Draft Proposed New and Amended ISO Rules and AESO Consolidated Authoritative Document Glossary ("CADG") Terms and Definitions collectively referred to as the "TCM Updates"

Period of Comment: January 29, 2021 through February 16, 2021	**Contact:** Mark Thompson
Comments From: TransCanada Energy Ltd. (TCE)	**Phone:** 403-589-7193
Date [yyyy/mm/dd]: 2021/02/16	**Email:** markj_thompson@tcenergy.com

Instructions:

1. **Please fill out the section above as indicated.**
2. **Please refer back to the *Letter of Notice of a Proposed ISO Rule* under the "Attachments" section to view related materials for the TCM Updates.**
3. **Please respond to the questions below and provide your specific comments, proposed revisions, and reasons for your position underneath (if any). Blank boxes will be interpreted as favourable comments.**
4. **Please be advised that general comments do not give the AESO any specific issue to consider and address, and results in a general response.**

Item #		Stakeholder comments
1	Whether you understand and agree with the objective or purpose of the proposed TCM Updates and whether, in your view, the proposed TCM Updates meets the objective or purpose, and if not, why.	**Section 202.7, Markets Suspension or Limited Markets Operations (ISO Rule 202.7)** TCE agrees that the majority of the proposed changes are administrative in nature. However, the following two proposed changes are not administrative and raise concerns: 1. In subsections 3 and 9, the AESO proposes to make the current requirement to provide an estimate of the return to ordinary course market operations optional, which is not an administrative change. TCE understands the AESO's reluctance to provide information that may not be accurate. This is the nature of estimates and is well understood by market participants. TCE notes that the current requirement does not prevent the AESO from providing a caveat alongside its estimate. TCE submits that some information is better than no information. Consequently, TCE does not support making the current requirement optional, but does support the amendment to subsections 3(3) and 9(3) that allows the AESO to provide market participants with an updated estimate of the return to

Alberta Electric System Operator
Calgary Place, 2500, 330-5th Avenue SW Calgary, AB T2P 0L4
Phone: 403-539-2450 | Fax: 403-539-2949
www.aeso.ca
@theaeso

Item #		Stakeholder comments
		ordinary course market operations. 2. The AESO proposes to remove subsections 5(2) and 11(2), which specify that the system marginal price during a state of limited market operations or market suspension will be $1,000/MWh if the AESO has directed the legal owner of an electric distribution system to shed firm load. The AESO has not specified why it wishes to remove these subsections. TCE speculates that the AESO may believe these subsections to be redundant with the provisions of subsection 3(1) of ISO Rule Section 201.6, Pricing (ISO Rule 201.6). TCE submits that these subsections are required as they provide the necessary clarity as to what the system marginal price will be in the specific circumstance when firm load is shed <u>and</u> there is a state of limited market operations or market suspension. By the principles of statutory interpretation, the removal of subsections 5(2) and 11(2) would express the intent to change the current practice in favour of one that sets the system marginal price pursuant to the current subsections 5(1) or 11(1), as the case may be, during a state of limited market operations or market suspension even if firm load is being shed. As such, the proposed change is not administrative and raises FEOC concerns. For these reasons, TCE does not support the removal of subsections 5(2) and 11(2). Alternatively, if the AESO still wishes to remove these subsections, it could do so provided the necessary clarity was added to subsection 3(1) of ISO Rule 201.6. That is, that under all circumstances when the AESO has directed the legal owner of an electric distribution system to shed firm load, including during a state of limited market operations or market suspension, the system marginal price will be $1,000/MWh. **<u>Section 302.1, Real Time Transmission Market Constraint Management (TCM Rule)</u>** TCE agrees that the proposed changes to this rule provide clarity and are administrative in nature. **<u>AESO CADG Definition – "acceptable operational reason" (AOR)</u>** While TCE supports the clarifications proposed for the TCM Rule and the need to account for transmission or distribution outages that impact generation facilities, TCE does not

Item #		Stakeholder comments
		support the manner by which the AESO proposes to implement this clarification as it relates to the proposed additions to the AOR definition. For the reasons expressed below, TCE submits that the proposed additions to the AOR definition are not administrative in nature; and are inconsistent with the FEOC operation of the market. The AESO has proposed two additions to the AOR definition that would now require a generator to reposition the available capability (AC) of a generating unit due to constraints on the distribution system or a transmission outage that disconnects it from the transmission system. As this proposed change would impose a new requirement on generators, TCE submits that this is not an administrative change. Moreover, this proposed change is inconsistent with the AESO's own AC definition. The AESO defines AC as "… the maximum MW that the source asset is physically capable of providing". A source asset's physical capability is independent from distribution constraints and transmission outages. These constraints and outages impact the ability of the transmission system to <u>receive</u> MWs from a generator, not the ability of the generator to <u>provide</u> MWs. With respect, the AOR definition is intended to account for issues that impact the capability of the generator, not the transmission system. The proposed change also raises some FEOC concerns. ISO Rule 505.2 sets out the performance criteria for refunding a generating unit owner's contribution. The refund is based on the generating unit's AC. TCE submits that it would be unfair for a generating unit's refund to be reduced as a result of distribution constraints or transmission outages over which the generator has no control. TCE recognizes that the AESO's proposed changes to ISO Rule 505.2 would remove this concern, but only if and when they are approved by the Alberta Utilities Commission. Additional FEOC concerns arise because the proposed changes would require generators to communicate transmission and distribution outage information to the AESO once the generator receives this information from the TFO or DFO. This is inefficient. Pursuant to section 4 of the *FEOC Regulation*, TFOs and DFOs are required to provide outage records to the AESO as soon as reasonably practicable. This means that the AESO would have received this outage information from the TFO or DFO before the affected generator. Moreover, there is no equivalent legislative requiring the TFO/DFO to provide this information to the generator, yet the proposed changes rely upon this communication. To the extent that the limitation is due to a distribution constraint, TCE expects that the DFO would be in a better position than a generator to provide accurate information to the AESO as the content of the communication is not a core competency of most generators.

Item #		Stakeholder comments
		Accordingly, the proposed changes would place an unreasonable compliance risk upon generators to provide accurate and timely transmission and distribution information to the AESO. The delay between when the TFO/DFO notifies the AESO and when it notifies the generator creates further FEOC concerns. The extent of this delay is beyond the generator's control and could become an issue particularly once an outage has been cancelled. TCE has experienced a related situation in Alberta where one of its generating units was off-line due to a transmission outage. At some point, TCE employees suspected that the transmission line was back in-service. Upon calling the TFO, it was confirmed that the line was back in-service and yet the TFO had not communicated this to TCE. Under the proposed changes, this delay would cause the generator to restate its AC, which may: (i) impact market outcomes; (ii) deprive a generator of market revenues; and (iii) cause a generator to appear to be physically withholding creating a compliance concern. TCE believes that these outcomes could be avoided. TCE submits that it would be more efficient for the AESO to communicate directly with the TFO/DFO and account for the ability of the transmission system to receive MWs from a generator by some manner other than restating AC through an AOR. In this regard, TCE requests that the AESO explain in detail the current process the AESO uses. TCE recommends that the AESO work with stakeholders to find an alternate solution. One possible alternate solution may be to define two new terms. The first would define the maximum MWs the transmission system is capable of receiving from a generating unit and would be based off of information provided to the AESO from the TFO/DFO as the case may be. The second term would be defined as the lower of this first term and a generating unit's AC, which the AESO would use to dispatch a unit. This would avoid the inconsistency with the AC definition and the FEOC concerns. If this solution is unacceptable to the AESO, TCE requests that the AESO provide a detailed response explaining why. **Additional Proposed Definition Changes** TCE agrees that the proposed changes to the definitions, other than the AOR definition, provide clarity and are administrative in nature.

Item #		Stakeholder comments
2	Whether you agree that the proposed TCM Updates is not technically deficient, and if not, why.	TCE has no comment.
3	Whether you agree that the proposed TCM Updates, taken together with all ISO rules, supports a fair, efficient and openly competitive market, and if not, why.	Please see the comments to Question 1 above.
4	Whether you agree that the proposed TCM Updates supports the public interest, and if not, why.	Please see the comments to Question 1 above.
5	Any additional comments regarding the proposed TCM Updates	TCE has no further comments.