

October 12, 2021

To: The Market Surveillance Administrator, market participants and other interested parties
("Stakeholders")

Re: Letter of Notice for Draft Proposed Amended Section 103.5 of the ISO Rules, *Net Settlement Instruction* ("Section 103.5")

Pursuant to Alberta Utilities Commission Rule 017, *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission* ("AUC Rule 017"), the Alberta Electric System Operator ("AESO") is providing notice and seeking feedback from Stakeholders on the development of a proposed amended Section 103.5.

Issue

The AESO has reviewed Section 103.5 and determined that there is an opportunity to improve stability with respect to the energy market and reduce the risk of defaults by requiring the delivery of financial security and the AESO's satisfaction that no adverse effects will occur before a pool participant may cancel a net settlement instruction

Purpose

The AESO has performed a review of Section 103.5 and is proposing amendments that will improve stability with respect to the energy market and reduce the risk of defaults. In addition, the AESO is proposing other administrative amendments that will correct typographical errors, update current drafting style to align with the AESO's drafting principles, and clarify the language of the ISO rule without changing its effect.

Proposed Consultation and Timeline

The AESO proposes Stakeholder consultation by way of a written process, as follows:

- 1) October 12, 2021 – the AESO has posted a blacklined and clean copy of the proposed amended Section 103.5 for written comments;
- 2) November 2, 2021 – the AESO will provide 3 weeks for Stakeholders to submit written comments on the drafts of the proposed amended Section 103.5 with comments due November 2, 2021;
- 3) November 2021 – the AESO will post all written comments from Stakeholders and provide the AESO's written responses to Stakeholder comments; and
- 4) November/December 2021 – provided there are no outstanding Stakeholder concerns, the AESO will submit an application to the Alberta Utilities Commission ("Commission") for approval of the proposed amended Section 103.5.

Stakeholder Comments

Please use the *Stakeholder Comment Matrix – Development of Proposed ISO Rule* when submitting comments to the AESO. Stakeholders should ensure that comments provided represent all interests within their organization.

The deadline for Stakeholders to provide comments is November 2, 2021 to rules_comments@aeso.ca. Adherence to deadlines is essential to the timely and effective completion of the ISO rule development

process, and as such, the AESO may choose not to consider any Stakeholder comments received after the deadline.

The AESO will post all comments it receives on the AESO's website, provide written responses, and post those responses on the AESO's website. If no comments are received by the AESO regarding the proposed amended Section 103.5, the AESO will submit an application to the Commission for approval of the proposed amended Section 103.5.

Related Materials

1. *Stakeholder Comment Matrix – Development of Proposed amended Section 103.5*; and
2. Blackline and clean copies of the draft proposed amended Section 103.5.

Sincerely,

Jodi Marshall

Legal Manager, ISO Rules and Alberta Reliability Standards
Legal and Regulatory Affairs
rules_comments@aeso.ca