

August 6, 2020

To: Market Surveillance Administrator, Market Participants and Other Interested Parties

Re: **Letter of Notice for Development of a Proposed Amended ISO Rule – Section 505.2, Performance Criteria for Refund of Generating Unit Owner's Contribution (“Section 505.2”)**

Pursuant to Section 4 of Alberta Utilities Commission (“AUC”) Rule 017: *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, the Alberta Electric System Operator (“AESO”) is providing notice and seeking feedback from the Market Surveillance Administrator, market participants, and other interested parties (“Stakeholders”) on the development of proposed amended ISO rule Section 505.2.

### Issues

The AESO has determined that, if the changes applied for by the AESO in the compliance filing for its 2018 comprehensive ISO tariff application (“Compliance Filing Application”)<sup>1</sup> are approved, Section 505.2 will need to be revised to align with the approved ISO tariff changes.

Additionally, to reduce regulatory burden, the AESO considers that Section 505.2 could potentially be revised to adopt a simpler and more efficient approach to the determination of how much of a legal owner’s contribution for a generating facility (“GUOC”) can be refunded to the legal owner.

### Purpose

It is the AESO’s position that the proposed amendments to Section 505.2 are required for the purpose of:

- a) aligning Section 505.2 with the GUOC-related changes that the AESO applied for in the Compliance Filing Application; and
- b) potentially, to reduce regulatory burden by adopting a simplified approach to the determination of how much GUOC can be refunded to the legal owner of a generating unit.

### Background

Section 29 of the *Transmission Regulation* (“TReg”) requires the AESO to include in the ISO tariff, the GUOC payable by the legal owner of a generating unit to the AESO, along with any related terms and conditions. Section 29 of the TReg also requires the AESO to make rules to assess the satisfactory performance of a generating unit by generating unit type, for purposes of determining how much GUOC can be refunded to the legal owner of a generating unit. The requirement to make rules for the purposes of determining how much GUOC can be refunded is currently met by Section 505.2.

As part of its 2018 comprehensive ISO tariff application, the AESO applied to the AUC for approval to change the method that is used under the current ISO tariff to calculate the GUOC, the GUOC rate, and the terms for payment of the GUOC. Under the AESO’s proposed changes, a GUOC would no longer be calculated based on the Rate STS contract capacity of the legal owner of a generating unit. Instead, it would be calculated based on maximum capability.<sup>2</sup>

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<sup>1</sup> AUC Proceeding 25175, Exhibits 25175-X0001-X0009, 2018 ISO Tariff Compliance Filing and 2020 Rates Update Application.

<sup>2</sup> AUC Proceeding 22942, Exhibit 22942-X0163, Amended 2018 comprehensive ISO tariff application, para. 300.

Additionally, as part of its 2018 comprehensive ISO tariff application, the AESO proposed that GUOC would be payable by the legal owner of any generating facility:

- with a maximum capability that is or will be greater than 1 MW;
- that is or will be connected to the transmission system or an electric distribution system on or after January 1, 2006; and
- for which revenue metering equipment to measure hourly metered energy has been installed.<sup>3</sup>

As part of the Compliance Filing Application, the AESO requested that the above-described GUOC changes be brought into effect no earlier than November 1, 2020.<sup>4</sup>

### Proposed Consultation and Timeline

The AESO proposes to host an online Stakeholder session in Q3 2020 to discuss the matters set out above. The AESO will determine further consultation steps pending the outcome of that session but anticipates such steps could include additional online sessions, webinars, or written feedback on specific issues prior to issuing draft language for written consultation and comments pursuant to section 6.3 of Rule 017.

During consultation, the AESO is also exploring the possibility of filing these changes to Section 505.2 with the AUC under the provisions of the *Electric Utilities Act* allowing for expedited ISO rules. To enable the AESO provide market participants with their GUOC refunds by February 28<sup>th</sup>, 2021 as required by the ISO tariff, there is an urgent need for these changes to Section 505.2 to be implemented by January 31<sup>st</sup>, 2021.

### Stakeholder Comments

Stakeholders may submit:

- (i) written comments;
- (ii) a notice of intent to participate in consultation; and
- (iii) comments on the form of consultation;

The AESO has the following documents posted on the AESO website which are considered to be relevant to the development of the proposed amended ISO rule Section 505.2.

- a) [Amended 2018 ISO tariff Compliance Filing and Update Application](#)
- b) [Amended 2018 Comprehensive ISO tariff application](#)
- c) [Proposed 2018 ISO tariff](#)

Please use the *Stakeholder Comment Matrix – Development of Proposed ISO Rule* when submitting comments to the AESO. Stakeholders should ensure that comments provided represent all interests within their organization.

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<sup>3</sup> AUC Proceeding 22942, Exhibit 22942-X0014.03, Proposed 2018 ISO Tariff, Section 7.1, PDF 82

<sup>4</sup> AUC Proceeding 25175, Exhibit 25175-X0085, AESO Reply Argument, para. 51.

The deadline for Stakeholders to provide comments is August 21, 2020, to [rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca). Adherence to deadlines is essential to the integrity of the comment process, and as such, the AESO may choose not to consider any Stakeholder comments received after the deadline.

The AESO will publish all Stakeholder comments, received by the deadline, on the AESO website on August 26, 2020.

#### **Related Materials**

1. [Stakeholder Comment Matrix – Development of Proposed ISO Rule – Section 505.2, Performance Criteria for Refund of Generating Unit Owner's Contribution](#)

Sincerely,

*Alison Desmarais*

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