

March 15, 2023

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

Re: **Letter of Notice of Final Amendments to ISO rules and Definitions to Enable Energy Storage
("Energy Storage ISO Rule Amendments")**

In accordance with the AESO's February 28, 2023, Update Letter, Version 3.0 of the Energy Storage ISO Rule Amendments is now available on the AESO website for final Stakeholder review.

In finalizing the Energy Storage ISO Rule Amendments, the AESO has taken into consideration the December 16, 2022, written feedback from Stakeholders and the discussion at the February 2, 2023, Stakeholder Session. Key changes to incorporate feedback into Version 3.0 of the Energy Storage ISO Rule Amendments include the following:

- Redrafted Section 503.1, *Functional Specification and Legacy Treatment* to:
 - (i) reference the AESO's ability to include variances to Division 503 requirements within a functional specification in subsection 2;
 - (ii) include in subsection 3 the "first version of the final functional specification issued by the ISO" as an additional date marker for legacy treatment;
 - (iii) exclude identical or similar equipment replacements (i.e., "like-for-like") and maintenance-related activities from the application of subsection 4; and
 - (iv) remove transmission facilities from the application of subsection 4.
- Removed the technical requirement for an energy storage resource to be frequency responsive in charge mode from Section 503.6, *Frequency and Speed Governing*, unless the energy storage resource is providing an ancillary service that requires such a response to frequency changes.
- Reintroduced the exemption for excitation systems, automatic voltage regulators, and power system stabilizers into Section 503.18, *Operation and Maintenance of Facilities*.
- Amended Section 505.3, *Coordinating Synchronization, Commissioning, Model and Reactive Power Validation Testing and Ancillary Services Testing* to eliminate overlap with the testing requirements in Section 504.3.
- Clarified dispatch methodology for equally-priced operating blocks in Section 202.3, *Issuing Dispatches for Equal Prices*.
- Clarified dispatch tolerances for controllable sink assets in Section 203.5, *Consumption Requirements for Bids*.
- Clarified where requirements apply to "synchronous energy storage resources" across the ISO rules, where applicable.
- New proposals to retire the definitions of "ramping" and "black start capability".

Next Steps

Below is the proposed schedule to complete consultation on the Energy Storage ISO Rule Amendments:

Target Date	Consultation Step
April 5, 2023	Stakeholders submit comments on Version 3.0 of the Energy Storage ISO Rule Amendments.
April 30, 2023 [on or before]	AESO posts written responses to Stakeholder comments on Version 3.0, if required.
Q2 2023	Application filed with the Commission

Stakeholder Comments

Stakeholders may submit written comments to the AESO using the *Stakeholder Comment Matrix – Final Comments*. Stakeholders are asked to focus their comments on any final **concerns or issues** with an ISO rule or definition in the Energy Storage ISO Rule Amendments.

To assist Stakeholders with their review of Version 3.0, we have provided *Version 2.0 to Version 3.0 Blacklines and Commentary*, which shows the changes between Version 2.0 and Version 3.0 with cross-references to the AESO’s Written Replies where the rationale for the change is described.¹

The deadline for Stakeholders to provide comments is **April 5, 2023** to rules_comments@aeso.ca. When submitting comments to the AESO, Stakeholders should ensure that comments provided represent all interests within their organization. The AESO will publish all Stakeholder comments received by the deadline.

If no comments are received by the April 5, 2023, deadline, the AESO will proceed to apply to the Commission for approval of Energy Storage ISO Rule Amendments pursuant to AUC Rule 017.

Related Materials

The following documents can be accessed on the Stakeholder Engagement page on the AESO website:

1. *AESO Written Replies – Energy Storage ISO Rules*;
2. *AESO Written Replies – Energy Storage Definitions*;
3. *Stakeholder Comment Matrix – Final Comments*;
4. *Version 2.0 to Version 3.0 Blacklines and Commentary*;
5. Blackline and clean copies of Version 3.0 of the Energy Storage ISO Rule Amendments; and
6. Blackline copy of Version 3.0 of the Energy Storage Definitions.

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

¹ Excluding cross-references for administrative changes.