

January 5, 2021

To: Market Surveillance Administrator, Market Participants and Other Interested Parties

Re: **Letter of Notice for Development of Proposed Amendments to Section 202.6 of the ISO rules, Adequacy of Supply**

Pursuant to Section 4 of 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 the Market Surveillance Administrator, market participants, and other interested parties (“Stakeholders”) on the development of proposed amendments to Section 202.6 of the ISO rules, *Adequacy of Supply* (“Section 202.6”).

Background

Pursuant to section 17(k) of the *Electric Utilities Act*, the AESO has a duty to “collect, store and disseminate information relating to the current and future electricity needs of Alberta and the capacity of the interconnected electric system to meet those needs, and make that information available to the public.” Further, section 8(a) of the *Transmission Regulation* mandates that the AESO, in forecasting Alberta’s transmission needs, must “anticipate future demand for electricity, generation capability and appropriate reserves required to meet the forecast load so that transmission facilities can be planned to be available in a timely manner to accommodate the forecast load and new generation capability”.

Section 202.6 applies to the AESO, and describes: (i) the means for the AESO to monitor and report on the adequacy of the Alberta wholesale electricity market; (ii) the manner in which the AESO is to assess the adequacy of supply (both short term and long term supply); and (iii) the detailed calculations for these assessments.

Issue

The AESO has determined that Section 202.6 needs to be revised to reconsider certain inputs in adequacy assessments, including removing the exclusion of wind and solar from the adequacy assessment in subsection 4(2)(b)(v).

In alignment with the AESO’s current red tape reduction initiative, the AESO has also taken this opportunity to identify other amendments to Section 202.6 to eliminate unnecessary, irrelevant, or duplicative requirements. The proposed amendments to Section 202.6 would result in a reduction of 802 regulatory requirements, as defined by the Government of Alberta, and represents more than a 2.5% reduction of the AESO’s overall red tape count.

Objectives

In the AESO’s view, Section 202.6 can be amended to remove several requirements and detailed calculations without affecting the AESO’s overarching legislative duty to direct the safe, reliable, and economic operation of the interconnected electric system, and without affecting the overall objectives or the technical sufficiency of Section 202.6. The proposed amendments include:

- removing the detailed calculations for short-term and long-term adequacy assessments in subsections 2, 3, and 4;
- removing the requirements related to the procurement of and cost recovery for long-term adequacy threshold actions in subsections 7 and 8; and
- administrative amendments to improve the wording of Section 202.6.

For further details on the foregoing, please refer to the appended *Proposed Section 202.6 Amendments and Rationales* document.

Proposed Consultation and Timeline

The AESO proposes Stakeholder consultation by way of a written process, as follows:

- 1) January 5, 2021 – the AESO to post this letter of notice and attached documents for Stakeholders' written comment;
- 2) January 22, 2021 – the AESO to provide approximately 2 and a half weeks for Stakeholders to submit written comments on drafts of the AESO's proposed amendments to Section 202.6;
- 3) February 2021 – the AESO to post a proposed final draft of proposed amendments to Section 202.6 for comment;
- 4) February 2021 – the AESO to post all written comments from Stakeholders and to provide the AESO's written responses to Stakeholder comments; and
- 5) February/March 2021 – the AESO to submit an application to the Alberta Utilities Commission for approval of proposed amendments to Section 202.6

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 proposed amendments to Section 202.6.

Stakeholder Comments

Stakeholders may submit written comments in response to this letter of notice and on the form of consultation. Please use the *Stakeholder Comment Matrix – Development of Proposed ISO Rule* when submitting comments to the AESO. Stakeholders should ensure that comments provided represent all interests within their organization.

The deadline for Stakeholders to provide comments is January 22, 2021, 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, on the AESO website prior to posting the AESO's final proposed amendments to Section 202.6 for written consultation.

Related Materials

1. [Stakeholder Comment Matrix – Development of Proposed Amendments to Section 202.6 of the ISO Rules, Adequacy of Supply](#), and
2. [Proposed Section 202.6 Amendments and Rationales matrix document](#)

Sincerely,

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