

Compliance Quarterly Report

Q3 2016

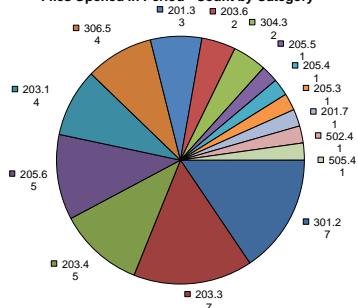
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Compliance Quarterly Report - ISO Rules - Q3 2016

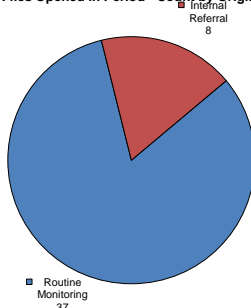
Updated: November 15, 2016

The following charts summarize the activities of the ISO Rules Compliance group in Q3 of 2016 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.

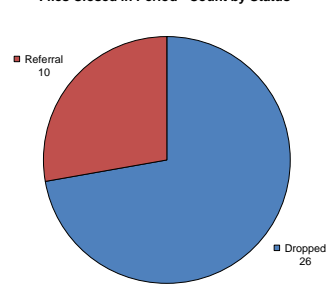
Files Opened in Period - Count by Category



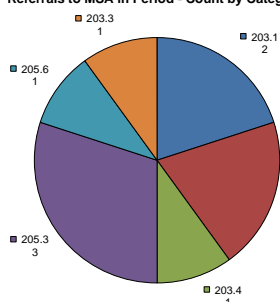
Files Opened in Period - Count by Origin



Files Closed in Period - Count by Status



Referrals to MSA in Period - Count by Category



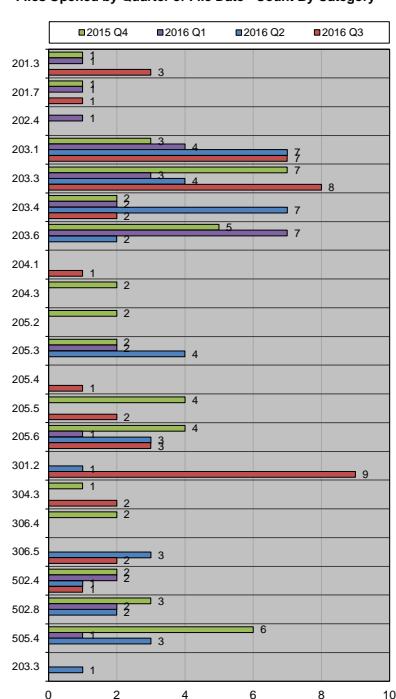
Commentary

There were 45 files opened this quarter and 36 files closed. Of the 36 files closed in the quarter, there were 10 referrals to the MSA of suspected contraventions. These referrals are distributed across 6 rules. Regarding the section 205.3 referrals we have observed multiple occurrences of participants dispatched for Ancillary Services while the generating unit was offline and unable to generate.

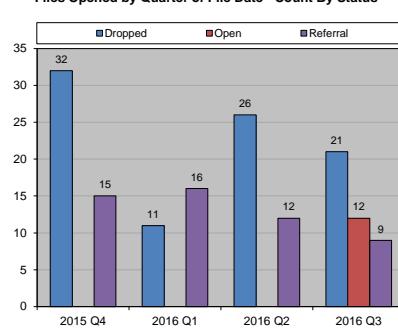
The 52 referrals to the MSA made over the past 4 quarters are distributed across 33 market participants and 16 ISO rules. Processing times are slightly down from the last quarterly report with a median of 81 days between the occurrence of the event and closure of the handling of the event.

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



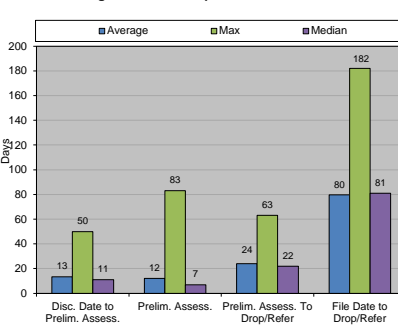
Files Opened by Quarter of File Date - Count By Status



Referrals to MSA by Quarter of File Date and Masked ID

Participant	2015 Q4	2016 Q1	2016 Q2	2016 Q3
P1			1	
P2	1			
P3				1
P4				1
P5			1	
P6	1			
P7		1		
P8		1		
P9	1			
P10			2	
P11		1		
P12				4
P13		2		
P14		2		
P15	1		1	
P16	1	1		
P17			1	
P18	1			
P19		1	2	1
P20	1			
P21				2
P22	1			
P23	1			
P24			2	
P25	1		1	
P26	1			
P27	1			
P28	1	4		
P29		1	1	
P30	1			
P31		1		
P32		1		
P33	1			

Processing Time of Files Opened in Last Four Quarters



Referral to MSA by Quarter of File Date and Category

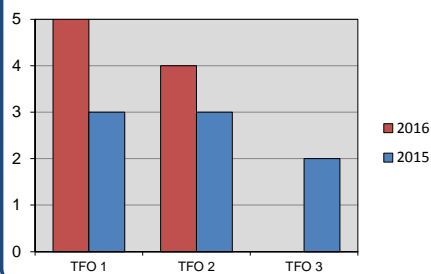
Category	2015 Q4	2016 Q1	2016 Q2	2016 Q3
201.3		1		2
201.7		1		1
203.1	1	1	2	1
203.3	5	3	3	
203.4		2	2	
203.6	3	6		
204.3	1			
205.2	1			
205.3		1	3	
205.6	1			3
304.3				2
306.4	1			
306.5			1	
502.8	1	1		
505.4	1			
203.3			1	

Compliance Quarterly Report - Sections 9.1 and 501.2 of the ISO Rules - Q3 2016

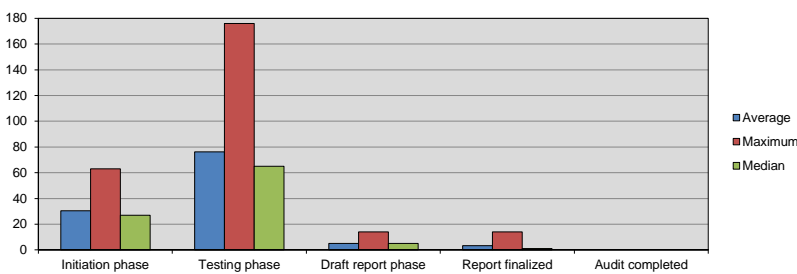
The following charts summarize the status of the 2016 and 2015 activities of ISO Rules Compliance group in relation to Sections 9.1 and 501.2 of the ISO Rules as of Q3 2016. For any questions regarding this report, please send an email to tpcompliance@aeso.ca (for Section 9.1) or securityrulecompliance@aeso.ca (for Section 501.2).

Section 9.1 of the ISO Rules

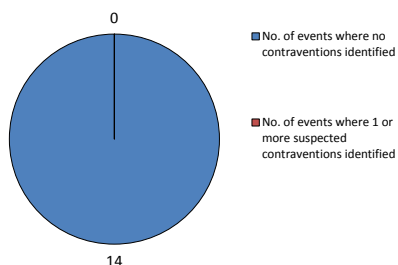
1. Distribution of 2016/2015 Audits - Count by Masked TFO



3. 2016/2015 ISO Rule 9.1 Completed Compliance Audits – Duration in days of each phase



2. 2016/2015 ISO Rule 9.1 Event Outcomes - Count by Category



Commentary

In 2016, there are 8 full audits planned for the year and as of the end of Q3 2016, 5 audits have been completed, 1 is in the draft report stage, and 2 audits are in the testing phase. In addition, 1 focused audit was completed in July 2016. In 2015, 7 full audits and 1 focused audit were completed. The distribution of full and focused audits across legal owners of transmission facilities ("TFO") is presented in Graph No. 1.

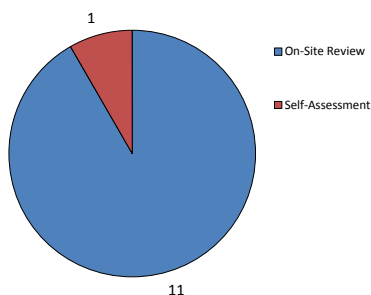
There are no other (non-audit) 9.1 events that needed investigation by the Compliance group in 2015 or 2016.

No referrals have been sent to the MSA resulting from the completed compliance monitoring audits of Section 9.1 thus far in 2016.

Graph No. 3 serves as an indication of the time it has taken to complete the various phases of each completed audit. In 2015, it took the AESO an average of 137 days to complete an audit. As of Q3 2016, it is taking the AESO an average of 83 days to complete the audits. This significant reduction in time is a result of internal efficiencies and smaller size projects being audited in 2016.

Section 501.2 of the ISO Rules

ISO Rule 501.2 - 2016 Planned Compliance Monitoring by Type



Commentary

In 2016, there were 11 planned On-Site Reviews of selected sites designated as Critical Facilities by the Alberta Security and Strategic Intelligence Support Team ("ASSIST"). As of Q3 2016, the AESO has completed its monitoring on 5 sites which have been subject to On-Site Reviews, carried out by the Energy Security Unit ("ESU") of the Justice and Solicitor General Branch of the Alberta Government in May and June 2016. The remaining 6 On-Site Reviews were initiated in July 2016. As of the date of this report, all of the site visits have been performed by ESU in September and October 2016 and the AESO is currently reviewing the results of these site visits.

Additionally, one Critical Facility was required to complete and submit the Section 501.2 Self-Assessment Template in 2016. Compliance initiated the Self-Assessment requirement during Q1 2016 and it was completed and submitted by the legal owner of the Critical Facility in May 2016.

In 2015, the AESO completed 8 On-Site Reviews and 5 Self-Assessments.

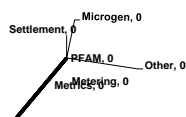
No referrals have been sent to the MSA resulting from the completed compliance monitoring of Section 501.2 thus far in 2016.

Compliance Quarterly Report - Load Settlement - Q3 2016

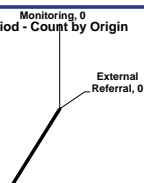
Update November 17, 2016

The following charts summarize the activities of the Load Settlement Compliance group over the four quarters ending September 2016. 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.

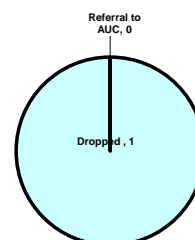
Files Opened in Period - Count by Category



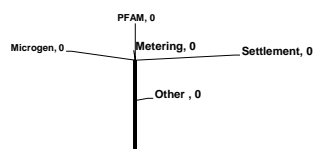
Files Opened in Period - Count by Origin



Files Closed in Period - Count by Status



Referrals to AUC in Period - Count by Category

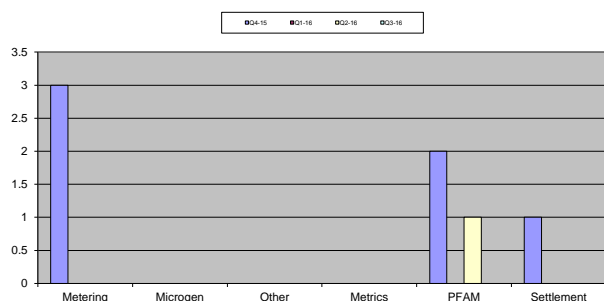


Additional Details

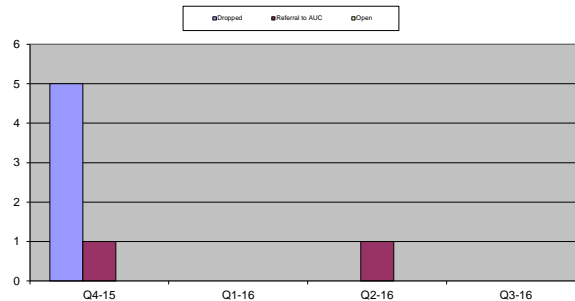
For the third quarter of 2016 we opened no new reports on market participants. One file that was previously opened was resolved.

We continuously monitor the market to ensure no new issues arise and continue to work with industry and the AUC to simplify and streamline Rule 021 to make it more effective for all involved.

Files Opened by Quarter - Count By Category



Files Opened by Quarter - Count by Status



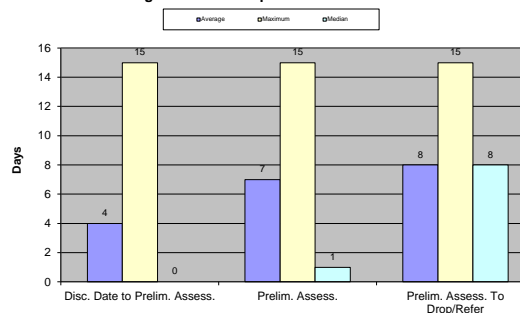
Referrals to AUC by Quarter of Referral Date and Masked Participant ID

Participant	Q4-15	Q1-16	Q2-16	Q3-16
LS1				
LS2				
LS3				
LS4				
LS5			1	
LS6				
LS7	1			
LS8				
LS9				
LS10				
LS11				
LS12				
LS13				

Referrals to AUC by Quarter of Referral Date and Category

Category	Q4-15	Q1-16	Q2-16	Q3-16
Metering	1			
Microgen				
Other				
Metrics				
PFAM				
Settlement				

Processing Time of Files Opened in Last Four Quarters

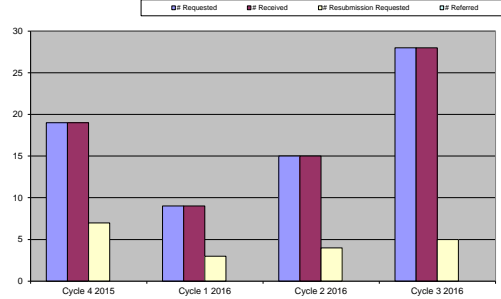


Compliance Quarterly Report - Alberta Reliability Standards Monitoring - Q3 2016

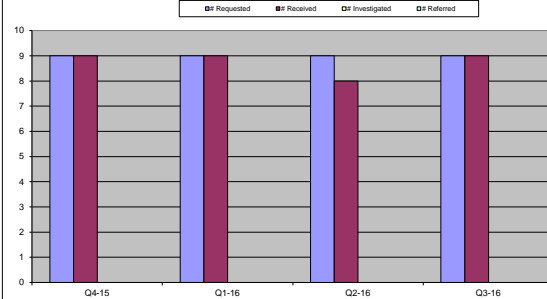
Updated: November 22, 2016

The following charts summarize the activities of the Alberta Reliability Standards Compliance Monitoring group for Q3-2016 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 this report, please send an email to rscompliance@aeso.ca.

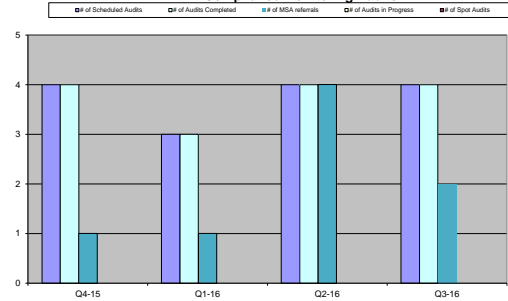
Self-Certification



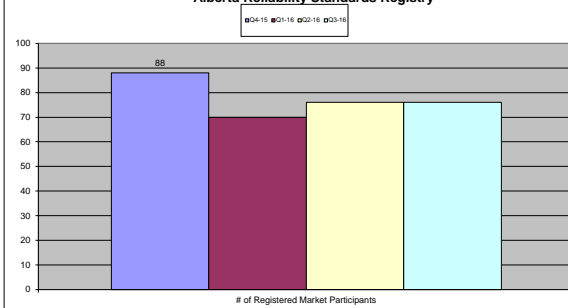
Periodic Reporting



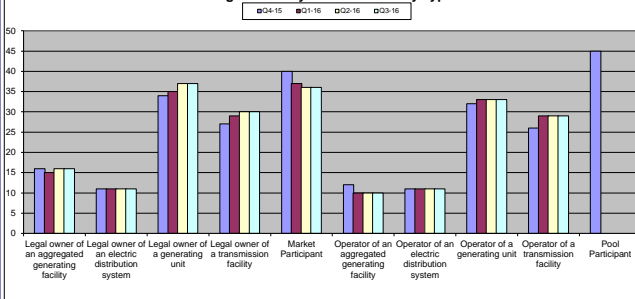
Compliance Monitoring Audits



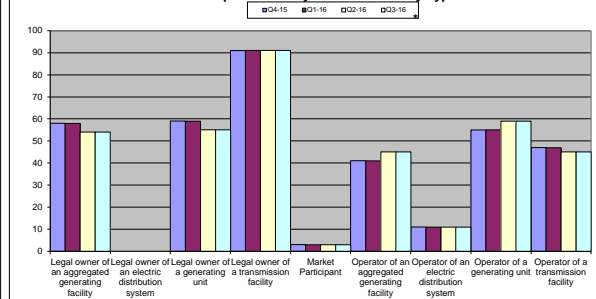
Alberta Reliability Standards Registry



Registration by Functional Entity Type



Requirements by Functional Entity Type



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 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.
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 .
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 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.
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.
Preliminary Assessment	As described in ISO rule 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.
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 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 12.

Processing Time of Files Opened in 2010	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 .