

November 20, 2018

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

Re: **Letter of Notice for Draft of Proposed Amended ISO Rules:**

- (a) **Section 201.1, Pool Participant Registration**
- (b) **Section 201.4, Energy Market Submission Methods and Coordination**
- (c) **Section 201.7, Dispatches**
- (d) **Section 202.3, Issuing Dispatches for Equal Prices**
- (e) **Section 202.5, Supply Surplus**
- (f) **Section 202.6, Adequacy of Supply**
- (g) **Section 202.7, Markets Suspension or Limited Markets Operations**
- (h) **Section 203.1, Offers and Bids for Energy**
- (i) **Section 301.2, ISO Directives**
- (j) **Section 302.1, Real Time Transmission Constraint Management**
- (k) **Section 303.1, Load Shed Service**
- (l) **Section 304.2, Electric Motor Start Requirements**
- (m) **Section 304.8, Event Analysis**
- (n) **Section 305.3, Blackstart Restoration**
- (o) **Section 305.4, System Security**
- (p) **Section 306.3, Load Planned Outage Reporting**
- (q) **Section 306.4, Transmission Outage Reporting and Coordination**
- (r) **Section 306.5, Generating Outage Reporting and Coordination**
- (s) **Section 501.10, Transmission Loss Factors**
- (t) **Section 502.8, SCADA Technical and Operating Requirements**
- (u) **Section 502.9, Synchrophasor Measurement Unit Technical Requirements**
- (v) **Section 505.2, Performance Criteria for Refund of Generating Unit Owner's Contribution**
- (w) **Section 507.1, Open Access Requirements for Proposed Interties**
- (x) **AESO Consolidated Authoritative Documents Glossary**

collectively referred to as the “Category 2 Rules”.

Pursuant to Section 4 and Section 6.3 of Alberta Utilities Commission Rule 017: *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, the Alberta Electric System Operator (“AESO”) is providing notice and seeking feedback from the Market Surveillance Administrator, market participants, and other interested parties (“stakeholders”) on the proposed amended Category 2 Rules.

Applicability

The applicability is set out in each respective proposed amended Category 2 Rule.

Issue

The AESO has identified the Category 2 Rules in undertaking an extensive review of existing ISO rules to enable the establishment and operation of the capacity market. These are amendments to existing energy and ancillary services markets rules that are not essential to establish and operate the capacity market, but that are a priority for the following reasons:

- (a) align defined terms used in certain ISO rules with the recent amendments to applicable defined terms in the *Electric Utilities Act*;
- (b) correct technical deficiencies in certain ISO rules;
- (c) ensure AESO compliance with the *Electric Utilities Act* and certain other ISO rules;
- (d) revise ISO rule titles to differentiate between the capacity and energy markets;
- (e) remove requirements and definitions that are no longer needed;
- (f) make administrative amendments;
- (g) include solar assets in Section 505.2 of the ISO rules, *Performance Criteria for Refund of Generating Unit Owner's Contribution*;
- (h) include the submission of a ramp table in Section 203.1 of the ISO rules, *Offers and Bids for Energy*; and
- (i) include energy storage facilities in Section 502.8 of the ISO rules, *SCADA Technical and Operating Requirements*.

Background

The Category 2 Rules were initially included as part of the first set of rules required to implement the capacity market; however, the AESO has determined that the Category 2 Rules are not essential to establish and operate the capacity market. The AESO has advised the Alberta Utilities Commission of the AESO's plan to file the Category 2 Rules following the filing of the ISO rules essential to establish and operate the capacity market in Proceeding 23757.¹

Objectives/Purpose

The AESO is of the view that, for the purpose of achieving regulatory efficiency, all proposed amended Category 2 Rules should be filed with the Commission for approval as a 'package', rather than on a rule-by-rule application basis, so as to permit the proposed amendments to be reviewed comprehensively and become effective at the same time, following Commission approval. Accordingly, the AESO is conducting the stakeholder consultation for all Category 2 Rules as a 'package'.

The purpose of the proposed amendments to the Category 2 Rules is to address the issues stated above.

Consultation Completed to Date

Many of the proposed amendments to the Category 2 Rules were previously consulted on with the ISO rules essential to establish and operate the capacity market conducted by the AESO from July – Oct 2018, including:

- Publication of the Set 1 Draft Rules on August 3, 2018;
- Invitation for written comments on the Set 1 Draft Rules on August 13, 2018;
- In-person presentation on the Set 1 Draft Rules on August 15, 2018;
- Publication of the Set 2 Draft Rules on August 31, 2018;
- Invitation for written comments on the Set 2 Draft Rules on September 7, 2018; and
- In-person presentation on the Set 2 Draft Rules on September 7, 2018.²

Proposed Consultation and Timeline

To the extent that the proposed amendments to the Category 2 Rules were included in the consultation described above, the AESO is of the view that it has met the intention of sections 6.1 and 6.2 of AUC Rule 017 as a result of the consultation completed to date. Further, the AESO identified the proposed amendments to the Category 2 Rules while the capacity market rules were being developed and before

¹ Exhibit 23757-X0152.

² <https://www.aeso.ca/rules-standards-and-tariff/consultation/stakeholder-sessions-notice-of-consultation-on-iso-rules-for-the-implementation-of-the-capacity-market/>

the amendments to AUC Rule 017 became effective. Therefore, the AESO has already developed the amendments and only intends to seek written feedback from stakeholders on these amendments pursuant to section 6.3 of AUC Rule 017.

Stakeholder Comments

Stakeholders may submit written comments to the AESO using the *Stakeholder Comment Matrix – Draft Proposed ISO Rule*.

The AESO will only consider written comments in finalizing the draft proposed amended Category 2 Rules. Stakeholders should ensure that comments provided represent all interests within their organization. The scope of comments is limited to the draft proposed amended Category 2 Rules. The AESO will not consider any comments that are outside of this scope.

The AESO has posted, on the [AESO website](#), any data, analyses, or other material that the AESO considers to be relevant to the development of the proposed amended Category 2 Rules.

The deadline for stakeholders to provide comments is December 5, 2018, to rules_comments@aeso.ca. Adherence to deadlines is essential to the integrity of the comment process, and as such, the AESO may choose not to consider any stakeholder comments received after the deadline.

The AESO will publish all stakeholder comments, received by the deadline, and the AESO's responses on the AESO website by December 20, 2018.

If no comments are received by the AESO regarding the draft proposed amended ISO rules, the AESO will proceed to apply to the Commission for approval of the proposed amended Category 2 Rules pursuant to AUC Rule 017, Section 7.1.

Related Materials

1. [Link](#) to the Implementation of the Capacity Market page for the individual Stakeholder Comment Matrices – Draft Proposed Amended Category 2 Rules;
2. [Consolidated Blacklines for Proposed Amended Category 2 Rules and Definitions](#); and
3. [Consolidated Proposed Amended Category 2 Rules and Definitions](#).

Sincerely,

“Electronically signed by”

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Attachments