

October 22, 2018

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

Re: Letter of Notice – Proposed New and Amended ISO Rules and Terms and Definitions for the Implementation of the Capacity Market (“Capacity Market Rules and Definitions”)

Pursuant to Section 6 of Alberta Utilities Commission (“AUC” or “Commission”) Rule 017, 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 attached proposed Capacity Market Rules and Definitions.

Background

On July 17, 2018 the AESO posted a [Notice of Consultation on the ISO Rules for the Implementation of the Capacity Market](#). The AESO indicated that it planned to consult on the ISO rules in three sets, would post the draft ISO rules in each set to its website on a specified date, and would hold in person stakeholder sessions on each set.

Following the stakeholder session on each of the three sets, the AESO posted a comment matrix to its website and sought written feedback from stakeholders regarding each of the three sets of ISO rules. The AESO has now reviewed and considered the verbal and written feedback received from stakeholders on all three sets, and has posted revised versions of the ISO rules and related definitions (being the Capacity Market Rules and Definitions) to its website.

In preparing the Capacity Market Rules and Definitions, the AESO determined that certain ISO rules or ISO rule amendments that were previously posted for consultation are not essential to the establishment of the capacity market or are duplicative of content that the AESO expects to be included in the *Capacity Market Regulation*. These ISO rules and ISO rule amendments are not included in the Capacity Market Rules and Definitions.

A list of the ISO Rules is attached as Appendix 1. The AESO proposes to remove Section 306.7, *Mothball Outage Reporting* on the effective date of Section 201.15, *Delisting*.

Note that Section 206.9, Asset Substitution, will be posted on the AESO website before Friday, October 26, 2018.

Defined Terms

When reviewing the attached proposed Capacity Market Rules, stakeholders should note that all defined terms appear in **bold**. Market participants are encouraged to refer to the AESO’s [Consolidated Authoritative Documents Glossary](#) (“CADG”) when reviewing the proposed Capacity Market Rules to ensure they have an accurate understanding of those defined terms.

Request for Comments

Stakeholder comment matrices for the Capacity Market Rules and Definitions will be published by October 26, 2018. Only written comments will be considered in finalizing the proposed Capacity Market Rules and Definitions. Stakeholders should ensure that comments provided represent all interests within

their organization. The scope of comments is limited to the proposed Capacity Market Rules and Definitions. Any comments received that are outside of this scope will not be considered by the AESO.

Stakeholders are asked to provide comments no later than November 14, 2018. Adherence to deadlines is essential to the integrity of the ISO rules comment process. As such, any Stakeholder comments received after November 14, 2018, may not be published, replied to, or otherwise considered by the AESO.

The AESO will publish all comments received for industry review by November 21, 2018. The AESO expects to publish replies to the comments by November 29, 2018.

Attachments to Letter of Notice

In accordance with Section 6.3 of AUC Rule 017, the following documents are attached:

1. Appendix 1 – ISO Rules for the Implementation of the Capacity Market
2. Clean copies of the proposed new Capacity Market Rules and Definitions; and
3. Blackline and clean copies of the proposed amended Capacity Market Rules and Definitions associated with the energy market.

Yours truly,

Pauline McLean

Director, Legal & Regulatory Affairs & Associate General Counsel