

July 25, 2018

To: The Alberta Utilities Commission (“AUC” or “Commission”)

Re: Notice of Filing – Amended Section 103.6 of the ISO Rules, *ISO Fees and Charges* (“Section 103.6”)

The Alberta Electric System Operator (“AESO”) is filing the proposed amended Section 103.6 pursuant to Section 20.2(1) of the *Electric Utilities Act* (“EUA”) and sections 11 through 13 of AUC Rule 017. The AESO is authorized to make ISO rules in accordance with sections 19 and 20 of the EUA.

Background

The AESO recovers the costs of operating the real-time energy market through an energy market trading charge on all MWh traded. The energy market trading charge recovers regulatory process costs, general and administrative costs, interest, amortization of intangible assets and depreciation of property plant and equipment, as well as the AUC administration fee and the operating costs for the Market Surveillance Administrator.

All costs are established through the AESO’s annual Business Plan and Budget Process. As a part of the AESO’s development of its Business Plan and Budget, the AESO undertakes a consultation process with stakeholders referred to as the Budget Review Process (“BRP”) which allows stakeholders the opportunity to provide input into the AESO’s proposed Business Plan and Budget for the upcoming year.

Most years the BRP occurs in the last half of the year with the Business Plan and Budget AESO Board approval occurring at the end of the same year, aligning with the requirements in the current Section 103.6 to set the trading charge at the end of the year for the subsequent calendar year.

Proposed amended Section 103.6 allows the AESO flexibility to amend the energy market trading charge during the year, outside of the Business Plan and Budget Process and BRP, if applicable. The proposed amendment will be beneficial to the AESO and market participants as it will allow for the recovery of costs through the energy market trading charge to better align with timing of the expenditures, rather than deferring the reconciliation to the following year. Shortfalls or surpluses will be dealt with in the current year. For example if the BRP or a BRP amendment occurs outside of the regular annual timing, the energy market trading charge will be updated to reflect the change to the costs.

Summary of AESO Consultation

On March 8, 2018, the AESO posted a Letter of Notice on its website requesting written comments from market participants and other interested parties with respect to the proposed amended Section 103.6, and notified market participants in the AESO Stakeholder Newsletter.

On March 26, 2018, the AESO posted the written comments received from market participants and other interested parties, in response to the Letter of Notice, on its website and notified market participants in the AESO Stakeholder Newsletter. Please see the [Market Participant Comments on Letter of Notice](#) for a summary of comments received.

On July 10, 2018, the AESO posted its replies to market participant comments, including the final proposed amended Section 103.6, on its website and notified market participants in the AESO Stakeholder Newsletter. Please see the [AESO Reply to Market Participant Comments](#) Letter for a summary of replies to written

comments received, including the rationale or basis for the position of the AESO that explains why certain positions were rejected or accepted.

Proposed Effective Date

In accordance with Section 20.3 of the EUA, if no objection is filed, the proposed amended Section 103.6 will become effective on September 3, 2018.

The AESO submits that the proposed amended 103.6 complies with AUC Rule 017 and further submits that the final amended Section 103.6 is not technically deficient, supports the fair, efficient and openly competitive operation of the market, and is in the public interest.

Attachments to Notice of Filing

In accordance with Section 13 of AUC Rule 017, the following documents are attached to this Notice of Filing:

1. March 8, 2018 Letter of Notice;
2. March 26, 2018 Market Participant Comments on Letter of Notice;
3. July 10, 2018 AESO Reply to Market Participant Comments; and
4. Blackline and clean copy of proposed amended Section 103.6.

If you have any questions, please contact the undersigned.

Sincerely,

"Maria Gray"

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Attachments