

July 17, 2018

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

Re: **Notice of Consultation on ISO rules for the Implementation of the Capacity Market**

The Alberta Electric System Operator (AESO) is providing notice regarding upcoming stakeholder consultation sessions on the proposed ISO rules for the implementation of the capacity market (proposed ISO rules).

Overview of Consultation Sessions in August/September 2018

The purpose of the consultation sessions is to engage with stakeholders on the content of the proposed ISO rules and seek input on initial draft rule language to develop subsequent drafts of the proposed ISO rules. The AESO has divided the proposed ISO rules into three sets for consultation with the intention of creating efficiencies and obtaining focused feedback. The specific proposed ISO rules that will be included in each set are listed below. Please be advised that this breakdown is subject to change as the AESO considers feedback on the final Comprehensive Market Design (CMD) and continues to draft the proposed ISO rules.

The specific objectives of the consultation sessions are to:

1. Provide an overview of how the AESO has translated the final CMD into ISO rules;
2. Clarify stakeholder feedback relating to the language, content and organization of the proposed ISO rules; and
3. Clarify stakeholder comments on additional matters raised at the consultation sessions.

Following each consultation session, stakeholders will have an opportunity to provide written feedback on the proposed ISO rules in each set. The AESO also plans to release the full package of proposed ISO rules in October for a holistic review by stakeholders. Stakeholders will have a minimum of 15 days from the date that the rule book is published to provide comments to the AESO in the form of a matrix.

Consultation Session Information and Invitations to Participate

Set 1

Draft ISO rule language and associated definitions for the following proposed ISO rules will be posted to the AESO website during the week of July 30, 2018:

Proposed ISO rule	CMD Cross-reference
Registration of Existing Capacity	Section 2.1
Qualification of New Capacity	Section 2.1
Refurbished and Incremental Capacity	Section 2.1
Self-supply Designations	Section 2.2

Proposed ISO rule	CMD Cross-reference
Base Auction	Section 5
Rebalancing Auction	Section 6
Amendments to existing ISO rules: <ul style="list-style-type: none"> • Section 103.3, <i>Financial Security Requirements</i> • Section 103.7, <i>Financial Default and Remedies</i> • Section 201.1 <i>Pool Participant Registration</i> • Section 202.7 <i>Markets Suspension or Limited Markets Operations</i> • Section 301.2 <i>ISO Directives</i> • Section 303.1 <i>Load Shed Service</i> • Section 304.2 <i>Electric Motor Start Requirements</i> • Section 304.8 <i>Event Analysis</i> • Section 305.1 <i>Energy Emergency Alerts</i> • Section 305.3 <i>Blackstart Restoration</i> • Section 305.4 <i>System Security</i> • Section 501.10 <i>Transmission Loss Factors</i> • Section 502.9 <i>Synchrophasor Measurement Unit Technical Requirements</i> • Section 507.1 <i>Open Access Requirements for Proposed Inerties</i> 	Sections 9,10

The AESO will host an in-person consultation session & webinar in Calgary for the Set 1 rules during the week of August 13, 2018. A detailed agenda and any related materials for the consultation session, including timing and location details, will be released on the same date that the Set 1 rules are posted. If you intend to participate in the consultation session for Set 1, please notify the AESO by email to rules_comments@aeso.ca on or before August 7, 2018.

Set 2

Draft ISO rule language and associated definitions for the following proposed ISO rules will be posted to the AESO website during the week of August 27, 2018:

Proposed ISO rule	CMD Cross-reference
Delisting	Section 2.3
Capacity Value Determination	Section 3
Capacity Market Monitoring and Mitigation	Section 7
Forward Period Requirements	Section 8.1
Obligation Period Performance Assessments	Sections 8.2 to 8.3
Capacity Market Financial Settlement	Section 9
Load Asset with a Capacity Commitment Outage Reporting and Coordination	Section 10
Energy Market Mitigation	Section 10

Proposed ISO rule	CMD Cross-reference
Amendments to existing ISO rules: <ul style="list-style-type: none"> • Section 103.2, <i>Dispute Resolution</i> • Section 201.3 <i>Offer Control Information</i> • Section 201.4 <i>Submission Methods</i> • Section 201.5 <i>Block Allocation</i> • Section 201.6 <i>Pricing</i> • Section 201.7 <i>Dispatches</i> • Section 202.3 <i>Issuing Dispatches for Equal Prices</i> • Section 202.5 <i>Supply Surplus</i> • Section 202.6 <i>Adequacy of Supply</i> • Section 203.1 <i>Offers and Bids for Energy</i> • Section 203.3 <i>Restatements</i> • Section 203.4 <i>Delivery Requirements for Energy</i> • Section 203.6 <i>Available Transfer Capability and Transfer Path Management</i> • Section 302.1 <i>Real Time Transmission Constraint Management</i> • Section 304.9, <i>Wind and Solar Aggregated Generating Facility Forecasting</i> • Section 306.3 <i>Load Planned Outage Reporting</i> • Section 306.4 <i>Transmission Outage Reporting and Coordination</i> • Section 306.5 <i>Generating Outage Reporting and Coordination</i> • Section 306.7 <i>Mothball Outage Reporting</i> • Section 502.8 <i>SCADA Technical Requirements</i> • Section 505.2 <i>Performance Criteria for Refund of Generating Unit Owner's Contribution</i> 	Sections 5,10

The AESO will host an in-person consultation session & webinar in Calgary for the Set 2 rules during the week of September 10, 2018. A detailed agenda and any related materials for the consultation session, including timing and location details, will be released on the same date that the Set 2 rules are posted. If you intend to participate in the consultation session for Set 2, please notify the AESO by email to rules_comments@aeso.ca on or before September 6, 2018.

Set 3

Draft ISO rule language and associated definitions for the following proposed ISO rules will be posted to the AESO website during the week of August 27, 2018:

Proposed ISO rule	CMD Cross-reference
Procurement Volume	Section 4.2
Net-CONE	Section 4.3
Demand Curve Shape	Section 4.4

The AESO will host an in-person consultation session & webinar in Calgary for the Set 3 rules during the week of September 10, 2018. A detailed agenda any related materials for the consultation session, including timing and location details, will be released on the same date that the Set 3 rules are posted. If

you intend to participate in the consultation session for Set 3, please notify the AESO by email to rules_comments@aeso.ca on or before September 6, 2018.

Related Materials

Stakeholders may wish to review working group materials in advance of the consultation sessions:

1. [Capacity Market Design working group](#)
2. [Energy and Ancillary Services working group](#)
3. [Demand Curve working group](#)

Stakeholder Comments on Consultation Session Agendas

Stakeholders will have an opportunity to comment on the consultation session agendas for each set when they are released. The AESO will consider requests and endeavor to accommodate them where possible. If necessary, the AESO may schedule additional consultation sessions for any of the proposed ISO rules.

Yours truly,

Pauline McLean

Director, Legal & Regulatory Affairs & Associate General Counsel