

Operating Reserve Contractual Monitoring Program

The AESO has a number of legislated duties and obligations under the Electric Utilities Act (“EUA”). Included in these is to “manage and recover the costs for the provision of ancillary services” (see. S. 17 (f)). When a participant is approved to provide Operating Reserve to the market, they enter into the Ancillary Services Exchange Customer Agreement managed by Watt-Ex (AS Agreement). Through this agreement the AESO is required to monitor for the successful performance of the Ancillary Service Contract, of which the performance requirements that a participant is held to are specified within Division 205, *Ancillary Services Market*, of the ISO rules.

Contractual assessment is carried out semi-automatically via the AESO’s Ancillary Services Procurement (ASP) application. ASP is a large web based application that tracks contracts, performance and financial settlement of ancillary services providers. At the end of each month, every hour of every Operating Reserve contract is analyzed to determine whether it was successfully performed as defined within the AS Agreement. If the performance requirements are not met, a claw-back of payments will be issued by the Watt-Ex and will be shown on the appropriate invoice.

For information regarding the compliance monitoring of the ISO rules (which includes Operating Reserve) see <https://www.aeso.ca/rules-standards-and-tariff/compliance/iso-rules-compliance/> on the AESO website for more details.