

March 14, 2019

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

Re: **Letter of Notice – Proposed Amended ISO Rule – Section 501.10, *Transmission Loss Factors* (“Section 501.10”) – Updated Clean and Blackline Versions**

On February 21, 2019, the AESO posted a Reply to Stakeholder Comments regarding the proposed amended Section 501.10. The AESO also posted clean and blackline versions of proposed amended Section 501.10.

For the reasons that follow, the AESO has determined that a clarifying amendment should be made to the clean and blackline versions of proposed amended Section 501.10 posted on February 21, 2019.

In its January 22, 2019 [Letter of Notice](#), the AESO proposed a revision to subsections 8(4) and 8(5) of Section 501.10 to allow the AESO to reduce net demand when balancing the system. The Letter of Notice clearly specified that the need for this amendment arises “when a self-supply site exists as net demand in an hour and also has undispached net supply offers in the merit order.” However, the amendment to subsections 8(4) and 8(5) of proposed amended Section 501.10 was not limited to locations where offers were submitted on a net supply basis. The revisions could unintentionally be interpreted as permitting net demand to be reduced at any location where the dispatch of a supply offer was required, whether that offer was submitted on a net supply or gross supply basis. The AESO considers that the following revised wording of subsection 8(4)(b)(ii) more clearly reflects the stated purpose of the provision:

- (ii) where net demand from the transmission system exists at a location where volume from a source asset would be increased in subsection 8(4)(b)(i) above and that source asset submits offers in the energy market on a net supply basis [revision underlined]

The AESO proposes similar revised wording for subsection 8(5)(a)(iii):

- (iii) where net demand from the transmission system exists at a location where volume from a source asset would be increased in subsection 8(5)(a)(ii) above and that source asset submits offers in the energy market on a net supply basis [revision underlined]

The AESO notes that no revision is required to subsection 8(5)(b)(iii) as that subsection applies only where metered energy to load was decreased in subsection 8(4)(b)(ii), which would already be limited by the proposed revision to that subsection.

Accordingly, the AESO is posting revised clean and blackline versions of the rule, which more accurately reflect the amendment that was consulted on. The blackline comparison shows the February 21, 2019 revisions in red text and the March 14, 2019 revisions in blue text. If you have any questions, please contact the undersigned.

Attachments:

The following documents are attached:

1. [Clean version of Section 501.10, Transmission Loss Factors](#)
2. [Blackline version of Section 501.10, Transmission Loss Factors](#)

If you have any questions, please contact the undersigned.

Sincerely,

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