

Bulletin 2010-21

July 15, 2010

Update on Proposed Rule 027 – Specified Penalties for Contravention of Reliability Standards

On January 27, 2010, the Alberta Utilities Commission (AUC or Commission) issued [Bulletin 2010-06](#), in which it invited comments from market participants and interested parties respecting proposed new AUC Rule 027 – *Specified Penalties for Contravention of Reliability Standards* (AUC Rule 027). The Commission received [stakeholder comments](#) from nine parties which are available on the AUC website under Market Consultations listed under the February 2010 heading.

The Commission has concluded its review of the comments from stakeholders and has prepared a matrix of stakeholder comments and AUC responses as well as a revised version of AUC Rule 027. Both documents are attached to this bulletin, and can also be found on the AUC's website www.auc.ab.ca at Market Oversight > [Market Consultations](#).

Stakeholders are encouraged to review the matrix of stakeholder comments and AUC responses as well as the revised version of AUC Rule 027. The rule has been red-lined to identify changes made from the initial version. Some of the key issues identified in the stakeholder comments and further amendments to proposed AUC Rule 027 are as follows:

- (a) revised the rule to make it clear that it also applies to the Independent System Operator;
- (b) retained the limitation period initially proposed at two years from the date on which the Market Surveillance Administrator (MSA) first knew or ought to have known or four years from the date in which the contravention occurred, whichever period expires first. This is consistent with the consultation on MSA proceedings and with AUC Rule 019 – *Specified Penalties for Contravention of ISO Rules*;
- (c) clarified various aspects of mitigation plans. Proposed AUC Rule 027 has been revised to reflect that the MSA may accept mitigation plans, but it would not approve mitigation plans. The specific deadlines for mitigation plans were also removed and replaced with provisions that would allow the MSA to determine whether the timelines are reasonable;
- (d) rejected the suggestion that specified penalties could be reduced to zero;

- (e) eliminated the perceived duplication of penalties as between the contravention of a requirement in a reliability standard and a measure in a reliability standard. This has been accomplished by removing references to the measures of reliability standards in the penalty table;
- (f) revised the severity levels to reflect the impact, the risk or the scope of the contravention of a reliability standard on the safe, reliable and economic operation of the interconnected electric system as considered by the MSA;
- (g) removed reference to specified penalties being on a per day basis;
- (h) removed the Adjustment Penalty Table; and
- (i) revised who a notice of specified penalty would be sent to in response to stakeholder comments.

Market participants and interested parties who wish to comment on the new draft of AUC Rule 027 are requested to submit written comments on or before **August 16, 2010**. Written comments should be addressed to Darin Lowther and sent electronically to darin.lowther@auc.ab.ca.

If you have any questions regarding this consultation, please contact Darin Lowther at 403-592-4507 or darin.lowther@auc.ab.ca.

(original signed by)

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