



Date of Request for Comment:	June 23, 2021
Period of Comment:	June 23, 2021 through July 14, 2021

Item #		Stakeholder comments	AESO Replies
1	Do you understand and agree with the objective or purpose of the proposed amended Section 103.3 and whether, in your view, the proposed amended Section 103.3 meets the objective or purpose? If not, why.	<p><u>ENMAX Corporation (ENMAX)</u></p> <p>1. No comment</p> <p><u>The University of Alberta (U of A Utilities)</u></p> <p>2. The University is unable to comment on this issue.</p>	<p>1. The AESO acknowledges ENMAX’s comment.</p> <p>2. The AESO acknowledges U of A Utilities’ comment.</p>
2	Do you agree that the proposed amended Section 103.3 is not technically deficient? If not, why.	<p><u>ENMAX Corporation</u></p> <p>3. No, Section (8)1: “Material Adverse Change” is not clearly defined and the term “any financial information” is too broad in scope. The AESO should provide a definition of what constitutes a “Material Adverse Change” as well as what is meant by “any financial information” to remove any possible ambiguity.</p>	<p>3. The AESO is of the opinion that the defined term in the <i>Consolidated Authoritative Document Glossary</i> “material adverse change” is clear.</p> <p>The AESO is of the opinion that it may require financial information from time to time to assess the ongoing creditworthiness of a market participant. The AESO normally only requests recent financial statement (audited and unaudited). However, the AESO requires the ability to maintain flexibility to request additional relevant information. For example, the AESO may request certain forecast information to assist the AESO in performing its assessment. The AESO’s assessment may result in an increased or decreased amount of financial security depending on the information provided and the outcome of the assessment.</p>

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		<p><u>The University of Alberta (Utilities)</u>4. The University is unable to comment on this issue.</p>	<p>4. The AESO acknowledges U of A Utilities' comment.</p>
3	<p>Do you agree with the proposed amended Section 103.3, taken together with all ISO rules, supports a fair, efficient, and openly competitive market? If not, why?</p>	<p><u>ENMAX Corporation</u> 5. Agree</p> <p><u>The University of Alberta (Utilities)</u> 6. The University is unable to comment on this issue.</p>	<p>5. The AESO acknowledges ENMAX's comment.</p> <p>6. The AESO acknowledges U of A Utilities' comment.</p>
4	<p>Do you agree that the proposed Section 103.3 supports the public interest? If not, why?</p>	<p><u>ENMAX Corporation</u> 7. Agree</p> <p><u>The University of Alberta (Utilities)</u> 8. The University notes that Section 6(7) indicates that the ISO may “reassess and reduce that creditworthiness...” whereas Section 7(1) the ISO may “review and reassess any financial security, unsecured credit limits, financial information and standing, creditworthiness and credit rating...”</p> <p>The difference noted between the two clauses is that 6(7) appears to limit any potential action to <u>reducing</u> creditworthiness whereas 7(1) is more general and states that the ISO may <u>reassess</u> creditworthiness, including unsecured credit limits.</p> <p>The University suggests that Section 7(1) would be more consistent with the public interest because it allows the ISO to adjust unsecured credit limits for inflation at some future date, if necessary. Furthermore, there may be a situation where the credit worthiness of a market participant might improve and in a literal interpretation of Section 6(7), the ISO would not adjust its assessment</p>	<p>7. The AESO acknowledges ENMAX's comment.</p> <p>8. The AESO notes that 6(7) only applies to the credit rating of a <u>guarantor and the unsecured credit limit based on that rating</u>. The concerns expressed do not apply to those market participants who provide forms of security other than guarantees. Further, the AESO is of the opinion that Section 6(7) is consistent with Section 7(2) and (3) which contemplates that the AESO may reduce any unsecured credit limit or demand replacement or additional financial security following a reassessment.</p> <p>Generally, the AESO does not upwardly revise unsecured credit limits on its own initiative since reassessments usually occur when the AESO has a concern. If a market participant believes that its creditworthiness has improved, it is up to the market participant to contact the AESO for a reassessment. Since the AESO is doubling the existing limits, the AESO does not intend to further adjust for inflation.</p>

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		<p>upward.</p> <p>As a solution, the University suggests that the words “and reduce” could be deleted from Section 6(7), thus allowing the ISO to make adjustments in either direction, consistent with the public interest.</p>	<p>Consistent with the AESO’s other proposed revisions, the AESO also proposes to double the existing credit limits under the existing proxy credit ratings.</p> <p>The AESO proposes the following revised subsection 5(1) to reflect these changes:</p> <p>“The ISO may:</p> <ul style="list-style-type: none"> (a) grant an unsecured credit limit in an amount referred to in subsection 5(3) based on the long-term unsecured credit rating of the market participant or its guarantor from an acceptable credit rating agency, as determined by the ISO; or (b) where the ISO has previously granted an unsecured credit limit based on a long-term unsecured proxy credit rating, grant twice the amount of such previous unsecured credit limit based on the long-term unsecured proxy credit rating of the market participant or its guarantor that the ISO issued prior to the effective date of this Section 103.3, which the ISO may, from time to time, revise or withdraw in accordance with the former provisions of this Section 103.3 that were in effect prior to the effective date of this Section 103.3.”
5	<p>If approved, the AESO will propose an immediate effective date. Do you agree? If not, why not?</p>	<p><u>ENMAX Corporation</u></p> <p>9. No, the “Immediate” effective date should be revised to reflect a listed date. For instance, it would reduce confusion if an actual date (such as October</p>	<p>9. The AESO will request that the ISO rule become effective thirty (30) days after approval by the Alberta Utilities Commission so that market participants have thirty (30) days of advance</p>

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		<p>30th) was listed as it would provide a concrete and clear timeline.</p> <p><u>The University of Alberta (Utilities)</u></p> <p>10. The University is unable to comment on this issue.</p>	<p>notice.</p> <p>10. The AESO acknowledges U of A Utilities' comment.</p>
6	Any additional comments regarding the proposed amended Section 103.3	<p><u>ENMAX Corporation</u></p> <p>11. For Section (6)1: "Acceptable Forms Financial Security," would the AESO consider insurance bonds from investment-grade rated entities, an accepted form of security?</p> <p><u>The University of Alberta (Utilities)</u></p> <p>12. No.</p>	<p>11. The AESO regularly reviews other forms of financial security, including insurance products such as surety bonds.</p> <p>Given the short time frame in which the AESO must settle the wholesale energy market, the AESO requires a form of financial security that can be converted into cash quickly with a high level of certainty. Currently, the AESO does not consider insurance products, such as surety bonds, to be sufficiently liquid and reliable enough to be considered an acceptable form of financial security.</p> <p>12. The AESO acknowledges U of A Utilities' comment.</p>
7	Please provide any comments or views on the need for the development of a related information document, including the type of content that should be included.	<p><u>ENMAX Corporation</u></p> <p>13. No comment.</p> <p><u>The University of Alberta (Utilities)</u></p> <p>14. The University is unable to comment on this issue.</p>	<p>13. The AESO acknowledges ENMAX's comment.</p> <p>14. The AESO acknowledges U of A Utilities' comment.</p>
8	Please provide any comments or views on any of the Stakeholder feedback previously provided on April 15, 2021.	<p><u>ENMAX Corporation</u></p> <p>15. No comment.</p> <p><u>The University of Alberta (Utilities)</u></p>	<p>15. The AESO acknowledges ENMAX's comment.</p>

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		16. The University is unable to comment on this issue.	16. The AESO acknowledges U of A Utilities' comment.