



May 17, 2010

To: Alberta Utilities Commission (“AUC” or “Commission”)

**Re: Notice of Filing of Expedited ISO Rule – OPP 517 –
Keephills/Ellerslie/Genesee (“KEG”) Area Operation**

1. The Alberta Electric System Operator (“AESO”) is filing the attached expedited ISO rule pursuant to Section 20.6 of the *Electric Utilities Act* (“EUA”). The AESO is authorized to make ISO rules, including Operating Policies and Procedures (“OPPs”), in accordance with Sections 19 and 20 of the EUA.
2. Expedited ISO OPP 517 is considered by the AESO to be a Level I Change. Level I Changes are changes that have a significant operational or financial impact on the industry or the AESO.

Summary of Existing ISO Rules

3. ISO OPP 517 sets out the operating policies and procedures for the reliable operation of the Alberta Interconnected Electric System (“AIES”) in the KEG area.

Background

4. The proposed connection of the new Keephills 3 Generator to the AIES and associated maintenance and upgrade improvements to the AIES in the KEG area (the “Project”) necessitate changes to ISO OPP 517.
5. The Project will complete the 500 kV reinforcement of the AIES in the KEG area (most of the KEG area was upgraded to 500 kV in 2008). The Project also includes the installation of new relay protection packages that will reduce stability concerns to the Lake Wabamun / KEG area generation and the installation of new special protection schemes, commonly known as remedial action schemes, to protect substation equipment and transmission lines from overloading and to protect against the resulting loss of the upgraded 500 kV lines. Together, these necessary improvements will result in increased capacity, stability and reliability to the AIES in the KEG area.
6. The Project will take approximately 18 months to complete, with construction scheduled to occur from May of 2010 to October of 2011. Numerous transmission line and generator derates are expected to occur on the AIES in the KEG area during construction.

7. The AESO requires flexibility and adaptability in order to manage both the pace at which AIES reconfigurations in the Project area will occur and the unpredictability of their occurrence. The current operational provisions of ISO OPP 517 do not provide the AESO the flexibility to mitigate AIES reliability risks that are anticipated to arise in the KEG area due to several system configurations resulting from the Project's construction plan, including those due to unexpected changes to the plan (due to factors such as weather and environmental mitigations). Interim procedures such as reliability directives are required during the Project.
8. AESO stakeholder consultation for each of the several system configurations that will occur as a result of the Project could not be completed in time to match or coincide with the numerous construction variables and would, in the AESO's opinion, result in Project delays, considerable financial risk to those involved in the Project, and further compromise AIES stability and reliability.
9. While it is generally the practice of the AESO to proceed with consultation on ISO rules changes in the usual course, that is, to proceed without recourse to section 20.6 of the EUA (which allows for filing of expedited ISO rules), the typical approach is not feasible in these circumstances.
10. The AESO confirms that a subsequent ISO rules version of expedited ISO OPP 517 will be put forward by the AESO for stakeholder consultation to be effective after Project construction is complete. The subsequent version will supersede expedited ISO OPP 517 and will be significantly different from the current ISO OPP 517, the expedited ISO OPP 517 and any iteration to ISO OPP 517 that would result were stakeholder consultation to occur now or during Project construction. As such, the AESO is of the view that stakeholder consultation regarding the content of ISO OPP 517 will have greatest value with respect to the ISO rules that will exist once Project construction is completed.
11. Consequently, due to reasons of efficiency, practicality, and most importantly, to ensure that AIES reliability is not compromised, the AESO is filing expedited amendments to ISO OPP 517 to ensure operational readiness as a result of the Project. These amendments are attached.
12. In an effort to ensure that all affected market participants are provided with timely and accurate information regarding the Project schedule, including any specific projected outages or curtailments, the AESO has established a web page dedicated to providing information on the Project. In addition, the AESO has also developed and distributed an industry communication in its weekly stakeholder newsletter setting out, among other things, the Project timeline, background, and information regarding how changes in the Project schedule will be communicated to stakeholders.



Summary of Amendments

13. The expedited ISO OPP 517 removes the current operational provisions that will become invalid once the Project begins and substitute interim procedures applicable during Project construction. Importantly, this will allow the AESO to issue reliability directives as required to the generating facilities affected by the Project. These interim procedures will last for the duration of the Project and will be superseded by a successor ISO OPP 517 once the Project is complete. It is important to reiterate that the successor to the expedited ISO OPP 517 will follow the usual process for the development of ISO rules and will therefore include stakeholder consultation.
14. Four tables from ISO OPP 517 have been either deleted or transferred to the AESO's new internal System Controllers Procedures ("SCP"). Specifically, Tables 1 and 2 have been deleted as they are no longer applicable. Table 3 has been transferred to the SCP, Tables 4 and 5 have been renumbered as Tables 1 and 2, and Table 6 has been transferred to the SCP. Finally, confidential Table 7 has been renumbered as confidential Table 3 and confidential Table 8 has been renumbered as confidential Table 4.
15. Amendments have been made to the confidential Tables 3 and 4 attached to expedited ISO OPP 517 in order to include contracted supply transmission service levels and minimum stable generation for the new Keephills 3 Generator and to amend contracted supply transmission service levels for two other KEG area generators.

Confidential Tables Attached to ISO OPP 517

16. Expedited ISO OPP 517 includes confidential Tables 3 and 4 that contain amendments to information on contracted supply transmission service levels and minimum stable generation of KEG area generators. This information is considered to be commercially sensitive information by the KEG area generators.
17. The AESO requests the Commission determine that disclosure of confidential Tables 3 and 4 as a confidential attachment to expedited OPP 517 would not be in the public interest.

Attachments to Notice of Filing

18. In accordance with Section 16 of AUC Rule 017, the following documents are attached to this Notice of Filing.
 - a) Letter of Notice forwarded to market participants and interested parties the AESO considered likely to be affected by expedited OPP 517 and which was posted on the AESO website on May 17, 2010. Please note that the AESO has not issued any previous Letters of Notice regarding these changes; and
 - b) Blacklined and clean copy of the expedited ISO OPP 517.



19. Blacklined and clean copies of confidential Tables 3 and 4 attached to expedited OPP 517 are not attached and will be forwarded to the Commission under separate cover.

Proposed Effective Date

20. The AESO proposes that the above filed expedited ISO OPP 517 take effect on May 27, 2010 or the date on which conductor 1202L returns to service and has been energized at 500 kV, whichever date occurs later. In the event the effective date of expedited ISO OPP 517 is other than May 27, 2010, the effective date will be communicated to all affected market participants in the manner described in paragraph 12 above.
21. The AESO submits that the filed expedited ISO OPP 517 complies with AUC Rule 017 and further submits that it is not technically deficient, that it supports the fair, efficient, and openly competitive operation of the market, and that it is in the public interest.

Yours sincerely,

<original signed by>

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Attachments