

# Rule 017

## Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission

This rule, as amended, was approved by the Alberta Utilities Commission on July 24, 2018, and is effective on August 1, 2018.

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## **Part 1: General matters**

### **1 Definitions**

- 1.1 The definitions from the *Electric Utilities Act* apply to these rules.
- 1.2 In these rules:
  - (a) “ISO” means the Independent System Operator.
  - (b) “ISO rule” means a rule made by the ISO under its authority in the *Electric Utilities Act*.

## **Part 2: Procedures and process for development of proposed rules and application for Commission approval**

### **2 Definitions**

- 2.1 In Part 2:
  - (a) “proposed rule” means a proposed new ISO rule and a proposed amendment to an ISO rule, which includes a proposed removal of an ISO rule or a renewal of an ISO rule that has a fixed term.

### **3 Application**

- 3.1 Part 2 does not apply to proposed provisional rules or proposed initial rules as those terms are defined in Part 3.

### **4 Notice for development of proposed rules**

- 4.1 When the ISO identifies an issue, or receives a proposal pursuant to its process under Section 20.81 of the *Electric Utilities Act*, that, in the opinion of the ISO, requires the development of a proposed rule, the ISO must issue written notice to the Market Surveillance Administrator, market participants, and other interested parties prior to developing a proposed rule and must post the notice on the ISO’s website.
- 4.2 If the notice is required because the ISO has received a proposal pursuant to its process under Section 20.81 of the *Electric Utilities Act*, then the ISO must issue notice within 30 days of deciding that the proposal requires the development of a proposed rule.
- 4.3 The notice must set out:
  - (a) the issue that a proposed rule is intended to address;
  - (b) a description of the potential objective or purpose of the proposed rule;

- (c) the manner in which the Market Surveillance Administrator, market participants, and other interested parties may submit:
  - (i) written comments;
  - (ii) a notice of intent to participate in consultation; and
  - (iii) comments on the form of consultation;
- (d) the deadline date for comments, which must not be less than 15 days from the later of:
  - (i) the date the notice is issued to the Market Surveillance Administrator, market participants, and other interested parties; or
  - (ii) the date the notice is issued on the ISO's website; and
- (e) where the information set out in subsection 4.4 can be accessed.

**4.4** When the notice is posted on the ISO's website, the ISO must also post a copy of any data, analyses or other material that the ISO considers to be relevant to the need for, the development of, removal of, or renewal of the proposed rule.

## **5 Comments**

**5.1** The Market Surveillance Administrator, market participants, and interested parties may:

- (a) provide general written comments to the ISO on the need for, the development of, or amendment to a proposed rule;
- (b) submit a notice of intent to participate in consultation with the ISO; and
- (c) comment on the form of consultation.

**5.2** Within five business days of receipt of comments, the ISO must:

- (a) post all submissions received pursuant to subsection 5.1 on the ISO's website; and
- (b) provide written notice to the Market Surveillance Administrator, market participants and other interested parties regarding where the information set out in subsection 5.2(a) can be accessed.

## **6 Consultation for development of proposed rules**

**6.1** Upon receipt of any notice of intent to participate in consultation, the ISO must:

- (a) form a consultation group that includes:

- (i) any party who submitted a notice of intent to participate in consultation; and
    - (ii) any party that the ISO thinks may be directly affected by the proposed rule;
  - (b) consult with the consultation group in a manner determined by the ISO to:
    - (i) determine the need for a proposed rule; and
    - (ii) develop a proposed rule if, in the opinion of the ISO, a proposed rule is necessary.
- 6.2** When the ISO undertakes consultation under subsection 6.1, the ISO must provide an opportunity for members of the consultation group to make submissions regarding:
- (a) whether a proposed rule is needed; and
  - (b) the information required in subsections 7.2(b) through 7.2(j) of this rule.
- 6.3** Following development of a proposed rule, the ISO must provide written notice to the Market Surveillance Administrator, market participants and other interested parties and solicit comments on the proposed rule, as drafted, including comments on whether the proposed rule is technically deficient.
- 6.4** The notice required by subsection 6.3 must:
- (a) be posted on the ISO's website;
  - (b) include the information required by subsection 4.3, excluding the requirement in subsection 4.3(c)(ii) and 4.3(c)(iii); and
  - (c) include where the information required by subsection 4.4 can be accessed.
- 6.5** Within 15 days of receiving comments pursuant to subsection 6.3, the ISO must:
- (a) post all submissions on the ISO's website;
  - (b) provide written responses to the comments; and
  - (c) provide written notice to the Market Surveillance Administrator, market participants and other interested parties regarding where the submissions referred to in subsection 6.5(a) and 6.5(b) can be accessed.

**6.6** After consulting under Section 6, the ISO may proceed to make an application to the Commission under Section 7.

## **7 Application for Commission approval of proposed rules**

**7.1** The ISO must apply to the Commission for approval of a proposed rule under Section 20.2 of the *Electric Utilities Act*.

**7.2** Subject to subsection 7.3, an application for approval of a proposed rule must include the following information:

- (a) a description of the consultation process that was undertaken by the ISO including a list of parties who participated and copies of any submissions made by parties under subsections 6.2 and 6.3;
- (b) an explanation of whether the proposed rule relates to the capacity market and why;
- (c) if the proposed rule relates to the capacity market, an explanation of whether or not the proposed rule will be in effect for a fixed term and why;
- (d) a description of the objective or purpose of the proposed rule;
- (e) a description of how the proposed rule affects the performance of the capacity market and the electricity market;
- (f) a copy of any analysis conducted or commissioned by the ISO supporting the proposed rule, with a description of assumptions and methodology;
- (g) an explanation of why the proposed rule, taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market, was proposed;
- (h) a description of any alternatives that were explored during consultation and an explanation as to why they were rejected;
- (i) if the rule relates to the capacity market, a description of how the proposed rule supports ensuring a reliable supply of electricity at a reasonable cost to customers; and
- (j) an explanation of how the proposed rule supports the public interest.

**7.3** In the event that any of the information set out in subsection 7.2 is not included in the application, the ISO must provide an explanation for not doing so.

## Part 3: Procedures and process for development of proposed provisional rules and proposed initial rules and application for Commission approval

### 8 Definitions

#### 8.1 In Part 3:

- (a) “proposed initial rule” means a proposed new ISO rule and a proposed amendment to an ISO rule, which includes a proposed removal of an ISO rule or a renewal of an ISO rule that has a fixed term that:
  - (i) has received provisional approval from the Commission under Section 20.22 of the *Electric Utilities Act*; or
  - (ii) has not received provisional approval from the Commission under Section 20.22 of the *Electric Utilities Act* and was:
    1. directed by the Commission, pursuant to Section 20.22(4)(c) of the *Electric Utilities Act*, to be considered under Section 20.21 of the *Electric Utilities Act*; or
    2. developed by the ISO pursuant to Section 41.42(1) of the *Electric Utilities Act*.
- (b) “proposed provisional rule” means a proposed new ISO rule and a proposed amendment to an ISO rule, which includes a proposed removal of an ISO rule that is developed by the ISO pursuant to Section 41.42(3) of the *Electric Utilities Act*.

### 9 Application

- 9.1 Part 3 expires on the date the Commission issues a decision under Section 20.23 of the *Electric Utilities Act*.

### 10 Notice for development of proposed provisional rules

- 10.1 Prior to filing an application with the Commission for approval of proposed provisional rules, the ISO must issue a list of proposed provisional rules.
- 10.2 Prior to filing an application with the Commission for approval of a proposed provisional rule, the ISO must issue a notice setting out:
  - (a) the consultation schedule for the proposed provisional rule;
  - (b) the manner in which the Market Surveillance Administrator, market participants, and other interested parties may submit a notice of intent to participate in consultation; and
  - (c) the deadline date by which a notice of intent to participate in consultation must be received by the ISO.

- 10.3** Prior to consultation on a proposed provisional rule, the ISO must ensure that a copy of any material the ISO considers to be relevant to the need for, the development of, or amendment of the proposed provisional rule is available on the ISO's website.

## **11 Notice of intent to participate**

- 11.1** The Market Surveillance Administrator, market participants, and interested parties may submit a notice of intent to participate in consultation with the ISO on a proposed provisional rule.

## **12 Consultation on proposed provisional rules**

- 12.1** Upon receipt of any notice of intent to participate in consultation, the ISO must:
- (a) form a consultation group that includes:
    - (i) any party who submitted a request to participate in consultation; and
    - (ii) any party that the ISO thinks may be directly affected by the proposed provisional rule;
  - (b) consult with the consultation group in a manner determined by the ISO to further develop the proposed provisional rule.
- 12.2** When the ISO undertakes consultation under subsection 12.1, the ISO must provide an opportunity for members of the consultation group to make submissions regarding the information required in subsections 13.2(b) through 13.2(k) of this rule.
- 12.3** Following development of a proposed provisional rule, the ISO must provide written notice to the Market Surveillance Administrator, market participants and other interested parties and solicit comments on the proposed provisional rule, as drafted, including comments on whether the proposed provisional rule is technically deficient.
- 12.4** The notice required by subsection 12.3 must:
- (a) be posted on the ISO's website; and
  - (b) include
    - (i) a description of the issue that the proposed provisional rule is intended to address;
    - (ii) a description of the potential objective or purpose of the proposed provisional rule;



- (iii) the manner in which the Market Surveillance Administrator, market participants and other interested parties may submit written comments; and
- (iv) the deadline date for comments which must not be less than 15 days from the later of:
  - 1. the date the notice is issued to the Market Surveillance Administrator, market participants, and other interested parties; or
  - 2. the date the notice is issued on the ISO's website.

**12.5** Within 15 days of receiving comments pursuant to subsection 12.3, the ISO must:

- (a) post all submissions on the ISO's website;
- (b) provide written responses to the comments; and
- (c) provide written notice to the Market Surveillance Administrator, market participants and other interested parties regarding where the submissions referred to in subsection 12.5(a) and 12.5(b) can be accessed.

**12.6** After consulting with the working group, the ISO may proceed to make an application to the Commission under Section 13.

### **13 Application for Commission approval of proposed provisional rules**

**13.1** The ISO must apply to the Commission for approval of a proposed provisional rule under Section 20.2 of the *Electric Utilities Act*.

**13.2** An application for approval of a proposed provisional rule must include the following information:

- (a) a description of the consultation process that was undertaken by the ISO including a list of parties who participated and copies of any submissions made by parties under subsections 12.2 and 12.3;
- (b) an explanation of whether the proposed provisional relates to the capacity market and why;
- (c) an explanation of whether or not the proposed provisional rule will be in effect for a fixed term and why;
- (d) a description of the objective or purpose of the proposed provisional rule;
- (e) a description of how the proposed provisional rule affects the performance of the capacity market and the electricity market;

- (f) a copy of any analysis conducted or commissioned by the ISO supporting the proposed provisional rule, with a description of assumptions and methodology;
- (g) an explanation of why the proposed provisional rule, taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market, was proposed;
- (h) a description of any alternatives that were explored during consultation and an explanation as to why they were rejected;
- (i) a description of how the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to customers;
- (j) an explanation of how the proposed provisional rule supports the public interest; and
- (k) the ISO's targeted capacity procurement volumes for the first two capacity market auctions.

**13.3** If the ISO has not complied with any of the requirements to consult in sections 10 or 12 for any proposed provisional rule, it must describe the deficiency in its consultation and provide an explanation of why its consultation was deficient.

**13.4** The Commission may establish additional application requirements for proposed provisional rules.

#### **14 Notice and consultation for proposed initial rules**

**14.1** The Commission may direct additional consultation with respect to proposed provisional rules that have been provisionally approved by the Commission pursuant to Section 20.22(4) of the *Electric Utilities Act*.

**14.2** When the ISO identifies an issue, or receives a proposal pursuant to its process under Section 20.81 of the *Electric Utilities Act*, that, in the opinion of the ISO, requires the development of a proposed initial rule pursuant to Section 41.42(1) of the *Electric Utilities Act*, the ISO must provide notice and consult in the manner required by sections 10 through 12.

#### **15 Application for Commission approval of proposed initial rules**

**15.1** The ISO must apply to the Commission for approval of a proposed initial rule under Section 20.2 of the *Electric Utilities Act*.

**15.2** An application for approval of a proposed initial rule must include the following information:

- (a) a description of the consultation process that was undertaken by the ISO including a list of parties who participated and copies of any submissions made by parties under subsection 14.1;

- (b) an explanation of whether the proposed initial rule relates to the capacity market and why;
- (c) an explanation of whether or not the rule will be in effect for a fixed term and why;
- (d) a description of the objective or purpose of the proposed initial rule;
- (e) a description of how the proposed initial rule affects the performance of the capacity market and the electricity market;
- (f) a copy of any analysis conducted or commissioned by the ISO supporting the proposed initial rule, with a description of assumptions and methodology;
- (g) an explanation of why the proposed initial rule, taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market, was proposed;
- (h) a description of any alternatives that were explored during consultation and an explanation as to why they were rejected;
- (i) a description of how the proposed initial rule supports ensuring a reliable supply of electricity at a reasonable cost to customers; and
- (j) an explanation of how the proposed initial rule supports the public interest.

**15.3** The Commission may establish additional application requirements for proposed initial rules.

#### **Part 4: Application for Commission approval of expedited rules**

##### **16 Definitions**

**16.1** In Part 4:

- (a) “expedited ISO rule” means a proposed rule for which the Commission has approved expedited implementation under Section 20.6 of the *Electric Utilities Act*.
- (b) “proposed rule” has the meaning given to it in Part 2 of this rule.

## 17 Application

- 17.1 Subject to subsection 18.2, Part 2 of this rule does not apply to applications for expedited implementation of proposed rules.
- 17.2 Unless otherwise directed by the Commission, Part 2 of this rule does not apply to expedited ISO rules.

## 18 Expedited rule applications

- 18.1 The ISO must apply for Commission approval for expedited implementation of a proposed rule under Section 20.6 of the *Electric Utilities Act*.
- 18.2 When the ISO makes an application to the Commission for expedited implementation of a proposed rule, it must provide written notice to the Market Surveillance Administrator, market participants and other interested parties in the manner set out in subsection 4.3(a) and (b) and includes the information required by subsection 4.4, if any.
- 18.3 An application for Commission approval for expedited implementation of a proposed rule must include:
- (a) a copy of the proposed rule for which expedited implementation is sought; and
  - (b) a description of:
    - (i) the urgent risk to the reliable supply of electricity, if any;
    - (ii) the urgent risk to the safe and reliable operation of the interconnected electric system, if any; or
    - (iii) the reason for requesting expedited implementation of the proposed rule if it does not fall within (i) or (ii).
- 18.4 If the Commission approves expedited implementation of a proposed rule, the ISO must post the expedited ISO rule on the ISO's website on the day upon which the expedited implementation is approved by the Commission.