

October 26, 2020

To: Market Surveillance Administrator, Market Participants and Other Interested Parties  
("Stakeholders")

Re: **Letter of Notice for Feedback on the Content of Proposed Options for Amended Section 505.2 of the ISO Rules, Performance Criteria for Refund of Generating Unit Owner's Contribution ("Section 505.2")**

Pursuant to Section 6 of Alberta Utilities Commission 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 the proposed amended Section 505.2.

## Issue

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. To use this opportunity to reduce regulatory burden, the AESO is also proposing options for simpler and more efficient approaches for assessing generating unit performance in order to establish how much of a legal owner's contribution for a generating facility ("GUOC") should be refunded to the legal owner of the generating facility.

## Background and Objectives

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>

In its October 8<sup>th</sup> Stakeholder consultation session, the AESO provided Stakeholders with preliminary information required to develop an understanding of two proposed options for amending Section 505.2:

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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

1. *Option 1 – Simplify rule language to incorporate proposed ISO tariff changes*

Option 1 removes the calculation of availability assessments based on Rate STS contract capacity, except for sites where onsite generation supplies load and excess generation is offered in the energy market on a net basis. As a result of this change, the over-contract assessment is no longer required. Option 1 also includes administrative amendments to simplify the rule language and eliminate redundancy.

2. *Option 2 – Simplify rule language and methodology to incorporate proposed ISO tariff changes*

Option 2 introduces a new binary approach to assess a unit's performance based on the unit's metered energy. In accordance with the Commission's Decision from Proceeding 22942,<sup>3</sup> Option 2 also includes the application of a penalty factor to units that do not energize to critical maximum capability.

The AESO is also proposing to amend the title of this rule to "Performance Assessment for Refund of Generating Unit Owner's Contribution" to align with Section 29(5) of the TReg,

The AESO has requested that the proposed tariff changes come into effect no earlier than January 1<sup>st</sup>, 2021. The AESO intends to file the proposed rule changes as soon as possible in order to align with the ISO tariff changes.

### Stakeholder Comments

The AESO is seeking comments from Stakeholders to help determine which option is the preferred approach and whether Stakeholders have any specific comments on either option.

Stakeholders may submit written comments to the AESO using the three Stakeholder Comment matrices hyperlinked below. The AESO will only consider written comments in finalizing the draft proposed amended Section 505.2. Stakeholders should ensure that comments provided represent all interests within their organization. The scope of comments is limited to the draft proposed amended Section 505.2. The AESO will not consider any comments that are outside of this scope.

Given that Option 2 represents a significantly different approach, the AESO is not issuing a blackline for Option 2.

The deadline for Stakeholders to provide comments is November 9, 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, however, the AESO will not be responding to comments at this time. The comments received are to be used to inform the AESO's decision on the best approach towards amending Section 505.2. Stakeholders will have an opportunity to comment on the final draft of the rule after which the AESO's responses to these comments will be posted on the AESO website.

### Related Materials

1. [Stakeholder Comment Matrix – Development of Proposed Amended Section 505.2 \(Option 1\) for the draft proposed amended Section 505.2;](#)
2. [Stakeholder Comment Matrix – Development of Proposed Amended Section 505.2 \(Option 2\) for the draft proposed amended Section 505.2;](#)
3. [Stakeholder Comment Matrix – Development of Proposed Amended Section 505.2 \(General\) for the draft proposed amended Section 505.2;](#)

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<sup>3</sup> AUC Decision 22942, Alberta Electric System Operator 2018 Independent System Operator Tariff (September 22, 2019) at para 502.

4. [Blackline](#) and [clean](#) copies of the draft proposed amended Section 505.2 (Option 1); and
5. [Clean copy of the draft proposed amended Section 505.2 \(Option 2\)](#).

Sincerely,

*Alison Desmarais*

Regulatory Administrator  
Legal and Regulatory Affairs  
[rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca)

Attachments