

April 7, 2017

To: Market Participants and Other Interested Parties

Re: **Letter of Notice – Proposed New and Amended ISO Rules:**

- a) **Proposed Amended Section 202.5, *Supply Surplus*** (“amended Section 202.5”);
 - b) **Proposed Amended Section 202.6, *Adequacy of Supply*** (“amended Section 202.6”);
 - c) **Proposed Amended Section 304.3, *Wind and Solar Power Ramp Up Management*** (“amended Section 304.3”);
 - d) **Proposed New Section 304.9, *Wind and Solar Aggregated Generating Facility Forecasting*** (“new Section 304.9”);
 - e) **Proposed Amended Section 502.1, *Aggregated Generating Facilities Technical Requirements*** (“amended Section 502.1”);
 - f) **Proposed Amended Section 502.3, *Interconnected Electric System Protection Requirements*** (“amended Section 502.3”);
 - g) **Proposed Amended Section 502.8, *SCADA Technical and Operating Requirements*** (“amended Section 502.8”); and
 - h) **Proposed New Section 502.16, *Aggregated Generating Facilities Operating Requirements*** (“new Section 502.16”)
- (collectively, the “Wind, Solar, AGF and DER Rule Amendments”)

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 attached proposed Wind, Solar, AGF and DER Rule Amendments.

Background

As a result of the AESO’s Renewable Energy Program, approved by the Government of Alberta on November 3, 2016, the AESO anticipates that there will be an increased interest in the development of renewable energy projects in Alberta. In order to enable the integration of these projects onto the Alberta transmission and distribution systems, the AESO has developed the proposed Wind, Solar, AGF and DER Rule Amendments.

There are no existing ISO rules that set out technical or operating requirements for solar aggregated generating facilities. While developing these new requirements, it was determined that they should align with those of Section 502.5 of the ISO rules, *Generating Unit Technical Requirements* (“Section 502.5”) and Section 502.6 of the ISO rules, *Generating Unit Operating Requirements* (“Section 502.6”), which come into effect on November 21, 2017. Further, it was determined that the existing requirements for wind aggregated generating facilities should also be revised to align with these requirements.

Applicability

Existing wind facilities that are currently operational will be exempt from the proposed Wind, Solar, AGF and DER Rule Amendments, with the exception of proposed new Section 304.9 and proposed new Section 502.16, but will be required to continue to comply with the requirements that are currently applicable.

Proposed amended Section 502.1 and new Section 502.16 set out the technical and operating requirements for aggregated generating facilities connected to the transmission system. These technical and operating requirements are not applicable to distributed energy resources (“DERs”) at this time. However, some of the proposed Wind, Solar, AGF and DER Rule Amendments, including proposed amended Section 502.8, proposed amended Section 304.3 and proposed new Section 304.9, are applicable to both transmission and distribution connected wind and solar aggregated generating facilities equal to or greater than 5 MW. Sections 502.8 and 304.9 relate to the provision of information, such as Supervisory Control and Data Acquisition (“SCADA”) and forecasting data, to the AESO. Additionally, in order to ensure the reliability of the interconnected electric system, the ramp up management requirements of proposed amended Section 304.3 will apply to all facilities over 5 MW, including DERs.

All future facilities, including wind, solar, AGF and DERs projects that are currently in the AESO’s connection process but are not yet operational, will be required to comply with the Wind, Solar, AGF and DER Rule Amendments as of the effective date, even if the AESO has previously indicated otherwise in a functional specification or other documentation. In such cases, the AESO will be amending the functional specification or issuing an addendum to the functional specification to reflect that the Wind, Solar, AGF and DER Rule Amendments will apply to these facilities.

The ISO rules that set out technical and operating requirements for generating units (Sections 502.5 and 502.6), aggregated generating facilities (Sections 502.1 and 502.16) and battery energy storage facilities (Section 502.13 of the ISO rules, *Battery Energy Storage Facility Technical Requirements* and Section 502.14 of the ISO rules, *Battery Energy Storage Facility Operating Requirements*) are intended to apply to facilities in the City of Medicine Hat. For clarity, the applicability sections of the proposed Wind, Solar, AGF and DER Rule Amendments expressly include facilities in Medicine Hat. Amendments to incorporate similar wording into the technical and operating rules for generating units and battery energy storage facilities will be made at a future date.

Revisions to proposed amended Section 202.5 have been made to reflect a change in the timing for the start of a supply surplus event. Currently a supply surplus event starts when the in-merit supply consists only of multiple zero dollar (\$0) offers. Under proposed amended Section 202.5, a supply surplus event will start when the in merit supply consists of only inflexible blocks of zero dollar (\$0) offers. This revision has been made because the anticipated increase in renewable generation will likely result in more zero dollar (\$0) offers and the existing Section 202.5 may cause supply surplus events to be declared inappropriately.

Defined Terms

When reviewing the attached proposed Wind, Solar, AGF and DER Rule Amendments, market participants 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 Wind, Solar, AGF and DER Rule Amendments to ensure they have an accurate understanding of those defined terms.

On April 7, 2017, the AESO issued a [Letter of Notice](#) providing notice to and seeking feedback from market participants on the proposed Wind, Solar, AGF and DER Definition Amendments. The proposed Wind, Solar, AGF and DER Definition Amendments were developed in conjunction with the drafting of the proposed Wind, Solar, AGF and DER Rule Amendments, and are proposed for inclusion in the AESO’s CADG.

Request for Comments

Please use the attached Market Participant Comment Matrices when submitting comments to the AESO. Only written comments will be considered in finalizing the proposed Wind, Solar, AGF and DER Rule Amendments. Market participants should ensure that comments provided represent all interests within their organization. The scope of comments is limited to the proposed Wind, Solar, AGF and DER Rule Amendments. Any comments received by the AESO that are outside of this scope will not be considered.

Please provide market participant comments or questions no later than **May 5, 2017** to 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 May 5, 2017 may not be published, replied to, or otherwise considered by the AESO.

The AESO will be publishing all comments received in May 2017.

AESO Reply to Comments

In accordance with Section 8 of AUC Rule 017, the AESO is required to provide replies to comments received regarding the proposed Wind, Solar, AGF and DER Rule Amendments. The AESO expects to publish the replies in August 2017.

If no comments are received by the AESO regarding the proposed Wind, Solar, AGF and DER Rule Amendments, the AESO will proceed, pursuant to AUC Rule 017, to file the final proposed Wind, Solar, AGF and DER Rule Amendments 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 after publication of the Notice of Filing.

Attachments to Letter of Notice

In accordance with Section 4 of AUC Rule 017, the following documents are attached:

1. [Blackline](#) and [clean](#) copies of proposed amended Section 202.5;
2. [Copy of the Market Participant Comment Matrix for proposed amended Section 202.5](#);
3. [Blackline](#) and [clean](#) copies of proposed amended Section 202.6;
4. [Copy of the Market Participant Comment Matrix for proposed amended Section 202.6](#);
5. [Blackline](#) and [clean copies](#) of proposed amended Section 304.3;
6. [Copy of the Market Participant Comment Matrix for proposed amended Section 304.3](#);
7. [Clean copy of proposed new Section 304.9](#);
8. [Copy of the Market Participant Comment Matrix for proposed new Section 304.9](#);
9. [Blackline](#) and [clean](#) copies of proposed amended Section 502.1;
10. [Copy of the Market Participant Comment Matrix for proposed amended Section 502.1](#);
11. [Blackline](#) and [clean](#) copies of proposed amended Section 502.3;
12. [Copy of the Market Participant Comment Matrix for proposed amended Section 502.3](#).
13. [Blackline](#) and [clean](#) copies of proposed amended Section 502.8;
14. [Copy of the Market Participant Comment Matrix for proposed amended Section 502.8](#);
15. [Clean copy of proposed new Section 502.16](#); and

16. [Copy of the Market Participant Comment Matrix for proposed new Section 502.16.](#)

Sincerely,

"Original Signed By"

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Attachments