **standing bid** is valid until changed by the **pool participant**.
- b) The **ISO** will use the last **standing offer** or **standing bid** and the **available capability** submission data for the day following the **forecast scheduling period**.
- c) An **asset** for which a **pool participant** does not submit a **bid** in accordance with **rule 3.5.4** will receive a default **standing bid** and be declared unavailable for the next **trading day** and for the **forecast scheduling period** by the **ISO**. The **ISO** will assign a \$999.99 price and zero **MW** volume to **bid assets** for all **settlement intervals** of the next **trading day**. **MW** volume and price of the **asset** may be adjusted during the **trading day** in accordance with **rules 3.5.4.2** and **3.5.4.3**.

3.8 **Registration of Aggregate Assets**

A **pool participant** may, upon formal notification and with the approval of the **ISO**, submit single **offers** or **bids** for a **registered aggregate asset**.

3.9 **Validity or Invalidity of Offers and Bids**

To be considered valid, offers and bids must meet specific price tests, and be acknowledged by the ISO.

- a) Any **offer** price or **bid** price must be specified to the nearest cent per **MWh**, must be greater than or equal to \$0/**MWh** and must be less than \$1000/**MWh**.
- b) The **ISO** will, as soon as reasonably practicable following the receipt of an **offer** or **bid** send to the **pool participant** who submitted the **offer** or **bid**:
 - i) Acknowledgment of receipt of the **offer** or **bid**; and
 - ii) notification that the **offer** or **bid** is either valid or invalid with respect to these **rules** and the information required in accordance with **software and procedures**. If an **offer** or **bid** is, in the opinion of the **ISO**, invalid, such notification will include explanation why the **offer** or **bid** is not accepted.

- c) A **pool participant's DDS offer** for each **source asset** must consist of price which shall be an amount not lower than -\$999.99 nor higher than \$0.00.

3.10 Reference Price

- a) The **system controller** may, when the **system marginal price** is below or equal to the **reference price, dispatch DDS** in accordance with **rule 6.3.6**. In no event may the **reference price** be used to set the **system marginal price**.
- b) The **reference price** is calculated by the following formula:

reference price = 12.5 gigaJoules multiplied by the Gas Price

Where:

Gas Price is the monthly Canadian natural gas price for the **month** in \$/gigaJoule at AECO C and Nova Inventory Transfer, the Alberta Bidweek Spot Price, as published on www.ngx.com, and also in the “Canadian Gas Price Reporter.” The **ISO** will use reasonable endeavors to use the current **month's** Gas Price beginning at midnight on the second **business day** of the same **month**. The previous **month's** Alberta Bidweek Spot Price will be used until the Gas Price for the current **month** can be updated by the **ISO**.

- c) If the Gas Price is no longer available on www.ngx.com, the “Canadian Gas Price Reporter”, or otherwise, then the **ISO** shall approve a reasonably equivalent gas price that is to be used by the **ISO** for purposes of determining the **reference price**. Subsequently, the **ISO** shall change the **rules** to indicate the report from which the Gas Price shall be used to determine the **reference price**.
- d) The **ISO** will use reasonable endeavors to ensure that the correct Gas Price is used to calculate the reference price. If a price other than the Gas Price identified in rule 3.10 a) is used to calculate the reference price, then the **ISO** will correct the Gas Price as soon as practicable. The pool price will not be modified due to any errors in the reference price.

3.11 Software Procedures

The **ISO** must make procedures available and give reasonable notice regarding any new, or modifications to, software used to support **bid, offer, ancillary services declaration, operating constraint** or **net settlement instruction**.