

Proposed Amended Section 205.6, *Supplemental Reserve Technical Requirements and Performance Standards* (“amended Section 205.6”)

Date of Request for Comment: September 28, 2017
 Period of Comment: September 28, 2017 through October 13, 2017

ISO Rules	Market Participant Comments and/or Alternate Proposal	AESO Replies
<p>Amended</p> <p>The AESO is seeking comments from market participants with regard to the following matters:</p> <ol style="list-style-type: none"> 1. Do you agree or disagree with the proposed amended Section 205.6? If you disagree, please provide comments. 2. Are there any subsections where the language does not clearly articulate the requirement for either the AESO or a market participant? If yes, please indicate the subsections and suggest language that would improve the clarity. 	<p><u>Capital Power Corporation (“Capital Power”)</u></p> <p>Capital Power disagrees with the proposed amendments to Section 205.6. While Capital Power supports the overall intention of the proposed amendments, which it understands to be aimed at ensuring that participation in Alberta’s operating reserve market remains competitive and technology neutral, it is concerned that changes to the language used in Section 205.6 may have broader implications for market participants than described by the AESO in its September 28 Letter of Notice. Further information is required to understand the rationale for such changes and assess the impacts on market participants. Additional comments are provided below.</p> <p>Changes to Dispatch Performance Requirements</p> <p>Capital Power is concerned that proposed changes to the language used to describe dispatch performance requirements under new Section 205.6 subsection 5 [existing Section 205.6 subsection 6(1)] may alter the financial liability of market participants providing supplemental reserves in the event the prescribed requirements are not met. The existing Section 205.6 subsection 6(1) states that “[a] pool participant will not be paid for supplemental reserve unless the pool participant ensures” that it meets the requirements. The new Section 205.6 subsection 5 states that a market participant “must ensure” that it meets the requirements listed in subsections 5(1) and 5(2). It also retains the language [see 5(3)] that “[a] pool participant will not be paid for supplemental reserve unless the pool participant ensures” that it meet the requirements set out in subsections 5(1) and 5(2).</p> <ol style="list-style-type: none"> 1. Based on this change in language, it is unclear to Capital Power whether under the new Section 205.6, market participants not 	<ol style="list-style-type: none"> 1. The AESO confirms that the proposed changes to subsection 5 of amended Section 205.6 do not alter current practices. As it

	<p>meeting the requirements would simply not be paid (as exists today) or whether additional specified penalties would be assessed on top of payment forfeiture. The proposed change in language may alter the risk profile and compliance plans for market participants providing supplemental reserves. Please clarify the intent of this change and the AESO's rationale.</p> <p><u>ENMAX Energy Corporation ("ENMAX")</u></p> <p>2. <u>Section 6(1):</u></p> <p>"A pool participant must, within ten (10) minutes following receipt of a directive to provide supplemental reserve, ensure that its pool asset is providing a quantity of real power equal to the instantaneous amount of real power of the pool asset at the time of the directive and the amount of real power set out in the directive."</p> <p><u>Comment:</u></p> <p>This rule as written is unclear when considering facilities that provide multiple ancillary services simultaneously (i.e., Regulating reserve and Supplemental reserve). It would be helpful to rephrase this section to note that the Supplemental dispatch should be added to the Energy dispatch rather than to where ever the asset is based upon its current regulating setpoint. As such, we would suggest this rule be revised to read as follows:</p> <p>"A pool participant must, within ten (10) minutes following receipt of a directive to provide supplemental reserve, ensure that its pool asset is providing a quantity of real power equal to their current energy dispatch plus the amount of real power set out in the directive within the documented MW tolerances. Any regulating reserve services offered at the time of a directive would be provided in addition to the energy dispatch plus the stated directive."</p> <p>3. <u>Section 6(3)(a) and (b):</u></p> <p>"(3) A pool participant must ensure that, for each consecutive ten (10) minute interval beginning fifteen (15) minutes following the</p>	<p>exists today, the AESO will not pay pool participants for supplemental reserve in the event that they do not meet the requirements of subsections 5(1) or 5(2), in accordance with subsection 5(3).</p> <p>2. The AESO notes that the requirements of subsection 7(1) of existing Section 205.6 have not changed. Section 5.2 of Information Document #2013-007R, <i>Contingency Reserve</i> provides additional clarity on how to meet directive performance requirements when a pool asset is simultaneously providing regulating reserve and contingency reserve, and is subject to a directive for contingency reserve.</p> <p>3. The AESO has revised subsections 5(1) and 6(3) in amended Section 205.6, as well as subsection 5(7) in amended Section 205.4 of the ISO rules, <i>Regulating Reserve Technical Requirements and Performance Standards</i> and subsections 5(1)</p>
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	<p>receipt of a directive, the average response from the pool asset equals the amount of real power set out in the directive within a tolerance of:</p> <ul style="list-style-type: none">(a) 5 MW for a pool asset with a maximum capability of 200 MW or less; or(b) 10 MW for a pool asset with a maximum capability of greater than 200 MW.” <p><u>Comment:</u></p> <p>Where tolerance is listed as 5 MW and 10 MW, it is unclear whether these values are +/- 5 and 10 MW or +/- 2.5 and 5 MW. It would be helpful if the AESO could clarify this in the final rule.</p> <p><u>Energy Storage Canada (“ESC”)</u></p> <p>4. Energy Storage Canada (ESC) is the industry association representing a broad range of companies engaged in the energy industry across Canada. We are the only trade association in Canada solely focused on advancing the dynamic role of energy storage and building the market for the energy storage business.</p> <p>ESC acknowledges the AESO’s Letter of Notice (dated September 28th, 2017) regarding the proposed amendments to the existing operating reserve rules and that the proposed amendments:</p> <ul style="list-style-type: none">1. facilitate the participation of energy storage facilities in the Alberta operating reserve market, and2. promote flexibility for the integration of new technologies in the future. <p>ESC appreciates that the AESO has removed references to generating unit and load in the proposed amendments to the Operating Reserve Rules and replaced those references with technology neutral definitions in recognition that energy storage facilities are capable of providing all three types of Operating Reserve. However, ESC notes that energy storage covers a broad range of technologies and that energy storage facilities can provide</p>	<p>and 10(3) of amended Section 205.5 of the ISO rules, <i>Spinning Reserve Technical Requirements and Performance Standards</i> to provide clarity on tolerance values. The intent has not changed from existing the existing rules.</p> <p>4. As new technologies enter Alberta’s market, the AESO will continue to monitor new and emerging technologies, engage with stakeholders and evaluate changes ISO rules, as necessary.</p>
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	<p>Operating Reserve resources when in charge and discharge modes. Unfortunately, it appears to ESC that some of the technical requirements of the Operating Reserve Resources are still largely based on traditional generation technologies. Therefore, ESC recommends that the AESO facilitate further discussion of the technical requirements contained in these rules in order to determine if they need to be further modified to accommodate the charge side of energy storage assets.</p> <p>Energy Storage Canada will remain engaged with the AESO and we look forward to continuing this dialogue going forward to ensure an Operating Reserve market that is accessible to all market participants, including energy storage.</p> <p><u>Powerex Corp. (“Powerex”)</u></p> <p>5. Section 4(1)(d): ISO Qualifying Qualification of a Pool Asset to Provide Supplemental Reserve:</p> <p>Powerex notes the subjective nature of the qualification criteria 4(1)(d): “any other factor that the ISO considers relevant.” In general, Powerex believes rules should be clear and largely prescriptive. Powerex therefore suggests that this qualification be removed and that AESO be more prescriptive if they believe there may be other relevant factors in the qualification of a pool asset to provide supplemental reserve. The AESO can always amend the Rule at a future date if relevant qualification factors are identified.</p> <p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>6. TransAlta would like to better understand generally how the AESO will determine the tolerances that it will prescribe for pool assets that do not have a maximum capability as described in 6(4).</p>	<p>5. Subsection 4(2)(d) was added to the rules to allow the AESO to consider different qualification criteria that may be applicable to future technologies.</p> <p>6. When a pool asset does not have a maximum capability, as defined in the AESO’s <i>Consolidated Authoritative Document Glossary</i>, the tolerances in subsection 6(3) of amended Section 205.6 will be based on a pool asset’s “maximum qualified facility capacity”. Maximum qualified facility capacity is the real power quantity of supplemental reserve that the pool asset is qualified to provide by the AESO under subsection 4(2) of amended Section 205.6. The AESO will explain this in the</p>
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	<p><u>TransCanada Energy Ltd. (“TCE”)</u></p> <p>7. In its September 28, 2017 Letter of Notice, the AESO stated that “[e]xisting providers of operating reserve will not be impacted by the amendments described above as their pool assets continue to meet the eligibility and performance requirements, and remain qualified to provide operating reserve.”</p> <p>After reviewing the proposed changes TCE is not aware of any provisions that grandfather existing providers of operating reserves. Has the AESO reviewed the capabilities of the existing providers to confirm that each facility will not be impacted? If not, please provide the necessary assurances within the proposed rule that is consistent with the AESO’s statement that these facilities will remain qualified.</p>	<p>associated Information Document</p> <p>7. The AESO reiterates that the intent of the technical standards and performance requirements for providing supplemental reserve have not changed from existing Section 205.6.</p> <p>Existing providers will not be required to re-qualify their pool assets to participate in the operating reserve market. The AESO encourages existing providers to ensure that they meet all applicable rule requirements when choosing to participate in the operating reserve market. The AESO will continue to monitor performance of pool assets that provide operating reserve.</p>
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