

March 8, 2018

To: Market Participants and Other Interested Parties

Re: **Letter of Notice – Amended Section 103.6 of the ISO Rules, *ISO Fees and Charges* (“Section 103.6”)**

Pursuant to Section 2 of Alberta Utilities Commission (“AUC” or “Commission”) Rule 017, the Alberta Electric System Operator (“AESO”) is providing notice and seeking feedback from market participants and other interested parties on the attached proposed Section 103.6.

Applicability

The proposed Section 103.6 is applicable to:

- (a) a market participant; and
- (b) the AESO.

Background

The AESO recovers the costs of operating the real-time energy market through an energy market trading charge on all MWh traded. The energy market trading charge recovers regulatory process costs, general and administrative costs, interest, amortization of intangible assets and depreciation of property plant and equipment, as well as the AUC administration fee and the operating costs for the Market Surveillance Administrator.

All costs are established through the AESO’s annual Business Plan and Budget Process. As a part of the AESO’s development of its Business Plan and Budget, the AESO undertakes a consultation process with stakeholders referred to as the Budget Review Process (BRP) which allows stakeholders the opportunity to provide input into the AESO’s proposed Business Plan and Budget for the upcoming year.

Most years the BRP occurs in the last half of the year with the Business Plan and Budget AESO Board approval occurring at the end of the same year, aligning with the requirements in the current Section 103.6 to set the trading charge at the end of the year for the subsequent calendar year.

Proposed Section 103.6 allows the AESO flexibility to amend the energy market trading charge during the year, outside of the Business Plan and Budget Process and BRP, if applicable. The proposed amendment will be beneficial to the AESO and market participants as it will allow for the recovery of costs through the energy market trading charge to better align with timing of the expenditures, rather than deferring the reconciliation to the following year. Shortfalls or surpluses could be dealt with in the current year. For example if the BRP or a BRP amendment occurs outside of the regular annual timing, the energy market trading charge could be updated to reflect the change to the costs.

Defined Terms

When reviewing the attached proposed Section 103.6, market participants should note that all defined terms appear in **bold**. Market participants are encouraged to refer to the AESO’s [Consolidated Authoritative Documents Glossary](#) when reviewing proposed Section 103.6 to ensure they have an accurate understanding of those defined terms.

Request for Comments

Please use the attached Market Participant Comment Matrix when submitting comments to the AESO. Only written comments will be considered in finalizing the proposed Section 103.6. Market participants should ensure that comments provided represent all interests within their organization. The scope of comments is limited to the proposed Section 103.6. Any comments received that are outside of this scope will not be considered by the AESO.

Market participants are asked to provide comments no later than **March 23, 2018**, to rules_comments@aeso.ca. Adherence to deadlines is essential to the integrity of the ISO rules comment process. As such, any market participant comments received after March 23, 2018, may not be published, replied to, or otherwise considered by the AESO.

The AESO will be publishing all comments received for industry review in March 2018. The AESO expects to publish replies to the comments with the final proposed Section 103.6 in April 2018.

If no comments are received by the AESO regarding the proposed Section 103.6, the AESO will proceed, pursuant to AUC Rule 017, to file the proposed Section 103.6 with the Commission no sooner than three days after the deadline for comments as specified in this Letter of Notice.

In accordance with Section 20.4 of the *Electric Utilities Act*, market participants may object to ISO rules filed with the Commission within 10 days after publication of the Notice of Filing.

Attachments to Letter of Notice

In accordance with Section 4 of AUC Rule 017, the following documents are attached:

1. [Blackline](#) and [clean](#) copies of the proposed Section 103.6; and
2. [Copy](#) of the Market Participant Comment Matrix for the proposed Section 103.6.

Sincerely,

"Maria Gray"

Maria Gray
Regulatory Analyst
Phone: 403-776-7517
Email: maria.gray@aeso.ca

Attachments