

March 12, 2019

To: Market Surveillance Administrator, Market Participants and Other Interested Parties

Re: Letter of Notice for Draft of Proposed Amended Section 203.4 of the ISO Rules, *Delivery Requirements for Energy* (“Section 203.4”) and Proposed Amended Related Definitions “generating asset steady state” and “ramping” (“Definitions”)

Pursuant to Section 4 and Section 6.3 of Alberta Utilities Commission Rule 017: *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, the Alberta Electric System Operator (“AESO”) is providing notice and seeking feedback from the Market Surveillance Administrator, market participants, and other interested parties (“stakeholders”) on the proposed amended Section 203.4.

Applicability

Section 203.4 is currently applicable to:

- (a) a **pool participant** with a generating **source asset** that has an associated current **offer**; and
- (b) the **ISO**.”

Issue

Section 203.4, in setting out the delivery requirements for energy, allows a pool participant to provide MW in response to a dispatch that may vary from the amount specified in the dispatch. This variance is defined as the “allowable dispatch variance”. The current language in Section 203.4 and in the definitions of “generating asset steady state” and “ramping” do not properly describe the way the AESO and pool participants implement allowable dispatch variance.

Background

During the development of the ISO rules for the capacity market, the AESO identified amendments to existing energy and ancillary services markets ISO rules that are essential to establish and operate the capacity market and designated them as the Category 1 Rules. The AESO also identified a number of amendments to existing energy and ancillary services markets ISO rules that, although not essential to establish and operate the capacity market, are required and are a priority. The AESO categorized these as Category 2 Rules and posted a [Letter of Notice](#) on November 20, 2018 regarding those proposed amendments.

Subsequent to the posting of the Letter of Notice for Category 2 Rules, the AESO identified that Section 203.4 required amendments to address the issue outlined above and that such amendments would fit with the Category 2 Rules.

Objectives/Purpose

The AESO is proposing to amend Section 203.4 and the Definitions in order to better describe the mechanics of allowable dispatch variance. Specifically, the definition of allowable dispatch variance characterizes the concept as a range. The language in Section 203.4 and in the Definitions then talks about providing MW in response to a dispatch “by more than” the allowable dispatch variance, or “plus or minus” the allowable dispatch variance – essentially adding a range to a range – resulting in the allowable dispatch variance being larger than intended. While all pool participants currently utilize allowable dispatch variance as originally designed and do not take advantage of this larger range, the proposed amendments will correct the current language in Section 203.4 and the Definitions.

For the purposes of regulatory efficiency, the AESO proposes to include the amended Section 203.4 and Definitions in the Category 2 Rules application for approval to the Alberta Utilities Commission.

Proposed Consultation and Timeline

Given the limited extent of the proposed amendments to Section 203.4 and the Definitions, the AESO has already developed the proposed language and attached it in the related materials. The AESO intends to only seek written feedback from stakeholders on these amendments pursuant to section 6.3 of AUC Rule 017 and to do so in conjunction with this letter of notice.

Stakeholder Comments

Stakeholders may submit:

- (i) written comments regarding the adequacy of consultation and, if applicable, the need for additional consultation;
- (ii) a notice of intent to participate in any additional consultation, if requested;
- (iii) comments on the form of any additional consultation, if requested; and
- (iv) comments on the proposed draft amendment.

Stakeholders may submit written comments to the AESO using the *Stakeholder Comment Matrix – Draft Proposed ISO Rule*.

Stakeholders should ensure that comments provided represent all interests within their organization.

The deadline for stakeholders to provide comments is March 27, 2019, to rules_comments@aeso.ca. Adherence to deadlines is essential to the integrity of the comment process, and as such, the AESO may choose not to consider any stakeholder comments received after the deadline.

The AESO will publish all stakeholder comments, received by the deadline, and the AESO's responses on the AESO website by April 11, 2019.

If no comments are received by the AESO regarding the draft proposed amendments, the AESO will proceed to apply to the Commission for approval of the proposed amended Section 203.4 and Definitions with the Category 2 Rules pursuant to AUC Rule 017, Section 7.1.

Related Materials

1. [Clean copy](#) and [blackline](#) of proposed amended Section 203.4;
2. [Stakeholder Comment Matrix for proposed amended Section 203.4](#); and
3. [Stakeholder Comment Matrix for proposed amended Definitions](#).

Sincerely,

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Attachments