

Compliance Quarterly Report

Q2 2015

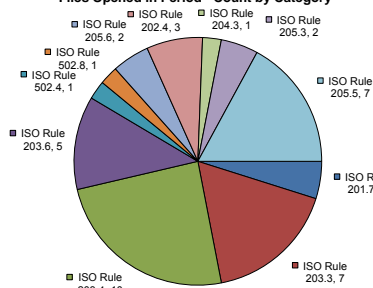
| | |
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| ISO Rules..... | 1 |
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Compliance Quarterly Report - ISO Rules - Q2 2015

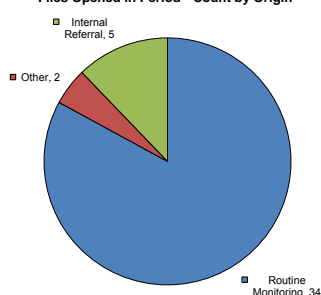
Updated: August 7, 2015

The following charts summarize the activities of the ISO Rules Compliance group in Q2 of 2015 and the distribution of events over the past 4 quarters. Please refer to the attached help documentation for details on interpreting the charts below. For any questions in regards to this report, please send an email to marketcompliance@aeso.ca.

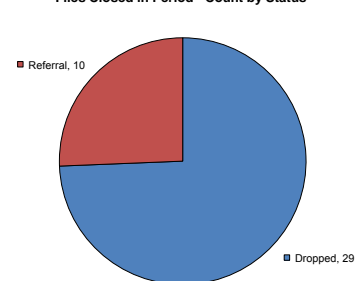
Files Opened in Period - Count by Category



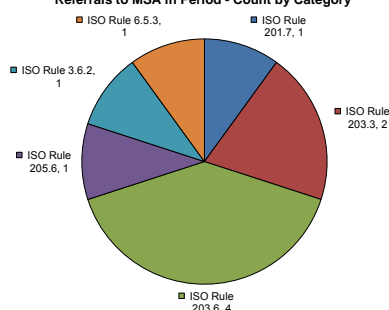
Files Opened in Period - Count by Origin



Files Closed in Period - Count by Status



Referrals to MSA in Period - Count by Category



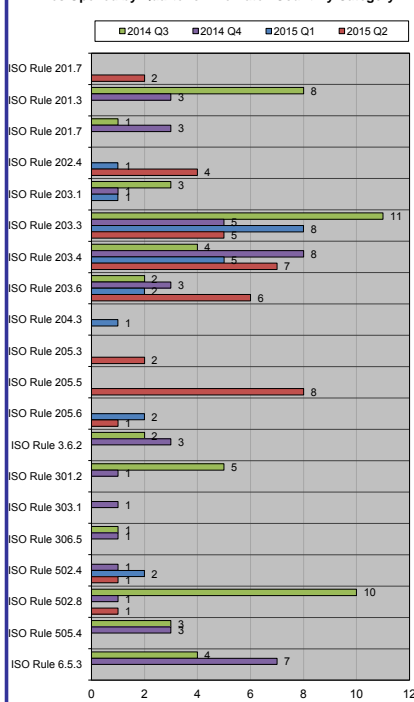
Commentary

There were 41 files opened this quarter and 39 files closed. Of the 39 files closed in the quarter, there were 10 referrals to the MSA of suspected contraventions. The 27 referrals to the MSA made over the past 4 quarters are distributed across 20 market participants and 10 ISO rules. Processing times are slightly down from the last quarterly report with a median of 89 days between the occurrence of the event and closure of the handling of the event.

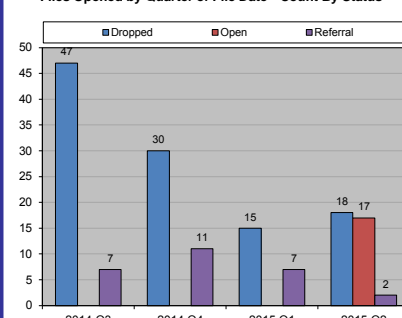
ISO rules 3.6.2 and 6.5.3 were replaced on December 23, 2014 with the new Division 205 - Ancillary Services Market rules as part of the Transition of Authoritative Documents (TOAD) project. Files opened previous to this date are associated with the corresponding version of the rule in place at the time.

Note: As the AESO may refer multiple events in a single referral to the MSA, the count of Referrals to the MSA will not necessarily line up with the count of penalties issued by the MSA in any given period.

Files Opened by Quarter of File Date - Count By Category



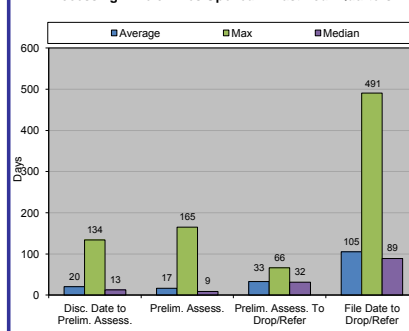
Files Opened by Quarter of File Date - Count By Status



Referrals to MSA by Quarter of File Date and Masked ID

| Participant | 2014 Q3 | 2014 Q4 | 2015 Q1 | 2015 Q2 |
|-------------|---------|---------|---------|---------|
| P1 | 1 | 1 | | |
| P2 | 1 | | | |
| P3 | | | 1 | |
| P4 | 1 | | | |
| P5 | | | | 1 |
| P6 | | 1 | | |
| P7 | | | 1 | |
| P8 | | 1 | | |
| P9 | 1 | 1 | | |
| P10 | | | 1 | 1 |
| P11 | | | 1 | |
| P12 | | 1 | | |
| P13 | | | 1 | |
| P14 | | 1 | | |
| P15 | 1 | | 1 | |
| P16 | 1 | 1 | | |
| P17 | | 2 | 1 | |
| P18 | 1 | | | |
| P19 | | 1 | | |
| P20 | | 1 | | |

Processing Time of Files Opened in Last Four Quarters



Referral to MSA by Quarter of File Date and Category

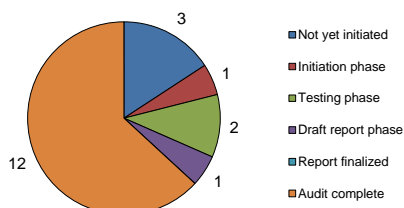
| Category | 2014 Q3 | 2014 Q4 | 2015 Q1 | 2015 Q2 |
|----------------|---------|---------|---------|---------|
| ISO Rule 201.3 | 3 | | | |
| ISO Rule 201.7 | | 1 | | |
| ISO Rule 203.3 | | 2 | 5 | |
| ISO Rule 203.4 | 1 | 2 | | |
| ISO Rule 203.6 | | 3 | 1 | |
| ISO Rule 205.5 | | | | 1 |
| ISO Rule 205.6 | | | 1 | 1 |
| ISO Rule 3.6.2 | 1 | 2 | | |
| ISO Rule 306.5 | 1 | | | |
| ISO Rule 6.5.3 | 1 | 1 | | |

Compliance Quarterly Report - ISO Rule 9.1 - Q2 2015

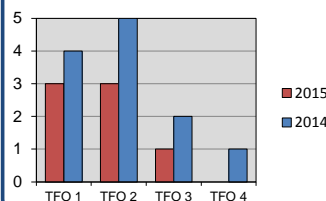
Updated: August 6, 2015

The following charts summarize the status of the 2014 and 2015 activities of ISO Rules Compliance group in relation to ISO rule 9.1 as of Q2 2015. For any questions in regards this report, please send an email to tpcompliance@aeso.ca.

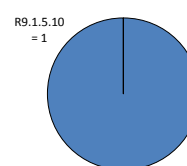
1. Status of the 2015/2014 ISO Rule 9.1 Compliance Audits - Count by Projects



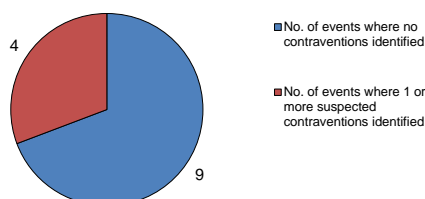
2. Distribution of 2015/2014 Audits - Count by Masked TFO



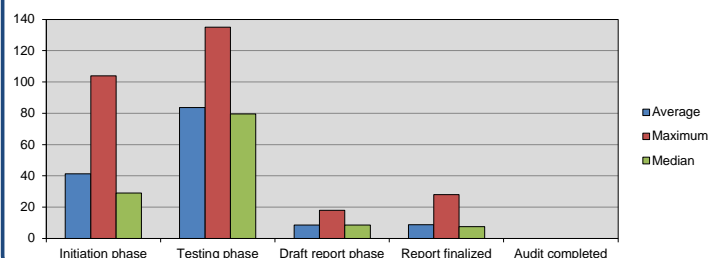
3. Other 9.1 Events in 2015/2014 - Count by ISO Rule Subsection



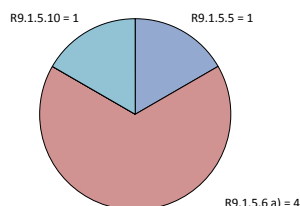
4. 2015/2014 ISO Rule 9.1 Event Outcomes - Count by Category



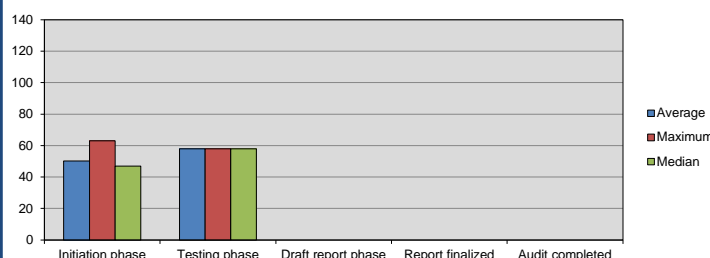
6. 2014 ISO Rule 9.1 Completed Compliance Audits - Duration in days of each phase



5. Suspected Contraventions in 2015/2014 - Count by ISO Rule Subsection



7. 2015 ISO Rule 9.1 Completed Compliance Audits - Duration in days of each phase



Commentary

This report for the second quarter of 2015 includes a summary of activities and monitoring for 2014, and additional information up to the date of this report as indicated.

All of the twelve full audits in 2014 have been completed as shown in graph no. 1. In 2015, there are seven full audits planned for the year and as of Q2 2015, one audit is in the information gathering or initiation phase, two audits are in the testing phase and one audit is in the draft report phase. As of the date of this report, testing is underway for those three audits and one audit has been completed.

Other non-audit 9.1 events are captured in graph no. 3. One event related to ISO rule 9.1.5.10 was investigated in 2014. As of Q2 2015, there are no other non-audit 9.1 events that needed investigation by the Compliance group.

With respect to 2014/2015 monitoring, as of Q2 2015, there have been four referrals, all from 2014, to the MSA regarding suspected contraventions as shown in graph no. 4. Graph 5 shows the types of contraventions that were identified in these referrals.

Graphs 6 and 7 serve as an indication of the time it has taken to complete the various phases of each completed audit.

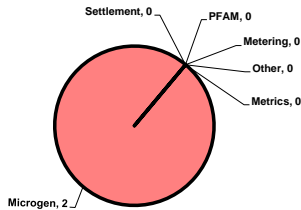
The Compliance section of the AESO website contains a subsection titled "ISO Rule 9.1 Compliance Monitoring". This is intended to provide clarity and transparency regarding the AESO's monitoring of TFO compliance with ISO rule 9.1. Among the documents is a Compliance Monitoring Audit process document, as well as related templates. These documents provide market participants with a comprehensive description of how the audits are carried out. This documentation is updated and enhanced as the processes are refined and market participants are encouraged to review it at regular intervals.

Compliance Quarterly Report - Load Settlement - Q2 2015

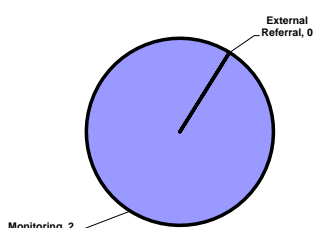
Update July 8, 2015

The following charts summarize the activities of the Load Settlement Compliance group over the four quarters ending June 2015. Please refer to the attached chart explanation and help documentation for details on interpreting the charts below. For any questions in regards this report, please send an email to compliance@aeso.ca.

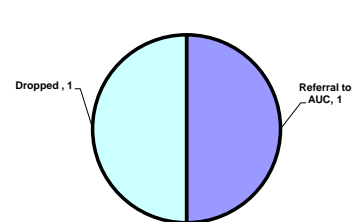
Files Opened in Period - Count by Category



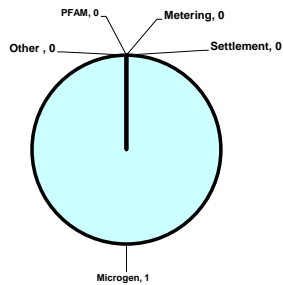
Files Opened in Period - Count by Origin



Files Closed in Period - Count by Status



Referrals to AUC in Period - Count by Category



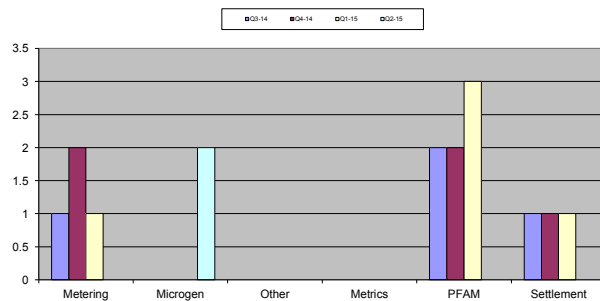
Commentary

For the second quarter of 2015 we continue to see very low errors from market participants in all areas. Including settlement, microgen, metering and post final adjustment data. This steady improvement with market participants compliance to Rule 21 shows that the Rule is stabilizing and market participants systems are working. In Q2 there were 2 files opened for Microgen discrepancies. The files were only minimally financially impacting.

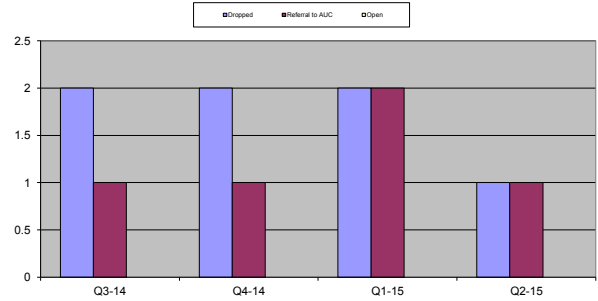
We will continue to work with industry and the AUC to simplify and streamline Rule 021 to make it more effective for all involved.

The majority of issues found were minor enough to be dealt with directly with the participants involved. The AUC is notified in those cases but a formal investigation is not undertaken.

Files Opened by Quarter - Count By Category



Files Opened by Quarter - Count by Status



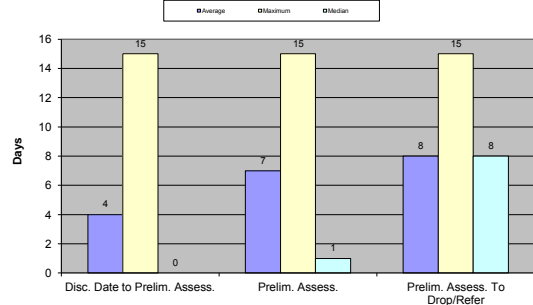
Referrals to AUC by Quarter of Referral Date and Masked Participant ID

| Participant | Q3-14 | Q4-14 | Q1-15 | Q2-15 |
|-------------|-------|-------|-------|-------|
| LS1 | | | | |
| LS2 | | | | |
| LS3 | 1 | 2 | 1 | 1 |
| LS4 | 1 | 1 | 2 | |
| LS5 | | | | |
| LS6 | 1 | 1 | 1 | |
| LS7 | | 1 | 1 | |
| LS8 | | | | |
| LS9 | | | | |
| LS10 | | | | |
| LS11 | 1 | | 1 | |
| LS12 | | | | |
| LS13 | | | | |

Referrals to AUC by Quarter of Referral Date and Category

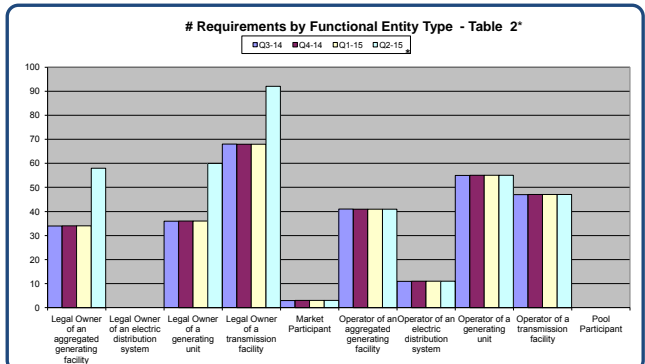
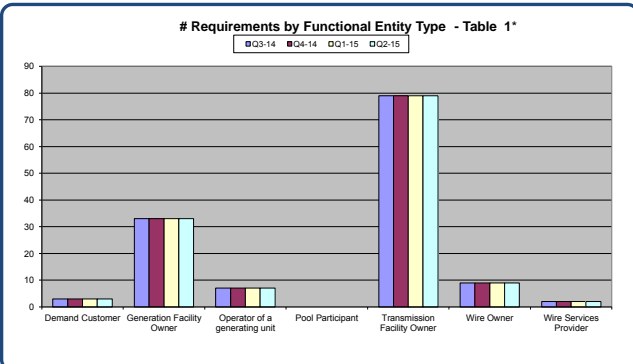
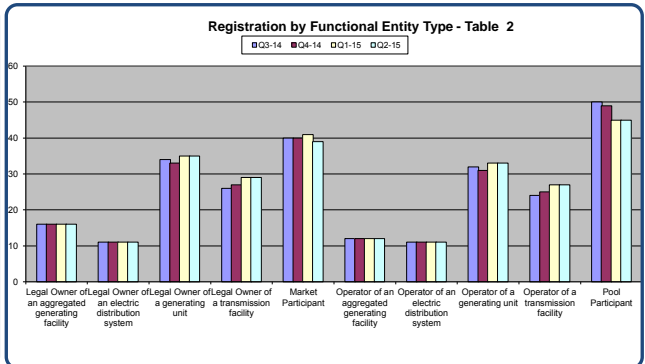
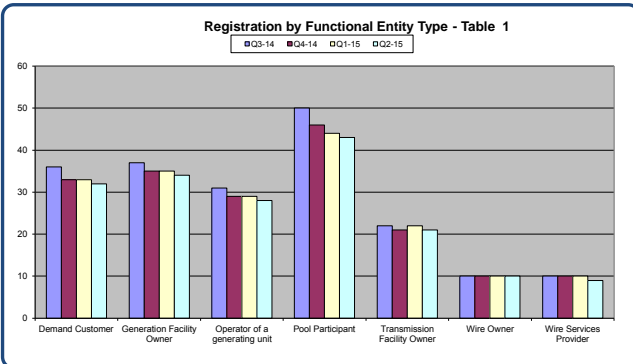
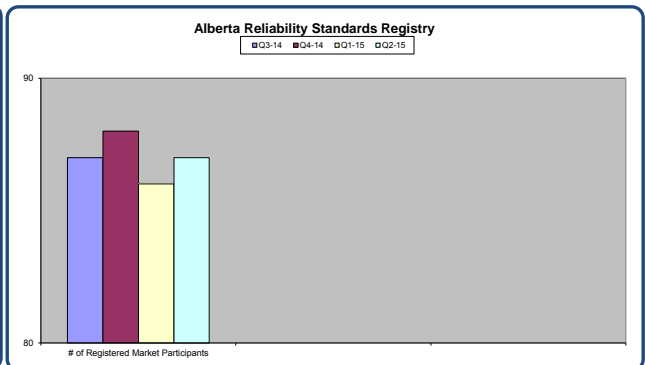
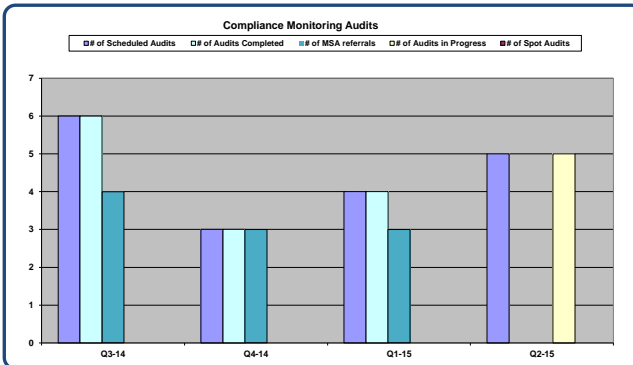
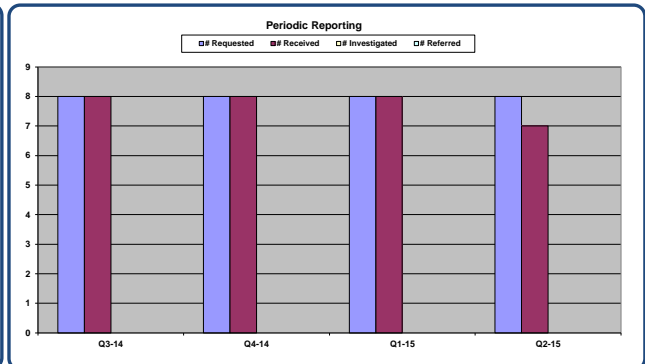
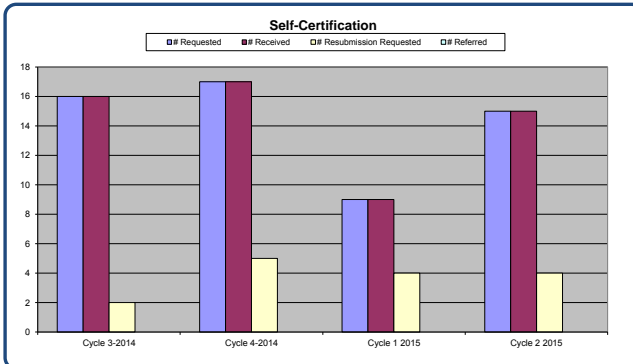
| Category | Q3-14 | Q4-14 | Q1-15 | Q2-15 |
|------------|-------|-------|-------|-------|
| Metering | | | 1 | |
| Microgen | | | | 1 |
| Other | | | | |
| Metrics | | | | |
| PFAM | 1 | 1 | | |
| Settlement | | | 1 | |
| | | | | |
| | | | | |
| | | | | |

Processing Time of Files Opened in Last Four Quarters



Compliance Quarterly Report - Alberta Reliability Standards Monitoring - Q2 2015

The following charts summarize the activities of the Alberta Reliability Standards Compliance Monitoring group for Q2/2015 and the distribution of events over the past four quarters. Please refer to the attached help documentation for details on interpreting the charts below. For any questions in regards to this report, please send an email to rscompliance@aeso.ca.



*Note: As the AESO may refer multiple items within a single referral to the MSA, the count of Referrals to MSA will not necessarily line up with the count of penalties issued by the MSA in any given period.

| Common Terminology | |
|---|--|
| Category | Each Compliance File has an associated Category which refers to the ISO rule, AUC Rule 021 topic or Reliability Standard which may have been contravened. In the case of multiple categories, a principle category is assigned to the File. |
| Clarification Request | An email request sent in the ISO Rules Compliance process seeking additional detail on the information submitted with an offer restatement. This is part of the ISO Rules Monitoring process. |
| Compliance File | A compliance file refers to one or more Flagged Events that have been logged for Preliminary Assessment, or where a suspected contravention has been identified through a Compliance Monitoring Audit in accordance with ISO Rule 103.12. Every Compliance File has a status of Open, Dropped or Referred. Each Compliance File is applicable to a single market participant and has an associated File Date and Category. |
| Compliance Monitoring Audit | As described in ISO Rule 103.12. The process of monitoring or review of a TFO's compliance with ISO Rule 9.1.5. |
| Compliance Monitoring Audit Report | A report described in ISO Rule 103.12.9 (4) which communicates the results of the Compliance Monitoring Audit to the TFO and provides support for any referral to the MSA. |
| Date of Discovery | For an internal or external referral , the date that the referral was received. For an event identified by Monitoring , the date on which the AESO discovers the event and logs it for Preliminary Assessment . |
| Date of Notification | The date that a TFO is notified of a Compliance Monitoring Audit of its transmission facility project and a request for information that facilitate commencement of the Compliance Monitoring Audit. |
| File | Synonym for Compliance File . |
| File Date | A unique date associated with a Compliance File . In the case of ISO rules compliance, this is the date of the event itself. In the case of AUC 021 monitoring, this is the Date of Discovery . |
| Files Closed in Period | Compliance Files whose status changed to either Dropped File or Referred File within the reporting period. Note that these may have file dates from earlier quarters. |
| Files Opened in Period | Compliance Files with a Date of Discovery falling within the reporting period. |
| Flagged Event | A collection of one or more submissions or actions carried out by a market participant that may form the basis of a compliance file. Flagged events can come from Monitoring , an Internal Referral or an External Referral or from Clarification Requests . |
| Information Request | As described in ISO Rule 103.12, an Information Request is a letter submitted to a market participant describing the particulars of a potential ISO rule, AUC 021 topic or Reliability Standard contravention and seeking the market participant's input on the event. |
| Masked Participant ID | A unique identifier associated with each market participant for tracking Referred Files for that participant but without revealing the particular participant. The Masked Participant ID will NOT be consistent from report to report. |
| Masked Transmission Facility Owner (TFO) | A unique identifier associated with each TFO for tracking Compliance Monitoring Audits for that participant but without revealing the TFO name. The Masked TFO ID will NOT be consistent from report to report. |
| Monitoring | Queries, reports and other tools run by Compliance on a regular basis to identify Flagged Events . |
| Other | A Category of Other applies to events which Compliance examined but did not prove to be associated with any potential rule contravention. |
| Other Events | Compliance monitoring activities, other than Compliance Monitoring Audit, in relation to ISO Rule 9.1.1 <i>Monthly Reporting</i> , ISO Rule 9.1.3.4 <i>Project Change Proposal</i> , and ISO Rule 9.1.3.6 <i>Final Cost Report</i> . |
| Preliminary Assessment | As described in ISO Rule 103.12. The process of carrying out a detailed examination of a potential ISO rule, AUC 021 topic or Reliability Standard contravention (which is separate from a Compliance Monitoring Audit). This starts with the opening of a Compliance File and culminates in a decision to: send an Information Request regarding the event to the relevant market participant; to conclude that the data does not support an assessment of non-compliance and to drop the event; or, potentially, to make a referral to the AUC or MSA. |
| Referrals in Period | Compliance Files which have been referred to the MSA/AUC (as appropriate) in the period. Note that these may have file dates from previous quarters. |
| TFO Records | Documents, correspondences and other records of information that support compliance with ISO Rule 9.1.5 |
| Warning Letter | In certain cases where a Preliminary Assessment has not been carried out or does not support an assessment of non-compliance, a letter may be sent to one or more participants which clarifies the obligations of a particular rule. |

| Table Specific Terminology | |
|--|--|
| Origin | A Compliance File has an origin which is an indication of how the Flagged Event was identified eg. Monitoring , SC Referral , OC Referral , etc. |
| CR | A File Origin of CR indicates that the event resulted from a Clarification Request . |
| External Referral | A File Origin of External Referral is a possible ISO rule, AUC 021 topic or Reliability Standard contravention identified by individuals outside the AESO and referred to compliance for a more detailed examination. |
| Internal Referral | A File Origin of Internal Referral is a possible ISO rule, AUC 021 topic or Reliability Standard contravention identified by other (non-compliance) personnel in the AESO in the course of their own work and referred to compliance for a more detailed examination. |
| Other | A File Origin of type Other refers to events which Compliance examined but which were brought to our attention through untypical means such as a question from a market participant or an AESO IT problem report. |
| Status | The current state of a Compliance File . Either Open File , Dropped File or Referred File . |
| Dropped File | The status of a Compliance File which is closed but is not a Referred File. A File may be closed for a variety of different reasons including: unreliable data, AESO IT system problems, Mitigating Factors as defined in ISO Rule 103.12 or an assessment that no rule has been contravened. A dropped file may have resulted in a Warning Letter being sent. |
| Open File | The status of a Compliance File which has been opened but which has not yet been Dropped or Referred to the MSA/AUC. |
| Referred File | The status of a Compliance File for which a referral regarding the file has been made to the AUC/MSA in accordance with ISO Rule 103.12. |
| Processing Time of Files Opened in the Last Four Quarters | An indication of the number of days taken to move a Compliance File through the various stages of the Compliance Process. |
| Disc. Date to Prelim. Assess | The number of days between the Date of Discovery for a Compliance File and the commencement of the Preliminary Assessment . |
| Prelim. Assess. | The number of days between the commencement of the Preliminary Assessment and its completion. |
| Prelim. Assess. To Drop/Refer | The number of days between the completion of a Preliminary Assessment and the decision to drop or refer the file to the MSA/AUC. This is only relevant for events where an Information Request was sent. |
| File Date to Drop/Refer | The number of days between the File Date and the change in status for the Compliance File to either Dropped File or Referred File . |
| Duration of ISO Rule 9.1 Compliance Audits | An indication of the number of weeks taken to move a Compliance Monitoring Audit through the various stages of the audit process. |
| Initiated | The number of weeks between the Date of Notification and the date that the AESO received the TFO Records . |
| Testing phase | The number of weeks between the receipt of the TFO Records and the date that the AESO provided a Draft Compliance Monitoring Audit Report to the TFO for review and comments. |
| Draft report phase | The number of weeks between the end of the Testing Phase and the receipt of TFO comments on the draft Compliance Monitoring Audit Report . |
| Report finalized | The number of weeks between the receipt of the Draft Compliance Monitoring Audit Report with TFO comments and the Compliance Monitoring Audit Report is finalized. |
| Audit completed | The number of weeks between the date of finalizing the Compliance Monitoring Audit Report and the date of referral to the MSA or closing the audit, in case of non-referral. |