

December 4, 2018

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

**Re: Letter of Notice for Development of a Proposed New ISO Rule – “Waivers and Variances Rule”**

Pursuant to Section 4 of Alberta Utilities Commission Rule 017: *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities 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 development of the proposed new Waivers and Variances Rule.

### **Issue**

The AESO is seeking to more effectively address requests for waivers and variances to the Division 502 ISO rules.

### **Objectives**

The AESO proposes to initiate consultation with Stakeholders with the intention of:

- (a) discussing and identifying which of the Division 502 ISO rules have appropriate subject matter for the application of waivers and variances;
- (b) reviewing and refining the grounds for requesting and the criteria for granting waivers and variances; and
- (c) determining whether to resolve the current challenges by:
  - (i) developing one umbrella ISO rule to address waivers and variances in the ISO rules identified in (b);
  - (ii) developing sufficiently robust waivers and variances language that would be consistently included in individual ISO rules; or
  - (iii) taking an approach that combines aspects of both (i) and (ii).

### **Background**

The AESO has authority under subsection 20(1)(j) of the *Electric Utilities Act* to make ISO rules respecting “the granting of exemptions from the rules, and setting out the process for obtaining an exemption”. At present, the AESO has included language in certain ISO rules, primarily in Division 502, to allow the AESO to approve of material variances in a project’s functional specifications. While this authority addresses a subset of requests for waivers and variances, not all projects have functional specifications and further, the AESO does not generally re-issue functional specifications after a project is energized.

The AESO has recently received a number of requests for waivers and variances that it was not able to consider because a variation to the functional specifications was not an option in the specific scenarios. A preliminary analysis by the AESO suggests that in many of these circumstances, the issue of functional specifications aside, it may have otherwise been appropriate to consider the technical merits of the request. The AESO is looking to review the matter of waivers and variances and, as appropriate, develop a more suitable process.

## Proposed Consultation and Timeline

The AESO proposes to host an in-person working group session in January 2019 to discuss the matters set out above. The AESO will determine further consultation steps pending the outcome of that session but anticipates such steps could include additional working group sessions, webinars, or written feedback on specific issues prior to issuing draft language for written consultation and comments pursuant to section 6.3 of Rule 017. The AESO is targeting the end Q1 2019 for completion of all consultation.

## Stakeholder Comments

Stakeholders may submit:

- (i) written comments;
- (ii) a notice of intent to participate in consultation; and
- (iii) comments on the form of consultation;

The AESO has posted, on the AESO website, the material that the AESO considers to be relevant to the development of the proposed new Waivers and Variances Rule.

Please use the *Stakeholder Comment Matrix – Development of Proposed ISO Rule* when submitting comments to the AESO. Stakeholders should ensure that comments provided represent all interests within their organization.

The deadline for Stakeholders to provide comments is December 19, 2018, to [rules\\_comments@aeso.ca](mailto: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, on the AESO website on December 20, 2018.

## Related Materials

1. [Stakeholder Comment Matrix – Development of Proposed ISO Rule](#) for the proposed new Waivers and Variances Rule;
2. [ID #2017-001, Requests for Information, Waivers or Variances Regarding Authoritative Documents](#); and
3. [Division 502 ISO rules](#).

Sincerely,

Alison Desmarais  
Regulatory Coordinator  
Legal & Regulatory Affairs  
[alison.desmarais@aeso.ca](mailto:alison.desmarais@aeso.ca)  
403-539-2866