

# Information Document

## Development Milestones for Project Tracking

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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)<sup>1</sup> in effect, the Authoritative Document(s) governs.

### 1 Purpose

This Information Document relates to the following Authoritative Document:

- Section 206.5 of the ISO rules, *Forward Period Milestone Assessment* (“Section 206.5”).

The purpose of this Information Document is to provide additional information in relation to Section 206.5. Specifically, this section outlines:

- (a) the critical milestones required of new capacity, refurbished capacity, or incremental capacity proposed by capacity market participants, which are subject to a capacity commitment to meet such that they will not be required to submit a bid to buy out of such capacity commitment in accordance with Section 206.4 of the ISO rules, *Offers and Bids for the Capacity Market* for the new capacity, refurbished capacity, or incremental capacity; and
- (b) the information that a capacity market participant with new capacity, refurbished capacity, or incremental capacity subject to a capacity commitment must submit to the AESO prior to a rebalancing auction, in order to determine whether the capacity market participant will be required to submit a bid to buy out of such capacity commitment in accordance with Section 206.4 of the ISO rules, *Offers and Bids for the Capacity Market* for the new capacity, refurbished capacity, or incremental capacity.

### 2. General

The capacity market requires capacity market participants to offer capacity into the capacity market 3 years in advance of the obligation period. Rebalancing auctions are used as a tool to mitigate non-delivery risk from assets with new capacity, refurbished capacity, or incremental capacity. The AESO determines the amount of capacity required to be transacted in each rebalancing auction by assessing the critical milestones for assets with new capacity, refurbished capacity, or incremental capacity that have cleared a base auction or rebalancing auction for each obligation period. This document describes the critical milestones that a capacity market participant must achieve prior to each rebalancing auction and prior to the start of the obligation period.

Import assets with new capacity, refurbished capacity, or incremental capacity are excluded from Section 206.5.

### 3. Critical Milestones:

The AESO establishes, tracks, and monitors the following development and construction milestones for assets with new capacity, refurbished capacity, or incremental capacity which can be categorized as an asset class in subsection 5.3. A capacity market participant must include each of the following critical milestones in the capacity market participant’s project plan, in addition to other significant development and construction milestones:

- (a) Regulatory Permitting and Licensing: construction and operation approval from the Alberta Utilities Commission. This step demonstrates that the project has achieved environmental approvals, site control, requisite studies, and other required permits;

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<sup>1</sup> “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.

- (b) Full Notice to Proceed: full notice to proceed, including the award of engineering, procurement, and construction (EPC) contracts or key approvals to proceed with the project;
- (c) Major Equipment Procurement Agreements: agreements to acquire and receive the major equipment associated with the project;
- (d) Delivery of Major Equipment to the Site: verification of physical delivery of the major equipment at the project site;
- (e) Commissioning and Start-up: completion of commissioning, testing, and start-up; and
- (f) In-Service Date.

#### 4. Evidentiary Requirements for Project Milestones:

##### 4.1 Generating Units, Aggregated Generating Facilities, or Energy Storage Facilities:

Capacity market participants with an asset with new capacity, refurbished capacity, or incremental capacity subject to a capacity commitment are required to provide the AESO with evidence that milestones have been completed in accordance with the timelines set out in the *Capacity Market Auction Guidelines*. The following evidence is required for each milestone:

- (a) Regulatory Permitting and Licensing: evidence that the project has received approval to construct and operate from the Alberta Utilities Commission;
- (b) Full Notice to Proceed: evidence that EPC or engineering, procurement, construction, and management (EPCM) full notice to proceed has been issued to major contractors of the project. For those projects developed without an EPC or EPCM contract, the capacity market participant may provide internal governance documents, certified by a corporate officer, demonstrating that the project has been approved to proceed;
- (c) Major Equipment Procurement Agreements: evidence that agreements for the procurement of major equipment applicable to the project have been executed. Major equipment includes generators, gas turbines, steam turbines, heat recovery steam generation equipment, boilers, solar modules, wind turbine generators, battery modules, and transformers;
- (d) Delivery of Major Equipment to the Site: evidence that major equipment has been delivered to site and has passed initial inspection;
- (e) Commissioning and Start-up: evidence that the project has begun commissioning activities. The capacity market participant may provide an *Energization Certificate*, *Final Commissioning Plan*, or an *Installation Confirmation* as evidence; and
- (f) In-Service Date: evidence that the new capacity, refurbished capacity, or incremental capacity is in-service by providing a copy of a valid *Commissioning Certificate*.

##### 4.2 Load Assets:

Capacity market participants that are subject to a capacity commitment for load assets with new capacity, are required to submit evidence, prior to the last rebalancing auction for the obligation period, that the asset will be able to provide a minimum of 75% of the capacity commitment. The AESO accepts copies of executed commercial contracts, pool statements, or other acceptable documentation as evidence.

#### 5. Milestone Requirements for Rebalancing Auction:

The assessment of the critical milestones achievements needs to reflect project information available prior to the publication of the rebalancing auction demand curve. The AESO assesses critical milestones prior to each rebalancing auction, in order to determine whether a capacity market participant that is

subject to a capacity commitment must submit a bid in accordance with Section 206.4 of the ISO rules, *Offers and Bids for the Capacity Market*.

Capacity market participants with assets with new capacity, refurbished capacity, or incremental capacity that are subject to a capacity commitment are required to submit evidence for each critical milestone scheduled to occur prior to the rebalancing auction assessment period. Capacity market participants are also required to submit details describing how they will meet the remaining critical milestones.

### 5.1 Transition Period Rebalancing Auctions:

The AESO implements the capacity market rebalancing auction process in 2 stages. The transition period capacity procurements occur on compressed timelines of less than 36 months and then transition to a 36 month procurement period. The compressed procurements each include a single rebalancing auction, occurring 3 months prior to the obligation period.

The AESO, following the receipt of submitted milestone evidence, in its sole discretion, determines whether the asset has achieved the critical milestone target completion dates within a buffer period for the applicable rebalancing auction. In the case of the single rebalancing auction during the transition period, assets have a 5 month buffer period.

The AESO assesses assets that have cleared a base auction to ensure that they have met the milestone requirements for that asset class.

### 5.2 Steady State Auctions:

Steady state capacity auctions occur annually and encompass a 36 month timeframe. Each auction cycle includes a base auction and 2 rebalancing auctions, held 18 months and 3 months prior to the obligation period, respectively.

The AESO assesses assets that have cleared a base auction or a rebalancing auction, to ensure that they have met the milestone requirements for that asset class. In the case of the first rebalancing auction, assets have an 8 month buffer period; and in the case of the second rebalancing auction, assets have a 5 month buffer period.

### 5.3 Types of Capacity Supply Projects:

The AESO recognizes that differing asset classes require unique critical milestone target completion dates for project development and construction monitoring. Combined cycle natural gas fired generation, natural gas cogeneration, simple cycle natural gas fired generation, coal-to-gas-conversion projects, wind energy generation, solar photovoltaic generation, and battery energy storage projects each have relatively standard development and construction timelines. The AESO assesses unique asset classes on a project by project basis, relying on the information a capacity market participant submits in its detailed project plan and timeline. The AESO reviews the information submitted, and additional information as requested, and determines the appropriate target completion dates for these unique project types.

Assets have the following target completion dates for the following critical milestones:

Asset Class	Critical Milestone	Target Completion Date (months prior to start of obligation period)
Natural Gas Combined Cycle or Cogeneration	Regulatory Permitting and Licensing	36 months
	Full Notice to Proceed	36 months
	Major Equipment Procurement Agreements	29 months
	Delivery of Major Equipment to the Site	19 months

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	Commissioning and Start-up	11 months
	In-Service Date	0 months
Natural Gas Simple Cycle	Regulatory Permitting and Licensing	21 months
	Full Notice to Proceed	21 months
	Major Equipment Procurement Agreements	14 months
	Delivery of Major Equipment to the Site	9 months
	Commissioning and Start-up	5 months
	In-Service Date	0 months
	Coal-to-Gas Conversion	Regulatory Permitting and Licensing
Full Notice to Proceed		26 months
Major Equipment Procurement Agreements		12 months
Delivery of Major Equipment to the Site		8 months
Commissioning and Start-up		1 months
In-Service Date		0 months
Wind	Regulatory Permitting and Licensing	10 months
	Full Notice to Proceed	10 months
	Major Equipment Procurement Agreements	9 months
	Delivery of Major Equipment to the Site	3 months
	Commissioning and Start-up	1 months
	In-Service Date	0 months
Solar	Regulatory Permitting and Licensing	10 months
	Full Notice to Proceed	10 months
	Major Equipment Procurement Agreements	9 months
	Delivery of Major Equipment to the Site	3 months
	Commissioning and Start-up	1 months
	In-Service Date	0 months
Battery Storage	Regulatory Permitting and Licensing	10 months
	Full Notice to Proceed	10 months
	Major Equipment Procurement	9 months

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Asset Class	Critical Milestone	Target Completion Date (months prior to start of obligation period)
	Agreements	
	Delivery of Major Equipment to the Site	5 months
	Commissioning and Start-up	1 months
	In-Service Date	0 months
Demand Response	75% of Capacity Commitment Acquired	as set out in the <i>Capacity Market Auction Guidelines</i>
Other	TBD	TBD

## Revision History

Posting Date	Description of Changes
	Initial Release

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