

Stakeholder Comment Matrix – March 28, 2019



Draft Proposed New ISO rule “Waivers and Variance Rule”

<p>Period of Comment: March 28, 2019 through April 12, 2019</p> <p>Comments From: Capital Power</p> <p>Date [yyyy/mm/dd]: 2019/04/12</p>	<p>Contact: Grant Berry</p> <p>Phone: (780) 392-5294</p> <p>Email: gberry@capitalpower.com</p>
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Further to the next steps identified at the Stakeholder Session held on February 4, 2019, the ISO is requesting feedback on the items below. Please place your comments/reasons for position underneath (if any).

Item #		Stakeholder comments
1	<p>Applicability</p> <p>Whether you agree that a <i>Waiver and Variance Rule</i> should be applicable to electricity market participants and the ISO, and why or why not.</p>	<p>Capital Power agrees that a Waiver and Variance Rule should be established and made applicable to electricity market participants and the ISO. Establishing a formal process to grant waivers and variances provides legal owners/electricity market participants with flexibility to request for exemptions to specific ISO requirements – new or revised over time.</p>
2	<p>Scope</p> <p>Whether you agree that a request for a waiver or variance should be available for the Division 502 – Technical Requirements, Section 304.3, <i>Wind and Solar Power Ramp Up Management</i> and Section 304.9, <i>Wind and Solar Aggregated Generating Facility Forecasting</i>, and why or why not.</p>	<p>At this time, Capital Power agrees that a Waiver and Variance Rule should be available for Division 502 – Technical Requirements, Section 304.3, <i>Wind and Solar Power Ramp Up Management</i> and Section 304.9, <i>Wind and Solar Aggregated Generating Facility Forecasting</i>. Waiver and variance requests should <u>only</u> be made available to the aforementioned, as extending the scope of requests beyond technical requirements for facilities may compromise energy and ancillary services market fundamentals.</p>

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3	<p><i>Grounds for requesting a waiver or variance</i></p> <p>Whether you agree that the grounds for requesting a waiver or variance should include one or more of the following circumstances where compliance with the requirements of the subject ISO rule:</p> <ul style="list-style-type: none"> (a) is not technically possible or is precluded by technical limitations; (b) is operationally infeasible; (c) cannot be achieved by the required compliance date regardless of good faith efforts by the market participant; (d) would pose safety risks or safety issues; (e) would conflict with a separate statutory or regulatory requirement that is applicable and cannot be waived or exempted; and (f) would require the incurrence of significant unnecessary costs or severe economic hardship. <p>Which grounds and why or why not?</p>	<p>Capital Power agrees with the proposed grounds for requesting a waiver or variance.</p>

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4	<p>Criteria for evaluating a request</p> <p>Whether you agree that the criteria the AESO should use to evaluate requests for a waiver or variance should include one or more of the following:</p> <ul style="list-style-type: none"> (a) technical feasibility; (b) operational feasibility and burden; (c) safety; (d) economics (including significant unnecessary costs to the applicant, or unfair costs to other market participants); (e) material impacts on a fair, efficient, openly competitive market; (f) whether appropriate mitigation measures, mitigation plans, or remediation plans can be or are put in place; (g) reliability of the Alberta interconnected electric system; and (h) public interest. <p>Which criteria and why or why not?</p>	<p>Capital Power agrees with the proposed criteria for evaluating a waiver and variance request.</p>

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5	<p>Submission of information</p> <p>Whether you agree that the applicant must:</p> <ul style="list-style-type: none"> (a) make a request for a waiver or variance to the AESO in writing; (b) use the form the AESO specifies (which will require the submission of all relevant information – e.g. facility details, the relevant ISO rules and requirements, the grounds for the request and information that will allow the AESO to effectively assess the request based on the criteria for granting a request); and (c) respond to requests from the AESO for additional information, studies or analysis; <p>and why or why not.</p>	<p>Capital Power agrees that a waiver or variance request made by an applicant should be in writing and in the form the AESO specifies. Capital Power agrees that the applicant should support the AESO’s evaluation process of the waiver and variance request through responding to requests for information, studies or analysis.</p> <p>Capital Power recommends that the form that the AESO specifies is provided in the Information Document proposed, along with the document template.</p>
6	<p>Evaluation process</p> <p>Whether you agree that the process for waivers and variances should be:</p> <ul style="list-style-type: none"> (a) submission of a written request; (b) acknowledgement of receipt; (c) information requests, as necessary, and applicant responses; (d) updates on progress; (e) written decision; and (f) if denied, reasons/rationale; <p>and why or why not.</p>	<p>Capital Power supports the proposed evaluation process, subject to the following additions:</p> <ul style="list-style-type: none"> • Inclusion in the ISO rule of a requirement for the applicant and the ISO to work collaboratively towards agreement on next steps and resolution to comply with the technical requirement(s) should a waiver and variance request be denied. • Clarification in the ISO rule of the dispute mechanism(s) available to the applicant should a waiver and variance request be denied.

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7	<p>Content of a waiver or variance</p> <p>Whether you agree that the content of an approved waiver or variance must include an effective date and any of the following as applicable:</p> <ul style="list-style-type: none"> (a) conditions; (b) expiry date; (c) milestones for mitigation or remediation plans; and (d) reporting requirements; <p>and why or why not.</p>	<p>Capital Power generally agrees with the proposed content of an approved waiver or variance.</p> <p>With respect to (c), Capital Power requests clarification from the ISO on the process for development of mitigation and remediation plans and more specifically whether this process will be led by the applicant or the ISO. If the ISO intends to lead the development of mitigation and remediation plans, Capital Power recommends that it seek input and involvement from applicants, including input on any milestones, as implementing solutions may require project planning and coordination of resources, pending availability.</p>
8	<p>Ongoing Management</p> <p>Whether you agree that the following should apply to the ongoing management of granted waivers and variances:</p> <ul style="list-style-type: none"> (a) the applicant must notify the AESO of a material change to the facts or circumstances underlying the approval of the waiver or variance; (b) the AESO may amend or revoke a waiver or variance with at least 30 days' notice if there is a material change to the facts or circumstances underlying the approval of the variance; and (c) waivers and variances may be transferred to a new legal owner; <p>and why or why not.</p>	<p>Capital Power agrees with (a) and (c). With respect to (b), Capital Power requests that the AESO clarify whether a revoked waiver or variance request would require the market participant or legal owner to re-file another waiver or variance request. Re-filing another waiver or variance request may create regulatory administrative burden on both the applicant and the AESO. Capital Power recommends that in the event of a revocation, the ISO Rules include a requirement whereby:</p> <ul style="list-style-type: none"> • the ISO and legal owner or electricity market participant may work and agree towards a mitigation or remediation plan, including milestones for implementation; and • the legal owner or electricity market participant may submit a dispute with the ISO. <p>Additionally, with respect to (a), Capital Power requests clarification on what is considered a "material change". While it may not be practical to define in the ISO Rule, the AESO should, at minimum, include a description of "material change" in the associated Information Document including categories and examples of changes deemed "material".</p> <p>The AESO should consider adding provisions to the proposed rule that would allow applicants or legal owners to apply to extend an approved waiver or variance. That provision could involve another evaluation process, as applicable, but should not require another re-filing of waiver and variance application.</p>

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9	<p>Confidentiality of requests and decisions</p> <p>Whether you agree that requests for a waiver or variance, and any resulting decision should remain confidential, subject to Section 103.1 of the ISO rules, <i>Confidentiality</i>, and why or why not.</p>	<p>Waiver and variance requests may contain information that is commercially sensitive to the applicant and such information should remain confidential. In addition, any supporting documentation submitted to the AESO as part of the evaluation process should also remain confidential. Capital Power believes that the AESO, or any other regulatory authority should exercise caution in the public disclosure of such information relating to an asset's waiver or variance request (including application, supporting documents and result) to ensure the safety and reliability of the asset and Alberta Interconnected Electric System. Capital Power recommends provisions in the ISO rule requiring that the AESO or any other regulatory authority must inform the legal owner/electricity market participant in advance of any information disclosure to the public.</p>
10	<p><i>Treatment of waivers and variances language in current ISO rules</i></p> <p>Which of the following 3 options you support, if any, for dealing with the waivers and variances language in current ISO rules, why or why not, or suggestions for alternative options.</p> <p><i>Issue:</i></p> <p>Various waivers and variances language is currently found in the majority of Division 502 ISO rules, including:</p> <p>“2(2) The functional specification referred to in subsection 2(1) must be generally consistent with the provisions of this section 502.X, but may contain material variances approved of by the ISO based upon its discrete analysis of any one or more of the technical, economic, safety, operational and reliability requirements of the interconnected electric system related to the specific facility project.”</p> <p><i>Options:</i></p> <p>The AESO is of the opinion that there are 3 main options for dealing with this language.</p> <ol style="list-style-type: none"> 1. Leave the current language in the ISO rules. As long as there is no conflict, duplication is not problematic. 	<p>Capital Power supports option 3, the amendment of the current existing ISO Rules. Capital Power recommends that the ISO Rules are implemented in a simple and clear manner for market participants to understand.</p> <p>Capital Power recommends removing all duplication and referring the waiver and variances rule, as applicable. In addition, there should be provisions for generating units without functional specifications which ensures that the waivers and variances are applicable to assets pre- and post-energization. For example, subsection 2 of Section 502.5 of the ISO Rules could be described as follows:</p> <p><i>2(1) Prior to energization of a generating unit, the ISO must approve a functional specification containing details, work requirements and specifications for the design, construction and operation of a generating unit connection project and any associated transmission system connection facilities. The functional specification for the generating unit must generally be consistent with the provisions of this section 502.5 and any other applicable ISO Rules, but may contain material variances the ISO approves as per Section 103.14.</i></p> <p><i>2(2) A generating unit without functional specification shall comply with the provisions of this section 502.5 and any other applicable ISO Rules, but may contain material variances the ISO approves as per Section 103.14.</i></p>

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	<p>2. Amend the ISO rules over time. As long as there is no conflict, duplication is not problematic. However, for the sake of clarity and consistency, when the subject ISO rules are open under other future development initiatives, the AESO should propose the removal of the duplicate provisions.</p> <p>3. Amend in conjunction with the proposed new ISO rule and propose the deletion of the duplicate provisions. While duplication is not problematic, for the sake of clarity and consistency, the AESO would propose to delete the waivers and variances language in the Division 502 ISO rules at the same time as making the application for approval of the proposed Waivers and Variances Rule.</p>	
11	<p>Other</p> <p>Please provide any other feedback or suggestions you have on the proposed Waiver and Variance Rule.</p>	Capital Power has no further comments at this time.

Information Document - The AESO intends to develop an information document to accompany the proposed Waiver and Variance Rule. At a minimum, the AESO suggests that such an information document would contain a template submission form, contact information, and examples of the eligible grounds and criteria. Please provide your views on the type of content that should be included in an information document associated with the proposed Waiver and Variance Rule.

Capital Power agrees that an Information Document should be developed to support the proposed Waiver and Variance Rule. In our response to Items #5 and #8, Capital Power recommends the following, respectively:

- The form that the AESO specifies is provided in the Information Document proposed, along with the document template; and
- The AESO describes what is considered a material change to the facts or circumstances underlying the approval of the waiver or variance.