

December 22, 2022

To: The Market Surveillance Administrator, market participants and other interested parties
("Stakeholders")

Re: **Stakeholder Comments on Letter of Notice of Final Draft Amendments to ISO rules and Definitions to Enable Energy Storage ("Energy Storage ISO Rule Amendments") – Specific Questions**

Pursuant to Alberta Utilities Commission Rule 017, *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, written comments received from the Stakeholders in response to the Alberta Electric System Operator's ("AESO") November 22, 2022 Letter of Notice regarding the Energy Storage ISO Rule Amendments – Specific Questions have been posted on the AESO website.

Comments were received from the following Stakeholders:

1. AltaLink;
2. Capital Power;
3. Suncor Energy Marketing Inc.;
4. TransAlta Corporation; and
5. TransCanada Energy Ltd.

Thank you to all Stakeholders who participated in this ISO rules comment process. All written comments received will be considered in the AESO's finalization of the Energy Storage ISO Rule Amendments and responses to those comments will be posted on the AESO website.

If you have any questions, please submit them to rules_comments@aeso.ca

Sincerely,

Jackie Gow

Legal Manager, ISO Rules and Alberta Reliability Standards
Legal and Regulatory Affairs
rules_comments@aeso.ca

<p>Period of Comment: November 22, 2022 through December 19, 2022</p> <p>Comments From: AltaLink</p> <p>Date: December 16, 2022</p>	<p>Contact: Jenette Yearsley</p> <p>Phone: (403) 703-3201</p> <p>Email: Jenette.Yearsley@AltaLink.ca</p>
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Instructions:

1. Please fill out the section above as indicated.
2. Please use the table below to provide comments on the specific questions

	Specific Questions to Stakeholders	Stakeholder Comments
1.	<p>Would you like the AESO to hold another session in January 2023 to discuss the final draft <i>Energy Storage ISO Rule Amendments</i>? If so, please indicate:</p> <p>(i) the specific topics, ISO rules and definitions you would like to focus on at the session; and</p> <p>(ii) the particular questions you have for the AESO.</p>	<p>Yes, additional consultation is required.</p> <p>(i) AltaLink greatest area of concern is the new Legacy Rule which, as drafted in Section 503.1, may have unintended consequences.</p> <p>(ii) The Legacy Rule is a late addition to the proposed amendments and AltaLink is of the view that the AESO’s consultation on this topic is deficient. In AltaLink’s view, a dedicated session on this topic is required. As it is currently worded, this portion of the rules will drive profound cost consequences for Alberta’s ratepayers and may drive other impacts to landowners that host, or are in the vicinity, of AltaLink’s infrastructure. Accordingly, AltaLink strongly suggests that effected market participants have the opportunity to rigorously discuss these new requirements.</p>
2.	<p>Was the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>No. AltaLink found it necessary to review all of the draft Rules and the Sankey Diagram was not helpful in this case due to the extensive changes.</p>

	Specific Questions to Stakeholders	Stakeholder Comments
3.	<p>Was the <i>Table of Concordance for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>The Table of Concordance was more useful than the Sankey Diagram; however, its use was limited. AltaLink found it necessary to review all the draft Rules in their entirety.</p> <p>AltaLink does not understand why the AESO is choosing to renumber the 502 Rules. AltaLink appreciates that the change in structure of the rules does not map 1 for 1, it suggests that renumbering Rule 502 adds costs for market participants and, by default, to Alberta ratepayers. Internal company documents (such as Engineering Standards, Operating Procedures, etc.) reference the ISO Rules. The renumbering forces market participants to reissue internal documents to update cross references that refer to Rule 502. Ultimately, this adds cost for ratepayers with no corresponding improvement.</p> <p>Additionally, AltaLink would request that, in the future, entirely new sections, such as Section 503.1, <i>Functional Specification and Legacy Treatment</i>, be highlighted in the blackline version of the rule for ease of reference.</p>
4.	<p>Do you have any corrections or revisions to the Minutes from September Session 1?</p>	<p>No</p>
5.	<p>Do you have any corrections or revisions to the Minutes from September Session 2?</p>	<p>No</p>

<p>Period of Comment: November 22, 2022 through December 19, 2022</p> <p>Comments From: Capital Power</p> <p>Date: 2022/12/19</p>	<p>Contact: Megan Gill</p> <p>Phone: 403.827.3566</p> <p>Email: mgill@capitalpower.com</p>
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1.	<p>Would you like the AESO to hold another session in January 2023 to discuss the final draft <i>Energy Storage ISO Rule Amendments</i>? If so, please indicate:</p> <p>(i) the specific topics, ISO rules and definitions you would like to focus on at the session; and</p> <p>(ii) the particular questions you have for the AESO.</p>	<p>Yes, in Capital Power’s view a stakeholder session in January 2023 is necessary to get more clarity and discuss the following:</p> <ol style="list-style-type: none"> 1) Reviewing the key changes that may impact market participants with the transition from Division 502 to Division 503. This has expanded the scope of the ES consultation and it would be helpful to have more discussion on these proposed changes. 2) Review again (with examples) the proposed changes to ADV, non-controllable, partially controllable, and VER block and identify the rules and requirements that are impacted by the proposed change. It would also be helpful to provide examples of how the bid and offers will be reported in ETS.
2.	<p>Was the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>In Capital Power’s view, the Table of Concordance was more useful than the Sankey Diagram.</p>
3.	<p>Was the <i>Table of Concordance for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>Yes, the Table of Concordance was helpful.</p>

	Specific Questions to Stakeholders	Stakeholder Comments
4.	Do you have any corrections or revisions to the Minutes from September Session 1?	Capital Power has no revisions at this time.
5.	Do you have any corrections or revisions to the Minutes from September Session 2?	Capital Power has no revisions at this time.

<p>Period of Comment: November 22, 2022 through December 19, 2022</p> <p>Comments From: Suncor Energy Marketing Inc.</p> <p>Date: 2022/12/19</p>	<p>Contact: Horst Klinkenberg</p> <p>Phone: (403) 296-4938</p> <p>Email: horst.klinkenberg@suncor.com</p>
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	Specific Questions to Stakeholders	Stakeholder Comments
1.	<p>Would you like the AESO to hold another session in January 2023 to discuss the final draft <i>Energy Storage ISO Rule Amendments</i>? If so, please indicate:</p> <p>(i) the specific topics, ISO rules and definitions you would like to focus on at the session; and</p> <p>(ii) the particular questions you have for the AESO.</p>	<p>Suncor would appreciate a consultation session in January 2023 to discuss broader implications of the <i>Energy Storage ISO Rule Amendments</i>.</p> <p>Suncor appreciates that new technologies have different capabilities and operational attributes that impact how they can operate in the market. Suncor considers it therefore reasonable and appropriate that ISO rules are amended to accommodate the new technologies in line with the AESO’s obligation in section 17 of the <i>Electric Utilities Act (EUA)</i> to give “all electricity market participants wishing to participate in those electricity markets and to exchange electric energy a reasonable opportunity to do so”.</p> <p>However, Suncor is concerned that the AESO has so far disregarded the distortionary effects these accommodations could have on competition among different generation technologies. The principles of fair and open competition and reliance on competitive market forces are pillars of Alberta’s electricity market framework, as laid out for example in the purposes of the <i>EUA</i> in sections 5(c) and (d), and in the duties of the ISO in section 16(1) of the <i>EUA</i>.</p> <p>Different treatment of suppliers within the rules inherently implies that these suppliers provide a different value to the system. Unrecognized, this value difference is effectively a subsidy for those technologies that provide the lower value. To not impact fair and open competition, market participants need a signal showing the difference in value they provide so they can internalize it. Given that the differences are the result of physical constraints, the remedy should likely be different financial treatment. (A market participant can then make the economic decision to change its physical configuration if that is cheaper than the financial signal.) An example of this is the current Rider J in the tariff.</p> <p>As such, Suncor believes it is necessary for the AESO to identify all areas where market participants face different obligations/requirements under the rules and to estimate the associated value. The magnitude of these value differences would inform the need for either additional tariff classes or riders that should be filed in conjunction with the rule amendments.</p> <p>As part of this process, it would make sense to include differential rule treatments that are currently not recognized.</p>

	Specific Questions to Stakeholders	Stakeholder Comments
2.	Was the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?	No comment
3.	Was the <i>Table of Concordance for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?	No comment
4.	Do you have any corrections or revisions to the Minutes from September Session 1?	No comment
5.	Do you have any corrections or revisions to the Minutes from September Session 2?	No comment

<p>Period of Comment: November 22, 2022 through December 19, 2022</p> <p>Comments From: TransAlta Corporation</p> <p>Date: 2022/12/19</p>	<p>Contact: Akira Yamamoto</p> <p>Phone: 403-267-7304</p> <p>Email: akira_yamamoto@transalta.com</p>
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1.	<p>Would you like the AESO to hold another session in January 2023 to discuss the final draft <i>Energy Storage ISO Rule Amendments</i>? If so, please indicate:</p> <p>(i) the specific topics, ISO rules and definitions you would like to focus on at the session; and</p> <p>(ii) the particular questions you have for the AESO.</p>	<p><i>Another stakeholder session should be held in January 2023</i></p> <p>Yes, TransAlta would like the AESO to hold another session in January 2023. More specifically, we request additional focus on the changes from Division 502 to Division 503. We note that the package of changes was substantial and we would like to understand the intent and purpose of those changes.</p> <p>Additionally, we would like to discuss the requirements for frequency response requirements for energy storage resources.</p>
2.	<p>Was the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p><i>The Sankey Diagram was not useful or helpful</i></p> <p>No, the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> was not helpful. The diagram was too cluttered to be readable and used colours that were difficult to distinguish. The lines are too difficult to trace as the text covered over the lines.</p>

	Specific Questions to Stakeholders	Stakeholder Comments
3.	<p>Was the <i>Table of Concordance for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>The Table of Concordance was helpful</p> <p>The <i>Table of Concordance for the Transition from Division 502 to Division 503</i> was better than the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> because it was easier to follow.</p> <p>The addition of the Transition from Division 502 to 503 was not driven by the Energy Storage ISO Rules and needlessly added significant scope to the review of changes.</p> <p>Furthermore, the AESO’s choice to add the transition from Division 502 to 503 was not helpful and added significant scope to the package of energy storage rules. The transition should have been a separate initiative as many of the changes had little or nothing to do with energy storage rules.</p>
4.	<p>Do you have any corrections or revisions to the Minutes from September Session 1?</p>	<p>TransAlta has not reviewed the Minutes from September Session 1 or Session 2 for accuracy. We have focused the limited time provided to provide comments in response to the AESO’s notice on the Energy storage rules package. In future, we ask the AESO to produce its Minutes shortly after the sessions and request corrections and revisions at that time. Reviewing the accuracy of Minutes for stakeholder sessions that were held several months ago is challenging given the time lag between when the sessions were held and the production of the minutes (particularly when audio or video recordings were not made of the actual sessions).</p>
5.	<p>Do you have any corrections or revisions to the Minutes from September Session 2?</p>	

<p>Period of Comment: November 22, 2022 through December 19, 2022</p> <p>Comments From: TransCanada Energy Ltd. (TCE)</p> <p>Date: 2022/12/16</p>	<p>Contact: Mark Thompson</p> <p>Phone: 403-589-7193</p> <p>Email: markj_thompson@tcenergy.com</p>
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1.	<p>Would you like the AESO to hold another session in January 2023 to discuss the final draft <i>Energy Storage ISO Rule Amendments</i>? If so, please indicate:</p> <p>(i) the specific topics, ISO rules and definitions you would like to focus on at the session; and</p> <p>(ii) the particular questions you have for the AESO.</p>	<p>While TCE does not have any specific need for an additional session or any specific questions at this time, considering the volume of proposed changes, TCE would support an additional session should other stakeholders request a session.</p>
2.	<p>Was the <i>Sankey Diagram for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>The Sankey Diagram provided some assistance in our review of the proposed rule amendments. The breakdown of the functional characteristics was helpful. However, the diagram was somewhat difficult to follow due to the number of intersecting lines. The diagram would have been easier to read if the “duplication and simplification” section were removed.</p>
3.	<p>Was the <i>Table of Concordance for the Transition from Division 502 to Division 503</i> helpful for your review and understanding of the final draft Energy Storage ISO Rule Amendments?</p>	<p>Yes, this was helpful.</p>

	Specific Questions to Stakeholders	Stakeholder Comments
4.	Do you have any corrections or revisions to the Minutes from September Session 1?	No.
5.	Do you have any corrections or revisions to the Minutes from September Session 2?	No.