

September 28, 2017

To: Market Participants and Other Interested Parties

Re: **Letter of Notice – Proposed New ISO Rule Definitions Related to the Proposed Operating Reserve Rule Amendments:**

- a) “spinning reserve resource”;
  - b) “supplemental reserve resource”; and
  - c) “regulating reserve resource”
- (collectively, the “proposed new Operating Reserve definitions”)**

Pursuant to Section 2 of Alberta Utilities Commission (“AUC” or “Commission”) Rule 017, the Alberta Electric System Operator (“AESO”) is providing notice and seeking feedback from market participants and other interested parties on the proposed new Operating Reserve definitions.

Consistent with the AESO’s drafting principles for authoritative documents, the AESO has determined that it is appropriate for defined terms used in the ISO rules to go through the same notification and feedback process as the ISO rules themselves. The proposed new Operating Reserve definitions will be incorporated into the AESO’s [Consolidated Authoritative Document Glossary](#) (“CADG”).

## Background

The AESO is proposing amendments to the existing operating reserve rules in order to facilitate the participation of energy storage facilities in the Alberta operating reserve market, and to promote flexibility for the integration of new technologies in the future. Currently, certain technologies that may be physically capable of meeting the technical and performance requirements to provide operating reserve are precluded from participating in the operating reserve market under the existing operating reserve rules.

Pursuant to section 17(b) of the *Electric Utilities Act*, the AESO has a duty “to facilitate the operation of markets for electric energy in a manner that is fair and open and that gives all market participants wishing to participate in those markets and to exchange electric energy a reasonable opportunity to do so”. Under the minimum requirements of the existing operating reserve rules, generating units may provide regulating reserve, generating units or load may provide spinning reserve, and pool assets may provide supplemental reserve. In recognition that energy storage facilities may be capable of providing all three types of operating reserve as both a generating unit and a load, references to generating unit and load have been removed in the proposed amended Operating Reserve Rules and replaced with the technology neutral definitions for the resources within a pool asset to ensure that the products are open to any type of eligible technology.

As such, the proposed amended Operating Reserve Rules are intended to ensure that new technologies capable of meeting the AESO’s eligibility and performance requirements can participate in the Alberta operating reserve market.

On September 28, 2017, the AESO issued a [Letter of Notice](#) providing notice to and seeking feedback from market participants and other interested parties on the proposed amended Operating Reserve Rules. While developing the proposed amended Operating Reserve Rules it was determined that new ISO rule definitions were also required.

## Summary of the Proposed Definitions

The AESO proposes to incorporate the following new defined terms along with their related definitions into the AESO's CADG for use in the ISO rules:

- a) "spinning reserve resource";
- b) "supplemental reserve resource"; and
- c) "regulating reserve resource".

The proposed new Operating Reserve definitions are intended to ensure that any type of pool asset may be qualified by the AESO to provide operating reserve as long as the pool asset has one or more resources that satisfy the eligibility requirements within the proposed new Operating Reserve Rules. For example, this enables the inclusion of the charging, or load portion of a storage facility to be included in the determination of regulating reserve range.

Existing providers of operating reserve will not be impacted by the change as their pool assets continue to meet eligibility requirements and remain qualified to provide operating reserve.

## Request for Comments from Market Participants

Please use the attached Market Participant Comment Matrix when submitting comments to the AESO. Only written comments will be considered in finalizing the proposed new Operating Reserve definitions. Market participants should ensure that comments provided represent all interests within their organization. The scope of comments is limited to the proposed new Operating Reserve definitions. Any comments received that are outside of this scope will not be considered by the AESO.

Market participants are asked to provide comments no later than **October 13, 2017**, to [rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca). Adherence to deadlines is essential to the integrity of the ISO rules comment process. As such, any market participant comments received after October 13, 2017, may not be published, replied to, or otherwise considered by the AESO.

The AESO will publish all comments for industry review received in October 2017. The AESO expects to publish replies to the comments with the final proposed new Operating Reserve definitions in November 2017.

If no comments are received by the AESO regarding the proposed new Operating Reserve definitions, the AESO will proceed, pursuant to AUC Rule 017, to file the final proposed new Operating Reserve definitions with the Commission no sooner than three days after the deadline for comments as specified in this Letter of Notice.

In accordance with Section 20.4 of the *Electric Utilities Act*, market participants may object to ISO rules filed with the Commission within 10 days of the publication of the Notice of Filing.

## Attachments to Letter of Notice

In accordance with Section 4 of AUC Rule 017, the following document is attached to this Letter of Notice:

1. [Copy of the Market Participant Comment Matrix](#), which includes a clean version of the new Operating Reserve definitions.

Sincerely,

*"Maria Gray"*

Maria Gray  
Regulatory Services Team Lead  
Phone: 403-776-7517  
Email: [maria.gray@aeso.ca](mailto:maria.gray@aeso.ca)

Attachments