



# Terms of Reference

## Supply Surplus Protocol Work Group

Date: February 4, 2008

# Supply Surplus Protocol Industry Work Group

FINAL

## INTRODUCTION TO WORK GROUP TERMS OF REFERENCE

On September 26, 2007, the AESO issued the final Market and Operational Framework for Wind Integration in Alberta (“**MOF**”) and at the October 19 stakeholder session announced the development of various work streams to implement the MOF. To assist with the implementation of specific technical/complex initiatives in the MOF, the AESO will set up specialized industry work groups to provide the AESO with expert advice for the development of recommendations that may be used by the AESO in its completion of the full stakeholder consultation contemplated in the MOF. Discussion papers and work groups will be used for implementation of the MOF.

Work groups’ recommendations that are acceptable to the AESO will be issued for stakeholder consultation through existing AESO consultation processes<sup>1</sup>.

One of the mitigating tools included in the MOF was “wind power management”. The wind power management work stream was envisioned to have three separate but interrelated work groups. Those being;

- Supply Surplus Protocol<sup>2</sup> work group
- Wind Power Management Protocol work group
- Wind Power Technical Requirements work group

The attached Terms of Reference for the Supply Surplus Protocol Work Group (“**Work Group**”) is intended to ensure the Work Group understands its purpose, scope and responsibilities.

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<sup>1</sup> AESO Rules, OPPs, Tariff and Standard consultation processes.

<sup>2</sup> Where Protocol describes what will be done, when, how, and why.

## PURPOSE

The Work Group will assist the AESO's MOF implementation by developing technically feasible and reasonable recommendations to the AESO on "how" and "which" supply offers from generation facilities and the interconnections<sup>3</sup> will be dispatched in accordance to an amended OPP-103 by the System Controller to maintain supply-demand balance when the Alberta system marginal price is at \$0.

Work Group recommendations may be used by the AESO in amending OPP-103 to include a reasonable and practical procedure that will maintain supply-demand balance when the Alberta System Marginal Price is at \$0.

## SCOPE OF WORK FOR THE WORK GROUP

The Scope of work for the **Work Group** includes:

- Consideration of all electric energy produced and/or energy offered to the Alberta energy market from generation facilities and imports.
- Consideration of export interchange schedules<sup>4</sup> as contemplated in the ISO Rules.
- Consideration of load response.
- Consideration of generation facilities and interconnections that are providing ancillary services<sup>5</sup>.
- Consideration of operating constraints. For example;
  - minimum stable operation
  - dispatches resulting in a facility becoming a 'net load'
  - safety and environmental hazards concerns

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<sup>3</sup> Interconnection as defined in the AESO Rules

<sup>4</sup> Interchange schedule as defined in the AESO Rules

<sup>5</sup>For example the current statement in OPP-103: "If an asset, due to its operating characteristics, is running at a higher generation level than its minimum stable level because it is providing regulating reserve (RR), then an assessment will be made if it should be dispatched off for RR. include whether another asset has offered and has not been dispatched for RR and will not require running at a generation level higher than its minimum stable level."

## **RESPONSIBILITIES**

### **Responsibilities of the AESO**

The AESO's responsibilities include:

- Coordination of the Work Group to its timely completion. The AESO will determine when the Work Group is to be concluded.
- Chairing the Work Group, which will be comprised of a cross section of industry participants in the technical, operational and market domains.
- The AESO Chair shall make reasonable efforts to ensure that there is “balance” on industry representation and balance on the recommendations or options provided to industry.
- While consensus on some issues may not be possible, the AESO will encourage full discussion in order to ensure that all views are understood and to allow the development of balanced and reasonable recommendations.
- The AESO Chair will ensure that meeting notes are recorded and circulated to all members Power Management work groups (Supply Surplus Work Group, Wind Power Management Protocol Work Group and Wind Power Management Technical Requirements Work Group).
- Points of concern raised that are outside the Scope of the Work Group will be logged by the AESO Chair and provided to the AESO to be addressed in a timely manner.
- Provide and request logistical support and resources as necessary.
- Ensure Work Group recommendations align with other AESO initiatives and protocols.
- Coordinate Work Group communication with the rest of industry.
- Review recommendations and determine inclusion of same in AESO industry consultation.

### **Responsibilities of the Work Group members**

The Work Group member's responsibilities include:

- Attendance at and constructive participation in all meetings.
- Providing reasonable and competent input to Work Group activities and communications.
- Providing logistical support and resources as necessary.
- Promoting the Purpose of the Work Group.
- Advise and assist the AESO by developing technically feasible and reasonable recommendations in accordance with these Terms of Reference.
- Provision of input as requested and in a timely manner and will most likely represent the views of their industry sector<sup>6</sup>.

In addition:

- In order to be acceptable to the AESO, all Work Group recommendations must be reasonable and must consider the AESO's mandate as per the *Electric Utilities Act* and its regulations, as well as other AESO initiatives and protocols. In addition, all Work Group recommendations must be consistent with the MOF.
- The Work Group is not a forum to debate the implementation of the MOF or develop recommendations that amend the intent of the MOF<sup>7</sup>.
- Participation as a Work Group member does not imply agreement to recommendations produced by the Work Group.
- Work Group members are not precluded from participating in any AESO industry consultation.

## **SUPPLY SURPLUS PROTOCOL STRATEGY**

### **Process**

The Work Group shall meet as required by the AESO to achieve the following target dates.

### **Target Dates**

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<sup>6</sup> For example, a Work Group member from a coal fired generation facility is assumed to not only represents the views of their facility but other coal fired generation facilities.

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Complete by Dec 31, 2007

Work Group recommendations

Complete by March 31, 2008

### **Communication of Documents and Information**

All Work Group communication to the industry will be through the AESO. As documents are approved by the AESO they will be posted onto the AESO website. The AESO will take reasonable efforts to ensure that Work Group members' comments and submissions will remain confidential to the Work Group and will not be posted or otherwise distributed, except as otherwise contemplated in these Terms of Reference. Work Group members must treat all documentation and information circulated to them as confidential information.

### **WORK GROUP MEMBERS**

Alberta Electric System Operator (Chair)

Airtricity

Alberta Consumer Advocate

Balancing Pool

Natural Power Consulting

Naturener

Powerex

TransAlta Wind

TransCanada

Shell Canada Limited

Valeo Power

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<sup>7</sup> I.e. the MOF indicates that wind power facilities are not eligible to set a non-zero pool price, thus a Work Group recommendation where wind power can set price will not be accepted by the AESO.