



May 14, 2010

Dear Market Participants and Interested Parties:

**Re: Letter of Notice – Further Proposed Level I ISO Rules Amendments to:**  
**a) Certain New ISO Rules Section G1 Definitions;**  
**b) New ISO Rules 5 Reliability Assessment and Scheduled Outage Cancellation; and**  
**c) Removal of Existing OPP 606 Generation Outage Coordination;**  
**(collectively, the “New ISO Rule 5 Provisions”)**

Pursuant to Section 2 of the Alberta Utilities Commission (“AUC” or “Commission”) Rule 017 the Alberta Electric System Operator (“AESO”) is providing notice and seeking further feedback from market participants on certain discrete amendments forming part of the attached proposed New ISO Rule 5 Provisions.

The proposed New ISO Rule 5 Provisions apply to all market participants and will be of specific interest to all loads billed by a retailer.

The proposed New Rule 5 Provisions are considered by the AESO to be Level I changes. Level I changes are changes that have a significant operational or financial impact on the industry or the AESO.

### **Summary of New ISO Rules**

The proposed New ISO Rule 5 Provisions are related to requirements of Section 18 of the *Transmission Regulation* affecting generator outage cancellation. Specifically, the proposed New ISO Rule 5 Provisions define the steps the AESO must take and the issues the AESO must consider when cancelling a planned outage to maintain supply adequacy or reliable operation. The proposed New ISO Rule 5 Provisions also outline the compensation generation owners may receive in the event the AESO directs generators to cancel a planned outage.

### **AESO Papers and Other Related Communications**

Section 18 of *Transmission Regulation* required the AESO to make ISO rules respecting directions it may give to generators that are not operating or scheduled to operate for any reason, as well as ISO rules to implement a load curtailment priority plan in the event of a supply shortfall.



[Click here](#) or follow the path Market > Market Policy Implementation > Transmission Regulation Section 18 to view related consultation documentation posted to date with respect to the development of the proposed New ISO Rule 5 Provisions, including the written comments received from stakeholders in response to the consultation documentation.

### **AESO Reply to Previous Stakeholder Comments**

The AESO is required to provide replies to market participant comments pursuant to Section 8 of the AUC Rule 017.

On December 18, 2009, the AESO posted a [Letter of Notice](#) and commenced a second round of consultation on additional modifications to the October 6, 2009 [Letter of Notice](#) draft version 1.0 proposed New ISO Rule 5 Provisions. Please note that draft version 1.0 proposed New ISO Rule 5 Provisions include the amendments set out by the Commission in [Decision 2008-137](#).

After reviewing the comments received on draft version 2.0 proposed New ISO Rule 5 Provisions, it was recognized that stakeholders had a number of concerns regarding the clarity of some of the ISO rules' subsections. Specifically, there were a number of concerns expressed with respect to Section 5.5 Payment and Cost Recovery subsection 5.5 (2).

In order to provide clarification and to address these concerns, the AESO is of the view that additional modifications to the draft version 2.0 proposed New Rule 5 Provisions are warranted. Accordingly, the AESO is re-consulting with stakeholders and the attached version 3.0 contains the amended ISO rules text differences from version 2.0 contained in the December 18, 2009, Letter of Notice.

Accordingly, the AESO is re-consulting with stakeholders and the attached draft version 3.0 of the proposed New Rule 5 Provisions contains the amendments to the draft version 2.0 proposed New Rule 5 Provisions.

Market participants also should be advised that, once finalized, proposed New ISO Rule 5 Provisions will not be transferred into the new ISO rules framework at this point in time, and thus will remain as numbered in the existing framework. The subject matter of the proposed New ISO Rule 5 Provisions will eventually be populated into the new framework in the context of pending Transition of Authoritative Documents ("TOAD") reform projects.

The AESO's replies to written stakeholder comments received on the December 18, 2009 Letter of Notice are also attached.

### **Summary of Amendments**

The following outlines the differences between the December 18, 2009 draft version 2.0 proposed New ISO Rule 5 Provisions and the attached version of the proposed New ISO Rule 5 Provisions:

1. Upon further review of legislation and comments included in AUC Decision 2008-137, the AESO is of the opinion that costs for cancelling a generator outage are appropriately recovered through the ISO tariff in accordance with Section 30(2)(a) of the *Electric Utilities Act*. The change is now reflected in proposed new ISO rules subsection 5.5(2).
2. The other proposed amendments to draft version 2.0 proposed New ISO Rule 5 Provisions reflect the AESO's reconciliation of feedback received from past stakeholder consultations. Please refer to the attached AESO Replies for more detail respecting the rationale for these proposed amendments.
3. Please also note that with regard to the draft version 2.0 proposed New Rule 5 Provisions, the AESO is withdrawing its proposed amendments to ISO rules Sections 8.1.1 and 8.4.2 as they appear in that version.

### **Request for Stakeholder Comments**

Comments and suggestions on the proposed New ISO Rule 5 Provisions are encouraged. Please use the attached comment matrix when submitting comments to the AESO on the proposed New ISO Rule 5 Provisions. The AESO's rationale for the key amendments has been provided within the comment matrix. Only written comments will be considered in finalizing the proposed New ISO Rule 5 Provisions.

Please provide written stakeholder comments or questions by **June 4, 2010**, to Ron Smith, [ron.smith@aeso.ca](mailto:ron.smith@aeso.ca), (403) 539-2595.

The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder comments received and the AESO's replies to the comments will be published with the final proposed New ISO Rule 5 Provisions changes being recommended for internal approval in June, 2010.

### **Attachments to Letter of Notice**

In accordance with Section 4 of the AUC Rule 017, the following documents are attached to this Letter of Notice:

- a) AESO [Replies](#) to December 18, 2009 Letter of Notice;
- b) [Blacklined](#) and [clean](#) copy of proposed New ISO Rule 5 Reliability Assessment and Scheduled Generator Outage Cancellation, including certain New ISO Rule Section G1 Definitions;
- c) [Clean](#) copy of existing OPP 606 Generation Outage Coordination proposed for removal; and
- d) [Copy](#) of the comment-rationale matrix for the proposed New ISO Rule 5 Provisions.



### **Proposed Effective Date**

The AESO proposes that the proposed New ISO Rule 5 Provisions take effect 15 days following the later of:

- a) The date a final order of the Commission is issued respecting directions set out in Decision 2008-137, and
- b) Confirmation of the proposed New ISO Rule 5 Provisions filed pursuant to AUC Rule 017.

Yours sincerely,

*Original Signed By*

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Attachments