

Information Documents are not authoritative. Information Documents are for information purposes only and are intended to provide guidance. In the event of any discrepancy between an Information Document and any Authoritative Document(s)¹ in effect, the Authoritative Document(s) governs.

1 Purpose

This Information Document relates to the following Authoritative Document:

- Section 206.1 of the ISO rules, *Qualification of Capacity* (“Section 206.1”).

The purpose of this Information Document is to provide additional information in relation to Section 206.1. Specifically:

- (a) information on the types of assets that may qualify for an auction;
- (b) information on new capacity, refurbished capacity, and incremental capacity;
- (c) the information a person or capacity market participant is expected to submit to the AESO to form a complete application to qualify an asset for the capacity market ;
- (d) information on declarations; and
- (e) how the AESO reviews the information provided.

2 General

A person or capacity market participant (the “Applicant”) seeking to have the AESO qualify an asset to participate in the Alberta capacity market must, as set out in subsection 2(1) of Section 206.1, submit an application to the AESO before the date set out in the *Capacity Market Auction Guidelines*. [NTD: The AESO will provide the forms parties are to complete when submitting their application and will update this Information Document when more specific details are available.]

The entire qualification process includes the application, payment of any applicable fee, assignment of a uniform capacity value, and the posting of any required security.

3 What is an “asset”?

An asset is any asset that has, or will have, the ability to provide capacity in the capacity market and deliver that capacity in the form of electric energy during the obligation period. A brand new asset that wants, or is required, to participate in the capacity market may not be built, or may be partially built, at the time of qualification. Similarly, existing assets that want to provide incremental or refurbished capacity may not have begun or completed modifications to the asset at the time of qualification. Existing generating units or aggregated generating facilities with a maximum capability greater than or equal to 5 MW that submitted offers in the energy market prior to the implementation of the capacity market do not need to qualify for the capacity market. Legal owners of these assets are required to register a capacity market participant in accordance with Section 201.11 of the ISO rules, *Capacity Market Participant Registration*, which triggers the participation of that asset in the capacity market.

After an asset has qualified for the capacity market, the AESO assigns the asset a unique name and an identifier. A capacity asset is related to one or many pool assets and, where possible, the capacity name and identifier is the same as the pool name and identifier.

4 Types of capacity

There are 3 types of capacity in the capacity market – new capacity, refurbished capacity, and incremental capacity. The type of capacity relates to certain characteristics of the related asset. New

¹ “Authoritative Documents” is the general name given by the AESO to categories of documents made by the AESO under the authority of the *Electric Utilities Act* and associated regulations, and that contain binding legal requirements for either market participants or the AESO, or both. AESO Authoritative Documents include: the ISO rules, the Alberta reliability standards, and the ISO tariff.

capacity is defined in the *Consolidated Authoritative Documents Glossary*

Incremental capacity is additional capacity that will result from modifications to an existing asset in a manner that will increase the maximum capability of the asset before the obligation period by the thresholds in subsection 6(1)(k) of Section 206.1.

Refurbished capacity is capacity from an asset that will undergo major modifications resulting in additional capacity that will significantly increase the maximum capability of the asset by the thresholds set out in subsection 6(1)(l)(i) of Section 206.1, or require a significant monetary investment that meets the threshold in subsection 6(1)(l)(ii) of Section 206.1. At the time of qualification, the modifications to an asset for incremental or refurbished capacity are not completed.

4.1 What are declarations?

In certain circumstances related to qualification of capacity, the AESO permits a capacity market participant to choose the maximum capability of its asset, a firm consumption level, a guaranteed load reduction, or a volume for qualification, as applicable. The AESO uses a declaration as the vehicle for a capacity market participant to advise of these elections rather than another method of confirming the information. A capacity market participant also makes declarations for new capacity, refurbished capacity, and incremental capacity in order for the AESO to understand whether the capacity market participant will continue its attempt to get a capacity commitment in the event the capacity does not clear in the applicable auction. The AESO requires declarations of certain information in relation to load assets and import assets for the purpose of calculating a uniform capacity value. A capacity market participant submits applicable declarations as part of its qualification application.

5 Qualification of capacity - general

Qualification is a 3 step process by which new capacity, incremental capacity, or refurbished capacity is brought into the capacity market.

5.1 Application

First, the applicant submits the qualification application, along with payment of any applicable fee. The qualification application for all assets, at a minimum, contains:

- (a) contact information of the applicant (e.g. the names and contact information of authorized contact persons);
- (b) a description of the asset seeking to qualify for the capacity market;
- (c) a detailed project development and implementation plan that meets the critical milestones set out in Section 206.5 of the ISO rules, *Forward Period Milestone Assessment*
- (d) evidence that the asset has an estimated uniform capacity value equal to or greater than 1 MW;
- (e) evidence that the asset meets the asset-specific requirements, as applicable;
- (f) capacity market participant registration information in accordance with Section 201.10 of the ISO rules, *Capacity Market Participant Registration*;
- (g) agent information, if applicable, in accordance with Section 201.11 of the ISO rules, *Appointment of Agent for the Capacity Market*; and
- (h) any applicable fee as set out in the *Schedule of ISO Fees*.

5.2 Confirmation of uniform capacity value

Second, the AESO confirms that the uniform capacity value for the asset, relying on the information the applicant provided in the first step, is greater than or equal to 1 MW. Section 206.3 of the ISO rules, *Uniform Capacity Value Determination* specifies how the AESO determines uniform capacity value for various assets. The *Capacity Market Auction Guidelines* specify the timelines for the uniform capacity value determination process.

5.3 Security requirements for new capacity assets

Third, a capacity market participant is required to post financial security before the asset can participate in its first capacity auction. The following AESO documents set out requirements related to financial security:

- (a) Section 103.3 of the ISO rules, *Financial Security Requirements* outlines the method for providing financial security;
- (b) Section 103.11 of the ISO rules, *Capacity Market Financial Security Requirements* sets out the calculation of the amount of financial security a capacity market participant is required to provide; and
- (c) the *Capacity Market Auction Guidelines* specify the timelines related to when the AESO determines financial security amounts and the deadline for providing financial security.

6 Asset-specific qualification requirements

The following additional asset-specific qualification requirements for each asset category apply to any capacity asset that falls into such asset-specific category. The asset-specific requirements are in addition to the requirements listed in the sections above.

6.1 Load assets

Existing load assets that are pool assets may provide capacity in the form of demand response. For the purpose of the capacity market, the load asset may take the form of:

- (a) a single pool asset which self-retails;
- (b) multiple self-retail pool assets that have aggregated;
- (c) a single pool retail asset; or
- (d) multiple pool retail assets that have aggregated.

There are two types of demand response: guaranteed load reduction or firm consumption level. Guaranteed load reduction is intended for load that can, no matter where they are in their operation, give a guaranteed volume of reduction when it receives a dispatch or directive to do so. Firm consumption level is intended for loads that are able to drop their load down to a preset MW level each time when receiving a dispatch or directive to do so. The firm consumption level must be a whole number MW greater than or equal to 0 MW to be valid.

A qualification application for a demand response asset is expected to include:

- (a) evidence that the demand response asset is, or will be, a retail or self-retail asset belonging to a valid pool participant;
- (b) a description of how the demand response asset will achieve the required demand response and an indication of the communication protocols used to instruct and control the load reduction when it receives a dispatch. (All demand response capacity market participants are required to meet the SCADA standards (as set out in Section 502.8 of the ISO rules, *SCADA Technical and Operating Requirements*), will;
- (c) the type of demand response, either guaranteed load reduction or firm consumption level. A capacity market participant may choose which demand response configuration best fits its operation;
- (d) how the load asset will reduce demand during a delivery period and by how much. For guaranteed load reduction this equals how much load will be dropped when it receives a dispatch. For firm consumption level assets this means the average load and the firm consumption level. The expected demand response, on average, equals the difference between the average load and the firm consumption level;
- (e) if the asset is or will be an aggregation of load assets, the pool assets, if known, or the likely contributors;

- (f) a project plan that aligns with the AESO's milestones (see the *Development of Milestones for Project Tracking* Information Document, section 5.3);
- (g) if the load asset provides firm consumption level demand response, the information set out in subsection 4(1) of Section 206.1 and
- (i) pool IDs associated with any existing load offering demand response.

6.2 Import assets

An import asset that currently participates in the energy market must submit a qualification application to the AESO in order to participate in the capacity market.

A qualification application for an import capacity asset must include evidence of the requirements set out in subsection 6(1)(i) of Section 206.1.

6.3 Storage assets

A qualification application for a storage asset must include evidence that the asset can maintain its energy production at its estimated uniform capacity value level for at least 4 hours.

6.4 Aggregated capacity assets

An aggregated capacity asset is made up of "like" types of assets. For example, an aggregation of generating units or an aggregation of sites to provide demand response but not an aggregation of both generating units and sites to provide demand response.

A qualification application for an aggregated capacity asset must include:

- (a) an itemized list of all the confirmed, individual component pool assets of the aggregated capacity asset;
- (b) evidence that the estimated sum of the meter volumes for individual component resources is equal to or greater than the minimum uniform capacity value size of 1 MW and less than the maximum uniform capacity value size equal to 85% of the maximum capacity of the largest existing generating asset in the aggregation. (This information is available in the *Current Supply Demand Report* available on the AESO website.); and
- (c) evidence that each individual component pool assets of the aggregated capacity asset meet the necessary asset-specific requirements based on its type as specified in subsection 7(1) of Section 206.1.

7 Qualification of refurbished capacity

A capacity market participant seeking to have the AESO qualify an asset with refurbished capacity is expected to provide cost information demonstrating that the costs associated with the refurbishment meet the threshold set out in subsection 6(1)(l)(ii) of Section 206.1. The AESO intends to provide a form for capacity market participants to use when submitting cost information and will update this Information Document when further details are available.

8 Qualification of incremental capacity

In order to qualify incremental capacity, a capacity market participant must satisfy the AESO that its asset will be modified in a manner that meets the requirements of subsection 6(1)(k) of Section 206.1.

9 AESO review of information

Upon receiving an application to qualify capacity, the AESO:

- (a) reviews the information submitted; and
- (b) determines whether the application contains the necessary information required to qualify capacity from the applicable asset; and

(c) determines whether the application meets any relevant asset-specific eligibility requirements.

The AESO may ask for additional information from the applicant during this process. The AESO notifies the applicant of whether the asset has qualified in accordance with the timelines published in the *Capacity Market Auction Guidelines*.

Revision History

Posting Date	Description of Changes
	Initial release

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