

# AUC Markets Division

## Current and Future Activities

Presentation to  
Alberta Compliance Discussion Council  
(ACDC)

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# Agenda

Agency Inter-Relationships

Responsibilities of the AUC Markets Division

Markets Related Legislation and Rules

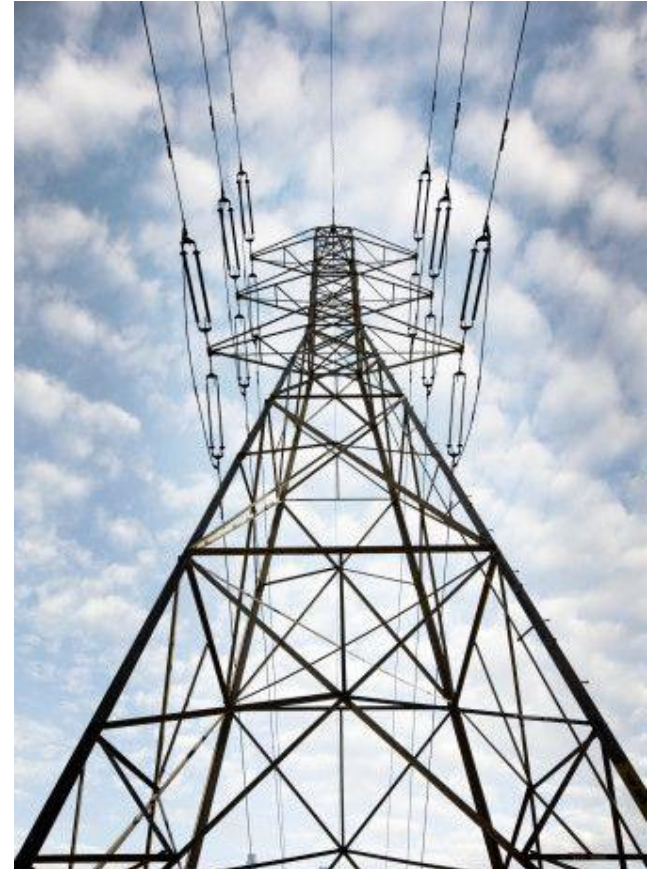
Markets Division Overview

ISO Rules and Reliability Standards

FEOC Matters

Markets Consultations

Questions and Discussion



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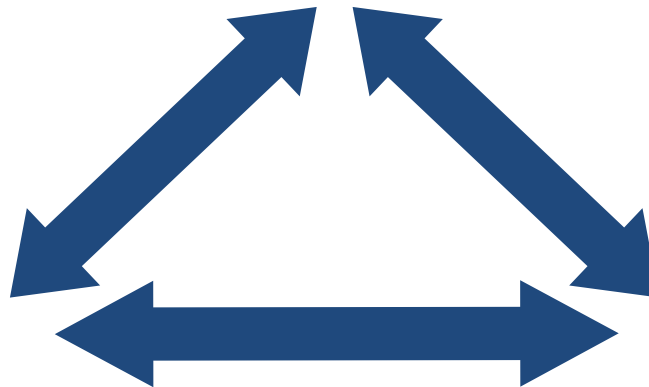
# Agency Inter-Relationships



- Sets Specified Penalties
- Adjudicates alleged contravention of ISO rules and reliability standards - matters referred by MSA
- Sets rules re: ISO rule filings and development
- Hears complaints regarding MSA and ISO conduct
- Hears complaints and objections regarding ISO rules
- Hears applications for the sharing of records



- Consults with industry re: proposed ISO rules and reliability standards
- Makes ISO rules and reliability standards
- Files ISO rules, expedited ISO rules and reliability standards with AUC
- Monitors compliance with ISO rules and reliability standards
- Refers suspected non-compliance with ISO rules and reliability standards to MSA



- Monitors market performance and behaviour
- Receives self-disclosures and complaints from the market and referrals from the AESO on ISO rules and reliability standard contraventions
- Issues Specified Penalties
- Prosecutes other alleged rule or legislation violations before AUC (Administrative Penalties)

# Responsibilities of the AUC Markets Division

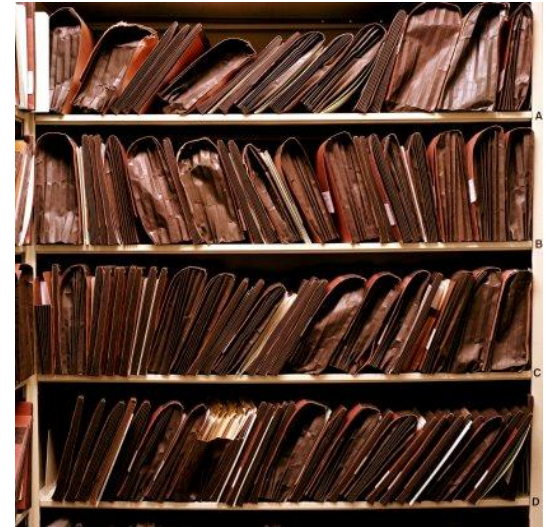
Effective January 1, 2008 (AUC Act)

1. **Establish rules** governing process and procedures that the ISO may use to develop and file ISO rules and reliability standards, and form and content of Specified Penalties
2. **Issue Orders, Decisions and Associated Penalties** with respect to contravention of the *Electric Utilities Act*; *Gas Utilities Act*; AUC Decision, Order or Rule; conduct that does not support FEOC; or matters brought by the MSA
3. **Receive revisions** to ISO rules and Reliability Standards, and **hear objections or complaints re rules and objections re: reliability standards**
4. **Hear complaints regarding conduct** of the MSA or ISO
5. **Provide technical and markets expertise** to the Commission members and AUC Staff



# Markets Related Legislation and Rules

- *Alberta Utilities Commission Act (AUC Act)*
  - Market Surveillance Administrator Regulation
  - FEOC Regulation
- *Electric Utilities Act (EUA)*
  - Balancing Pool Regulation
  - Micro-Generation Regulation
  - Power Purchase Arrangements Regulation
  - Regulated Rate Option Regulation
  - Transmission Regulation
  - Fair, Efficient and Open Competition Regulation
- **AUC Rules**
  - 013 – Rules on Criteria Relating to the Imposition of an Administrative Penalty
  - 014 – Rules Respecting the Public Disclosure of Market Surveillance Administrator Records in a Hearing or Other Proceeding
  - 017 – Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission
  - 019 – Specified Penalties for Contravention of ISO Rules
  - 027 – Specified Penalties for Contravention of Reliability Standards



# Markets Division Overview

## ISO Matters Before the Commission

1. ISO rules:
  - new/amend/remove
  - objections to new/amend/remove
  - complaints re existing rules
2. Reliability standards:
  - new/amend/remove
  - objections to new/amend/remove
3. Complaints re conduct of the ISO

## Records Sharing Matters Before the Commission

1. Preferential sharing of records agreements
2. Offer control

## MSA Matters Before the Commission

1. Specified penalties for contravention of:
  - ISO rules
  - reliability standards
2. Administrative penalties for contravention of:
  - ISO rules
  - reliability standards
  - legislation/regulation
3. Complaints re conduct of the MSA

## Consultations

1. Development of AUC rules
2. Process and procedures for Markets related proceedings

# ISO Rules and Reliability Standards: Development

## ISO Rules

## Reliability Standards

### Consultation

#### AUC Rule 017 regarding:

- ISO letter of notice to participants
- Comments from participants and AESO reply
- ISO notice of filing to AUC
- Consultation record
- Expedited ISO rules  
[EUA s.20.9 grants AUC authority governing the procedures and process for ISO rule development]

**ISO must consult with market participants likely to be affected**  
[T-Reg s.19(4)]

**No rules governing the procedures and process for reliability standard consultations**

### Filings with the AUC

#### ISO must file applications re:

- New ISO rules
- Amendments to existing ISO rules
- Deletion of existing ISO rules  
[EUA s.20.2]

**ISO must forward applications:**

- New standards (either applicable or not in AB)
- Amendments to existing standards
- Deletion of existing standards  
[T-Reg s.19(4)]

### Participants

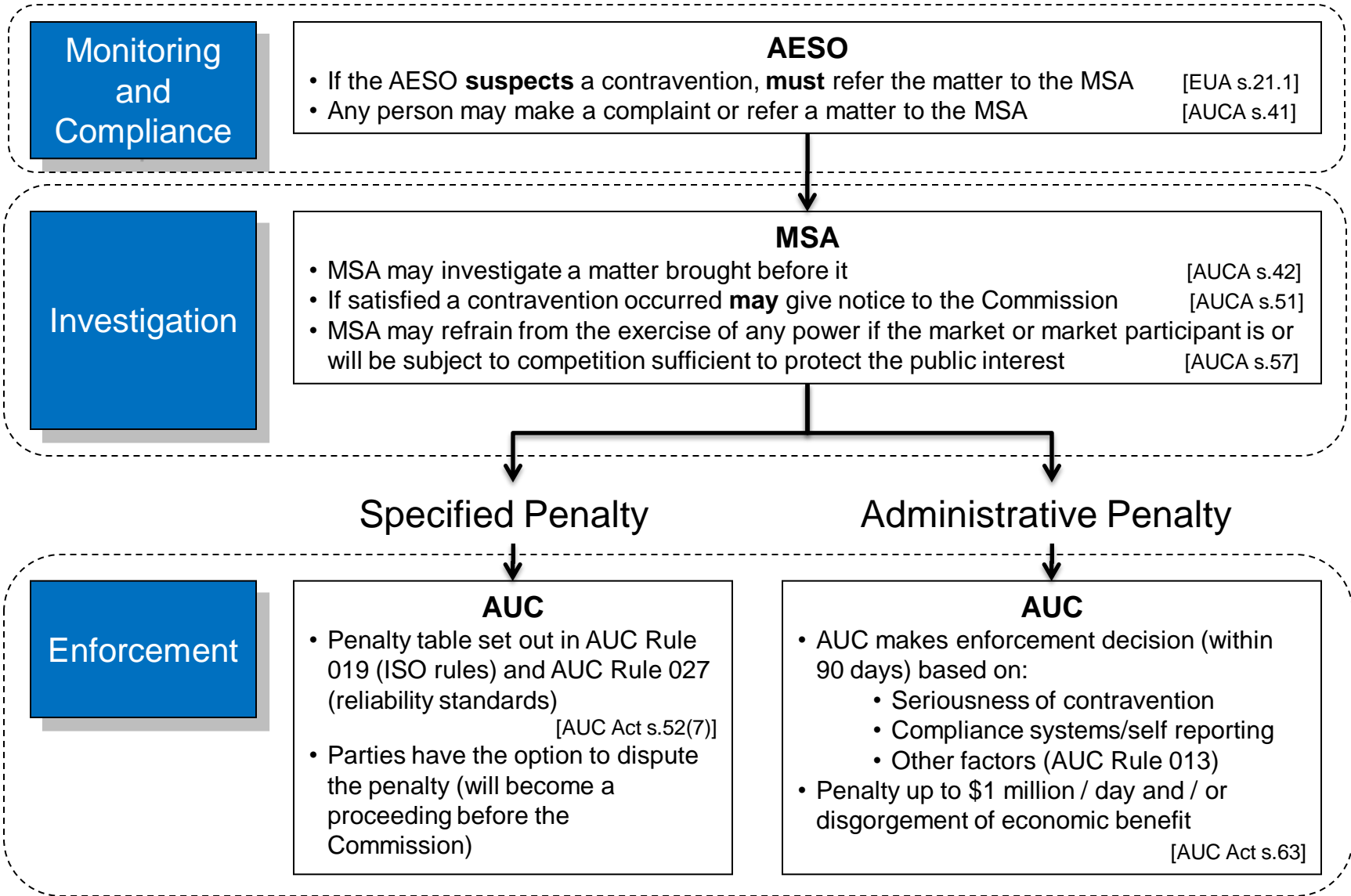
**Objection to ISO rule filings**  
[EUA s.20.4]

**Complaint re an ISO rule in effect**  
[EUA s.25(1)(a)]

**“Objection” to standards filings**  
[T-Reg s.19(6)]

(Legislation is silent regarding Complaints re standards)

# ISO Rules and Reliability Standards: Compliance



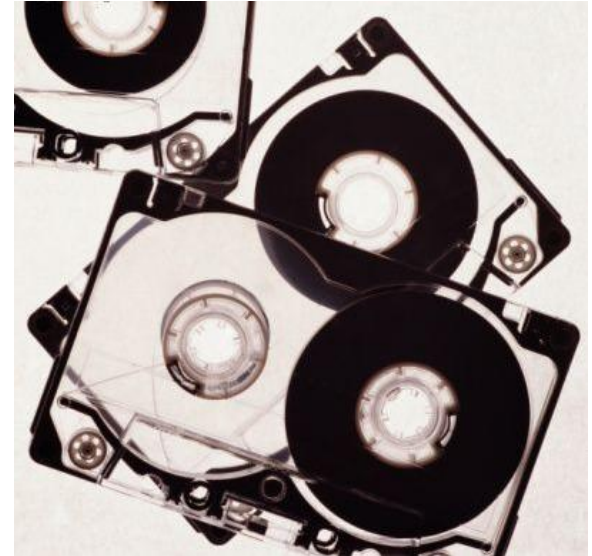
## FEOC Background

- The *Fair, Efficient and Open Competition Regulation* (FEOC)
- FEOC Regulation covers 5 main areas:
  - Conduct
  - Preferential Sharing of Records
  - Outage Records
  - Offer Control
  - Commercial Information
- With respect to Preferential Sharing of Records, the regulation prohibits market participants from sharing past, current or future price and quantity offer information regarding offers made to the power pool or provision of ancillary services that is not available to the public.



## FEOC Background (continued)

- Examples of records that are not available to the public that may be shared:
  - between Market Participants that are affiliates of each other;
  - 60 days after the offers were made;
  - shared with ISO, MSA, broker, brokerage, forward exchange, person who prepares price index, or person permitted by law;
  - in accordance with Commission Order;
  - for the sole purpose of financial settlement;
  - covered by ISO-approved sharing arrangements until the earlier of termination or September 1, 2010
- Refer to section 3(2)(a-h) in the FEOC Regulation



## FEOC Regulation Address 5 Key Areas

- **Conduct:** it identifies and lists conduct by market participant that is considered to not support the fair, efficient and openly competitive operation of the market
- **Information Sharing:** it establishes that market participants must not share price and quantity offer information regarding the energy and ancillary services markets that is not available to the public (subject to various exceptions)
- **Outage Records:** it requires market participants to provide outage records to the ISO and prohibits market participants from using outage information to trade until the ISO makes the outage records available to the public
- **Offer Control:** it prohibits market participants from holding Offer Control (the determination and control of the price and quantity offers to the power pool) in excess of 30% of the maximum generating capability in Alberta
- **Commercial Information:** it requires the ISO to publish, with a delay of 60 days: (1) the price, quantity and generator name associated with each offer made to the power pool that is available for dispatch, and (2) the name of the market participant that holds the Offer Control associated with each offer made to the power pool



## Markets Consultations to Date

- AUC Rule 017 – Process and Procedures for the development and filing of ISO rules
- AUC Rule 019 – Specified Penalties for Contravention of ISO rules (several consultations)
- Market Surveillance Administrator Proceedings – Administrative and Specified Penalties
- Preferential Sharing of Records Not Available to the Public – FEOC Regulation
- ISO Rule Objection or Compliant Proceedings and Related Matters
- AUC Rule 027 – Specified Penalties for Contravention of Reliability Standards
- ***MSA Settlement Agreements (ongoing)***
- ***Process and Procedures for Objections to Reliability Standards (ongoing)***
- ***AUC Rule 019 update (to come)***



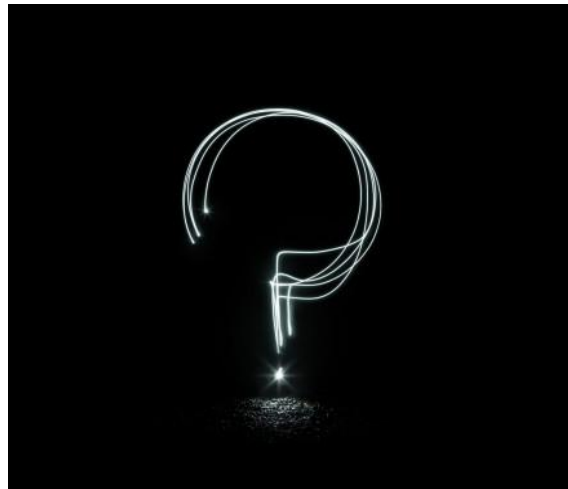
## Consultation: MSA Settlement Agreements

- AUC Act s.44 states the MSA may negotiate a settlement, which shall be filed with the Commission
- First arose in fall of 2009
  - Confidentiality and process were issues
  - Several subsequent applications included requests for confidentiality prior to Commission making decision
- In response, the Commission initiated a stakeholder consultation (Bulletin 2010-33, Nov 12/10) and identified 5 major issues for discussion/consideration, which are still outstanding:
  - Legislative authority to consider confidential settlement agreements
  - Confidentiality of settlement agreements (commercial and privileged)
  - Conditional settlement agreements
  - Admissions
  - Criteria relating to the imposition of an administrative penalty
- Held Stakeholder Roundtable Meeting on Feb 2, 2011, with final submissions received end of February 2011
- ***Currently under Commission review***

# Consultations: Process and Procedures for “Objections” to Reliability Standard

- Commission initiated stakeholder consultation with Bulletin 2011-02 (Jan 20/11)
  - Strawman process for written and oral hearings (based on the existing ISO rule objection process)
  - Commission received comments from 2 parties
- Commission issued Bulletin 2011-10 (Mar 25/11), in which several outstanding issues were identified:
  - Legislative scheme for reliability standards
  - Standing in reliability standard objection proceedings
  - Development of reliability standards
  - Lack of a complaint process
- ***Further consultations will take place in the future – details to be determined***

# Questions and Discussion



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For further information, check our website at:

[www.auc.ab.ca/market-oversight](http://www.auc.ab.ca/market-oversight)

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