

July 11, 2019

To: Market Surveillance Administrator, Market Participants and Other Interested Parties
("Stakeholders")

Re: **Letter of Notice for Draft Proposed**

- 1) **New Section 103.14 of the ISO Rules, *Waivers and Variances* ("Section 103.14"); and**
- 2) **Amendments to the following existing ISO rules:**
 - a) **Section 304.3, *Wind and Solar Power Ramp Up Management* ("Section 304.3");**
 - b) **Section 304.9, *Wind and Solar Aggregated Generating Facility Forecasting* ("Section 304.9");**
 - c) **Section 502.1 *Wind Aggregated Generating Facilities Technical Requirements* ("Section 502.1");**
 - d) **Section 502.2 *Bulk Transmission Technical Requirements* ("Section 502.2");**
 - e) **Section 502.3 *Interconnected Electric System Protection Requirements* ("Section 502.3");**
 - f) **Section 502.5 *Generating Unit Technical Requirements* ("Section 502.5");**
 - g) **Section 502.6 *Generating Unit Operating Requirements* ("Section 502.6");**
 - h) **Section 502.8 *SCADA Technical and Operating Requirements* ("Section 502.8");**
 - i) **Section 502.9 *Synchrophasor Measurement Unit Technical Requirements* ("Section 502.9");**
 - j) **Section 502.13 *Battery Energy Storage Facility Technical Requirements* ("Section 502.13");**
 - k) **Section 502.15 *Reporting Facility Modelling Data* ("Section 502.15"); and**
 - l) **Section 502.16 *Aggregated Generating Facilities Operating Requirements* ("Section 502.16")**

("collectively referred to as "new and amended ISO rules")

Pursuant to 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 Stakeholders on the draft proposed new and amended ISO rules.

Applicability

The draft proposed new Section 103.14 is applicable to

- (a) an electricity market participant, including:
 - (i) a legal owner;
 - (ii) an operator; and
 - (iii) a pool participant; and
- (b) the AESO.

Issue

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.

Background and Objectives

Over the last year or so, the AESO has 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 scenario. 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.

In December 2018, the AESO began the development of an ISO rule to address the current deficiencies related to the ability to grant waivers and variances in order to develop a more suitable process. As part of that development, the AESO completed the following consultation:

1. Hosted a stakeholder session on February 4, 2019 to review current status of waivers and variances and seek feedback on proposed content of a new ISO rule;
2. Solicited written feedback on specific proposed material for an ISO rule March 28, 2019; and
3. Hosted a stakeholder session on June 20, 2019 to review the proposed draft of Section 103.14.

Stakeholder feedback has generally been supportive of the AESO’s proposed content for Section 103.14 which is essentially a consolidation of current AESO waivers and variances requirements with some additional elements related to the new technology and the process for the ISO to review requests. The main topics where a difference of opinion arose with certain stakeholders were:

1. There was a request that the scope of Section 103.14 be broader and potentially apply to all ISO rules.
2. The MSA suggested that the MSA must be consulted when the AESO assesses “material impacts on a fair, efficient, openly competitive market”.
3. Market participants would have preferred more strict timelines for the AESO to respond to a request but recognized the impracticality of a standardized timeline for all assessments.
4. The MSA requested 1 month to review written waiver or variance requests prior to an AESO decision.

As part of the written feedback requested on March 28, 2019, the AESO asked Stakeholders to state their preference for dealing with waivers and variances language in the existing ISO rules. Three options were presented, being a “do nothing” approach, amending the ISO rules over time as they are being amended for other purposes, or completing comprehensive amendments to the existing ISO rules as part of the development of Section 103.14. Stakeholders were overwhelmingly in favour of the latter option and, as such, the AESO will include in its application for approval of Section 103.14 proposed amendments to the Division 502 ISO rules, Section 304.3, and Section 304.9 that will remove any redundant or duplicative waivers and variances provisions. Those proposed amendments are included with this letter.

Stakeholder Comments

Stakeholders may submit written comments to the AESO on the draft proposed new and amended ISO rules using the *Stakeholder Comment Matrix – Draft Proposed ISO Rule*. The AESO will only consider written comments in finalizing the draft proposed new and amended ISO rules. Stakeholders should ensure that comments provided represent all interests within their organization. The scope of comments is limited to the draft proposed new and amended ISO 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 draft proposed new and amended ISO rules.

The deadline for Stakeholders to provide comments is **July 23, 2019** 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 on August 7, 2019.

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

Related Materials

1. [Stakeholder Comment Matrix – new and amended ISO rules](#);
2. [Copy](#) of the draft proposed new Section 103.14;
3. [Blackline](#) and [Clean](#) copies of draft amended Section 304.3;
4. [Blackline](#) and [Clean](#) copies of draft amended Section 304.9;
5. [Blackline](#) and [Clean](#) copies of draft amended Section 502.1;
6. [Blackline](#) and [Clean](#) copies of draft amended Section 502.2;
7. [Blackline](#) and [Clean](#) copies of draft amended Section 502.3;
8. [Blackline](#) and [Clean](#) copies of draft amended Section 502.5;
9. [Blackline](#) and [Clean](#) copies of draft amended Section 502.6;
10. [Blackline](#) and [Clean](#) copies of draft amended Section 502.8;
11. [Blackline](#) and [Clean](#) copies of draft amended Section 502.9;
12. [Blackline](#) and [Clean](#) copies of draft amended Section 502.13;
13. [Blackline](#) and [Clean](#) copies of draft amended Section 502.15; and
14. [Blackline](#) and [Clean](#) copies of draft amended Section 502.16.

Sincerely,

“Melissa Mitchell-Moisson”

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