



July 20, 2010

Dear Market Participants and Other Interested Parties:

**Re: Update to AESO's approach to Transmission Constraints Management ("TCM"):  
Revised ISO rule 9.4 TCM - revised rule language ("revised TCM rule"),  
New Connection Remedial Action Scheme ("RAS") rules**

As part of ongoing discussions with industry related to the management of transmission constraints, the AESO is now seeking stakeholder comment on the revised TCM rule which deals with real time constraints management. The AESO is also beginning formal ISO rule consultation on a new Connection Remedial Action Scheme (RAS) rule which has been informally consulted on in parallel with the revised TCM rule. Accordingly, to provide context for these two matters, the AESO reiterates its overall approach with respect to related TCM initiatives, including Alberta Reliability Standards and related consultation on the AESO's Transmission Reliability Criteria and OPP 500 transmission series implementation.

### **Introduction and Background**

On April 9, 2009 the Alberta Utilities Commission ("AUC" or "Commission") released Decision 2009-042<sup>1</sup> (the "TCM Decision") after holding Proceeding 41 to consider objections to the TCM ISO rule (the "TCM rule"). The TCM rule was originally filed by the AESO on April 17, 2008. Although the Commission determined that parties objecting to the TCM rule had failed to demonstrate the rule was inconsistent with the fair, efficient and openly competitive ("FEOC") market<sup>2</sup> or otherwise not in the public interest,<sup>3</sup> the Commission did find the TCM rule to be technically deficient. Consequently, the Commission directed the AESO to define basic terms and concepts, to provide clarification as to the scope of the TCM rule and the process steps to manage congestion, and, once complete, to file the revised TCM rule.<sup>4</sup>

On July 21, 2009, the AESO published an [overview letter](#) which outlined its approach to finalizing and implementing the revised TCM rule, consulting on RAS rules and practises and the handling of various OPPs. In that overview letter, the AESO indicated that consultation for the revised TCM rule and RAS rules would proceed in parallel. In addition, the overview letter anticipated that

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<sup>1</sup> Decision 2009-042, Alberta Electric System Operator, Objections to ISO Rule 9.4, Transmission Constraints Management, April 9, 2009.

<sup>2</sup> TCM Decision, paragraphs 178 to 180.

<sup>3</sup> TCM Decision, paragraph 188.

<sup>4</sup> See, for example, the TCM Decision, paragraph 205.

several OPPs would require amendment and new OPPs would be needed to ensure that the AESO could continue to provide for the safe, reliable and economic operation the Alberta interconnected electric system (“AIES”) and to connect customers in a timely manner in the period before the revised TCM rule and RAS rules are finalized (the “Transition Period”).

To date, and as anticipated, the AESO has filed revisions and additions to the OPP 500 transmission series rules during this Transition Period. Specifically, OPP 501 (Northwest Area Operation), OPP 505 (Fort McMurray Area Operation), OPP 515 (South Area Operation), and OPP 521 (SOK-240 Operation) have been consulted on and amended and a new OPP 525 (Crossfield Area Operation) has been implemented. The AESO has also made changes to the OPP 500 transmission series involving the use of RAS in various areas of the province in order to accommodate new customer connections. In these and other cases where OPP 500 transmission series amendments or additions have been required, and where further changes may be needed to accommodate new customer connections, the AESO will continue to ensure the OPP amendments are, to the extent possible, aligned with the proposed TCM protocol included in the revised TCM rule.

### **Update on Real Time Constraints Management – Revised TCM Rule**

On December 3, 2009, the AESO published a discussion paper<sup>5</sup> which outlined the proposed approach that the AESO would take regarding the filing of the revised TCM rule and asked for stakeholder comments on the paper. The AESO reviewed the comments received and posted a [comment response matrix](#) containing stakeholder comments and the AESO’s responses to those comments. After considering all comments received, the AESO is now seeking stakeholder comment on the [revised TCM rule](#) to ensure that the rule is technically sound and, in particular, that there is clarity in the revised rule language.

### **Update on Congestion During the Planning Horizon – The Connection RAS Rule**

On July 3, 2009, the AESO published a discussion paper<sup>6</sup> on the use of RAS that documented current practices and identified policy related questions for consultation with industry. Stakeholder comments on the discussion paper and the AESO’s responses to those comments were published in a [comment response matrix](#) on December 3, 2009. After considering all comments received, the AESO is now proceeding with consultation on the proposed [Connection RAS rule](#) (the “proposed Connection RAS rule”). The proposed Connection RAS rule specifies AESO and customer obligations in determining the need for and the use of a connection RAS to facilitate the connection of customers to the system in advance of the completion of the construction of all necessary system facilities. The AESO will follow the ISO rule process in its consultation on the proposed Connection RAS rule.

The AESO has also created a [Connection RAS Information Document](#) (“Connection RAS ID”) which provides additional information regarding the proposed Connection RAS rule. The AESO expects the Connection RAS ID will assist stakeholders in commenting on the proposed Connection RAS rule.

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<sup>5</sup> AESO Discussion Paper Transmission Constraints Management: Rule 9.4 AUC Re-filing Proposal, December 3, 2009.

<sup>6</sup> AESO Discussion Paper Transmission Constraints Management: RAS in the Planning Stage, July 3, 2009.

## **Update on Congestion During the Planning Horizon – Alberta Reliability Standards, System RAS and Transmission Reliability Criteria**

As a part of the initiative to adopt North American Electric Reliability Council (“NERC”) reliability standards as Alberta Reliability Standards, the AESO has finalized or is working towards the acceptance of the following standards relating to a remedial action scheme:

- (1) PRC-004-WECC-AB-1 Protection Systems and Remedial Action Scheme Misoperations,
- (2) PRC-015-AB-0 Remedial Action Scheme Data and Documentation,
- (3) PRC-016-AB-0 Remedial Action Scheme Misoperations, and
- (4) PRC-017-AB-0 Remedial Action Scheme Maintenance and Testing.

When all four of these reliability standards become effective, OPP 704 Remedial Action Scheme will be removed from the ISO Rules. Please refer to [http://www.aeso.ca/downloads/Project\\_Plan\\_20091215\\_to\\_post.pdf](http://www.aeso.ca/downloads/Project_Plan_20091215_to_post.pdf) for the Alberta reliability standards project schedule.

As required in Alberta Reliability Standards, the AESO is developing criteria for classifying the RAS currently listed in OPP 704 into different categories. This classification will determine the applicability of the Alberta Reliability Standards listed above to the RAS owners. A database will be built, maintained and published by the AESO with input from the RAS owners. Detailed requirements and associated processes will also be outlined. The target completion date for this initiative is the third quarter of 2010. Please contact Jerry Mossing at ph: 403-539-2496 with any questions regarding the above reliability standards or the OPP 704 changes.

Given the proposed adoption of new Alberta Reliability Standards, the existing Transmission Reliability Criteria will need to be updated to reflect the new standards. The AESO intends to consult with industry regarding this update to ensure clarity on all related practises and procedures including the AESO approach to the use of system RAS. Please contact Jeff Billinton at ph: 403-539-2499 with any questions regarding the Transmission Reliability Criteria initiative.

## **Update on TCM Implementation through OPP 500 Transmission Series**

The revised TCM rule includes a general protocol for managing real time constraints which will govern all related OPPs, particularly the OPP 500 transmission series. The presence of connection RAS also impacts how the system controller manages a constraint, particularly after the RAS has been activated. In this regard, specific regional OPPs must be consistent with the proposed Connection RAS rule.

At present, there are several OPPs in the OPP 500 transmission series addressing congestion in specific areas of Alberta. Once the revised TCM rule and proposed Connection RAS rules come into effect, the AESO will amend the OPP 500 transmission series to ensure consistency with these rules. The AESO intends to phase- in amendments to the OPP 500 transmission series over time and accordingly anticipates that revisions will be brought forward for consultation during 2010 and 2011. A phased approach with full stakeholder consultation is intended to provide sufficient time to develop new system controller tools for managing congestion in accordance with the revised TCM rule. When amending the OPP 500 transmission series, the AESO also intends to restructure the OPPs to be consistent with the proposed Transition of Authoritative Documents (“TOAD”) formats currently under development.

In the Transition Period, any OPP 500 transmission series amendments required to provide reliable service and accommodate new connections will, to the extent possible, be directionally aligned with the proposed TCM rule.

Should you have any questions with respect to this letter, please feel free to contact Gordon Nadeau at ph: 403-539-2568 or Doug Simpson at ph: 403-539-2494.

Sincerely,  
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cc: Cliff Monar, Senior Vice-President  
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