

September 1, 2021

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

**Re: Letter of Notice for Development of a Proposed Amended Section 501.3 of the ISO rules,
Abbreviated Needs Approval Process ("Section 501.3")**

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 proposed amended Section 501.3.

Issue

The purpose of Section 501.3 is to provide a more efficient regulatory approval process for projects that do not warrant the resources and time required for an abbreviated needs identification document or needs identification document proceeding.

Section 11.1 of the *Transmission Regulation* contemplates such approvals and explicitly grants the AESO authority to approve a transmission development proposal under a rule or practice it has established for an abbreviated needs approval process, despite the requirement to otherwise file a needs identification document pursuant to section 34 of the *Electric Utilities Act*.

Since Section 501.3 was implemented in July 2015, only 11 of 90 connection projects and 2 of 9 system projects have met the eligibility criteria currently set out for an abbreviated needs approval process. The fact that only ~13% of projects over a 6-year period have satisfied the current eligibility criteria strongly suggests that those requirements are likely too stringent and could be expanded. Consequently, the AESO proposes that in order to improve regulatory efficiency for the AESO, the Commission, and market participants, Section 501.3 be amended.

Purpose

It is the AESO's position that the proposed amendments to Section 501.3 are required to reduce red tape and improve regulatory efficiency for the purpose of:

- making more efficient use of AESO and Commission resources;
- accelerating the progression of projects through the AESO Connection Process; and
- enabling faster integration and implementation of innovative new technologies and renewable energy projects.

Obligation to consult with the Commission

Pursuant to Section 11.2(2) of the *Transmission Regulation*, the AESO is required to consult with the Commission in the amendment of Section 501.3. Prior to the initiation of this ISO rule development process, the AESO engaged the Commission and sought feedback on the proposed amendments to Section 501.3. The Commission's feedback has been incorporated in the proposed final draft of amended Section 501.3. Depending on the nature of Stakeholder comments, the AESO may propose further amendments to Section 501.3 and, if so, will consult the Commission accordingly.

Proposed Consultation and Timeline

The AESO is proposing Stakeholder consultation for the proposed amended Section 501.3 by way of a written process as follows:

- **September 1, 2021** – Posting of initial letter of notice seeking feedback from Stakeholders on proposed final draft of amended Section 501.3
- **October 6, 2021** – 5 weeks provided to Stakeholders to submit written comments on the proposed final draft of Section 501.3
- **October 2021**– Posting of written comments from Stakeholders and AESO's responses to Stakeholder comments
- **November 2021** – Filing of application to the Commission for approval of the proposed final draft of amended Section 501.3, provided there are no outstanding concerns

Please note, the dates detailed above are tentative and subject to change depending on the extent of Stakeholder comments and whether the AESO determines additional Stakeholder consultation is required.

Stakeholder Comments

Please use the *Stakeholder Comment Matrix – Development of Proposed Amended Section 501.3* 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 **October 6, 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.

If no comments are received by the AESO regarding the proposed final draft of amended Section 501.3, the AESO will proceed to apply to the Commission for approval of amended Section 501.3 pursuant to AUC Rule 017, Section 6.1.

AESO Replies

The AESO will provide written responses to the comments received and post those responses on the AESO's website.

Related Materials

1. Blackline and clean copies of the proposed final draft of amended Section 501.3;
2. *Stakeholder Comment Matrix – Development of Proposed Amended Section 501.3*: and
3. Comparison Matrix on proposed final draft of amended Section 501.3.

Sincerely,

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Legal and Regulatory Affairs

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