

February 8, 2023

Horst Klinkenborg
Senior Regulatory Advisor
Suncor Energy Marketing Inc.
150 – 6 Avenue SW
Calgary, AB T2P 3E3

Dear Mr. Klinkenborg,

Re: **Alberta Electric System Operator response to Suncor Energy Marketing Inc's rule proposals dated July 26, 2022**

On February 28, 2022, the Alberta Electric System Operator ("AESO") received the following two ISO rule proposals from Suncor Energy Marketing Inc. ("Suncor"):

1. Suncor proposes that the AESO amend, at minimum, the following ISO rules to implement priced intertie transactions:
 - Section 201.5, *Energy Market Block Allocation*;
 - Section 203.1, *Offers and Bids for Energy*;
 - Section 203.3, *Energy Restatements*;
 - Section 203.6, *Market Requirements for Interchange Transactions*; and
 - Section 303.2, *Available Transfer Capability Allocation and Transfer Path Management*.
2. Suncor proposes that the AESO amend the definitions of "maximum capability" and "acceptable operational reason" in the *Consolidated Authoritative Document Glossary* to introduce a must-offer requirement for import assets.

(Collectively, the "Suncor Rule Proposals").

On June 27, 2022, the AESO published a [response](#) to the Suncor Rule Proposals.

On July 26, 2022, Suncor provided further clarification on the Suncor Rule Proposals.

As noted in the AESO's June 27, 2022 response to the Suncor Rule Proposals, in the AESO view, the Suncor Rule Proposals should be evaluated together as introducing a must-offer requirement for import assets is more effective with the implementation of priced interties.

The ISO rule amendments referred to in the Suncor Rule Proposals were originally proposed as part of the implementation of the Alberta capacity market. The proposed changes served the specific purpose of ensuring import capacity that had cleared in the capacity market met its capacity obligations, which included making a defined level of capacity available. These same availability obligations for import assets are not required under the current energy-only market framework.

Incorporating priced intertie transactions and a must-offer requirement for import assets represents a significant adjustment to the energy-only market framework that will require in-depth analysis, evaluation, and consultation with Stakeholders. As the AESO currently has a number of priority initiatives in flight, it is not an appropriate time to move such a large initiative forward.

The AESO revisits its strategic plan, and the priority of initiatives related to its strategic plan, on an annual basis. As described in the [2023 Budget Development Process \(BDP\)](#), “Enabling Transformation” will be the prominent focus area for 2023, which includes the priority of identifying required market initiatives to support long-term sustainability and competitiveness of the energy-only market structure, based on output from carbon policy analysis. Through that evaluation, as an important part of the overall market, the treatment and operation of imports and exports will be considered in combination with all other features of the energy-only market. Consideration of the future treatment of imports, including the option presented in Suncor’s rule proposal, is better suited within that more holistic review.

Stakeholder feedback on the AESO’s priorities and initiatives is facilitated and considered through the BDP. All stakeholders have the opportunity to provide input on the AESO’s areas of focus in the upcoming year through the BDP, including input on future market initiatives.

Sincerely,

Ruppa Louissaint
Director, Markets
AESO

cc. Nicole LeBlanc, VP Markets, AESO
Jackie Gow, Legal Manager, AESO