

August 31, 2018

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

Re: **Notice of Consultation Session for Set 3 of the ISO Rules for the Implementation of the Capacity Market**

The Alberta Electric System Operator (“AESO”) is posting notice of the consultation session for Set 3 of the draft ISO rules for the implementation of the capacity market (“Set 3 rules”).

Posting of Draft Set 3 ISO Rules and Defined Term

The Set 3 rules include the proposed ISO rules relating to the demand curve set out below, drafts of which are available on the [AESO website](#):

1. Section 207.1, *Minimum Procurement Volume*;
2. Section 207.2, *Calculation of Net-CONE*;
3. Section 207.3, *Shape of Demand Curve*; and
4. Set 3 Terms and Definitions.

Please be advised that certain Set 3 draft ISO rules may include content that was not included in CMD Final. Such content has been identified during the rule drafting process as being required to facilitate implementation of the capacity market. The AESO intends to discuss this content during the Set 3 Consultation Session.

Invitation to Attend Consultation Session

Time: 9:00 a.m. - 4:00 p.m.

Date: September 13, 2018

Location: The Westin Calgary

Nakiska Room

320 4th Avenue SW Calgary, AB T2P 2S6

This consultation session will be recorded and posted on the [Implementation of the Capacity Market](#) page on the AESO website for those unable to participate.

Notice of Intent to Participate

Intent to participate in the Set 3 consultation will be acknowledged as received for Stakeholders who previously submitted a notice of intent to participate in the consultation for the Set 1 rules.

If you would like to take part in the consultation sessions for the ISO Rules for the Implementation of the Capacity Market but have not already submitted a notice of intent to participate, please do so to the AESO by September 5, 2018 by email to rules_comments@aeso.ca with “Notice of Intent to Participate” in the subject line.

RSVP to Consultation Session for Set 3

To attend the Set 3 sessions in person, please RSVP via email to rules_comments@aeso.ca with “RSVP” and the date(s) of the sessions you will attend in the subject line. Please also provide names and titles of all representatives that will attend. Please submit RSVPs by September 7, 2018. Lunch will be provided.

Please [click here](#) to register for the webinar by September 7, 2018.

Draft Agenda for Consultation Session

During the consultation session, the AESO will provide an overview of the structure, content and organization of the Set 3 rules as they relate to the final Comprehensive Market Design Proposal.

A draft agenda for the consultation session is provided below. Stakeholders may provide feedback with respect to this agenda by sending an email to rules_comments@aeso.ca on or before September 7, 2018. The AESO will consider these requests and endeavor to accommodate them where possible.

Time	Agenda Item
9:00 – 9:10	Welcome and Housekeeping
9:10 – 9:30	Introductions
9:30 – 10:15	Background on the Development and Selection of the Demand Curve for the Alberta Capacity Market
10:15 – 10:30	Introduction to the Demand Curve Rules & Governance
10:30 – 10:45	Break
10:45 – 11:45	Overview of Section 207.1, <i>Minimum Procurement Volume</i> & the Minimum Procurement Volumes for the 2020/2021 Base Auction and 2021/2022 Base Auction
11:45 – 12:15	Q & A
12:15 – 1:15	Lunch
1:15 – 2:15	Overview of Section 207.2, <i>Calculation of Net-CONE</i> & Gross-CONE study
2:15 – 2:30	Q & A
2:30 – 2:45	Break
2:45 – 3:30	Overview of Section 207.3, <i>Shape of Demand Curve</i>
3:30 – 4:00	Q&A

Related Materials

Stakeholders may wish to review the following materials in advance of the consultation session for Set 3:

1. The AESO's [July 26, 2018 presentation](#) on the Development of ISO Rules for the Implementation of the Capacity Market;
2. The [Comprehensive Market Design; Section 4](#) Final Proposal and Rationale;
3. [Demand Curve working group](#) materials;
4. The AESO's [July 27, 2018 presentation](#) on Modeling and Assumptions to Support the Development of the Capacity Market Rule Design (Resource Adequacy Modeling Update); and
5. The AESO Cost of New Entry Analysis [The AES expects this to be posted in advance of the September 13, 2018 Stakeholder session];

Yours truly,

Pauline McLean

Director, Legal & Regulatory Affairs & Associate General Counsel