

Load Shed Service for Import Information Session

Market Services
April 17, 2014



Agenda



- LSSi Product
- Proposed Modifications to the Contract
- The RFP Process and Next Steps

LSSi Product - Purpose



- Load Shed Service for Imports (LSSi) is an ancillary service product
- Developed by the AESO as part of the efforts to enable intertie transactions to the levels indicated by the T-Reg
- LSSi is provided by loads that agree to be tripped following the frequency drop caused by the sudden loss of imports coming across the AB-BC and MATL
- LSSi allows for arrest and recovery from frequency decay, and preserves system stability
- LSSi is used to allow additional scheduled imports to access the Alberta market without compromising system reliability

LSSi Product - Payment Structure



- Three-part payment structure:
 - The availability payment: paid to LSSi providers in the hours when they choose to offer LSSi, currently set at \$5/MWh
 - The arming payment: paid to LSSi providers in the hours when their LSSi facilities are armed, a fixed price agreed to between the AESO and each individual LSSi provider
 - The tripping payment: paid to LSSi providers in the event that their armed load is tripped off when intertie trip causes the frequency to drop, currently set at \$1000/MWh

LSSi Product – Usage Statistics

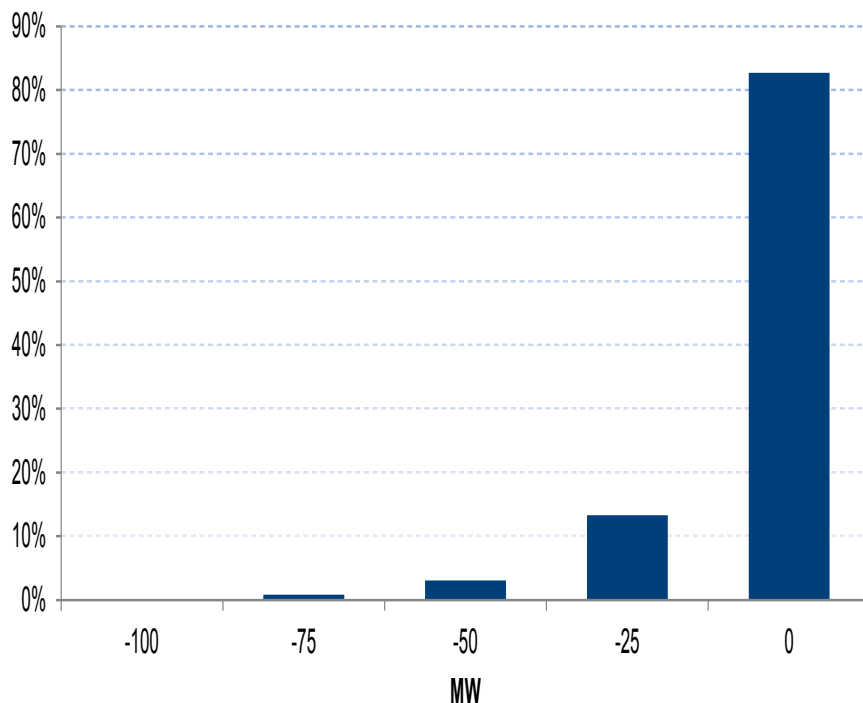


- The first LSSi contract became effective operationally in November 2011
- Currently a total of 479 MW from 7 providers
- Summary Data of Intertie Restoration Facilitated by LSSi – April 1, 2012 to March 31, 2013

Number of Hours When LSSi was Available	8,551
Average Available LSSi Volume in Each Hour When LSSi was Available (MW)	192
Number of Hours When LSSi was Armed	2,059
Average Volume Armed (MW)	137
Average Additional Import Schedule Achieved in Each Hour When LSSi was Armed (MW)	50
Total Additional Import Schedule Achieved (MWh)	103,077

Proposed Modifications

Proposed Modification: T-85 Lock-Down



- Issue: possible invalidation of T-85 ATC allocation causes additional cost and uncertainty to importers and potentially reduces import activity
 - Allocation of ATC occurs at T-85 based on the available LSSi volume at the time
 - Arming of LSSi occurs at around T-20
 - Available LSSi volume may drop between T-85 and T-20
- T-85 lock-down of LSSi availability reduces the uncertainty around the ATC allocation at T-85

Proposed Modification: Manual Trip



- Issue: the feature of LSSi design not explicit in the contract
- Adding 'manual trip' allows the contract term to more accurately reflect the design of the product

Proposed Modification: No Availability Payment When Not Able to Increase Import Schedules



- Issue: LSSi was offered and the availability payment was made to the providers in situations where LSSi could not have been used increase import scheduling capability
- Number of hours ATC limited to zero:

	Number of Hours		% of Total Hours	
	2012	2013	2012	2013
BC Intertie Outage	132	679	1.5%	7.8%
Other Constraints	7	24	0.1%	0.3%

Proposed Modification – Clarity in Compliance



- Issue: unnecessary risks to LSSi Agreements
- The LSSi Agreement could be enhanced by distinguishing non-compliance based on providers' compliance efforts and the impact of the non-compliance on the system
- Offer greater clarity regarding the relationship between non-compliance violations and LSSi Agreement terminations
 - help providers better understand the AESO's expectations of compliance practices
 - reduce unnecessary risks to LSSi Agreements

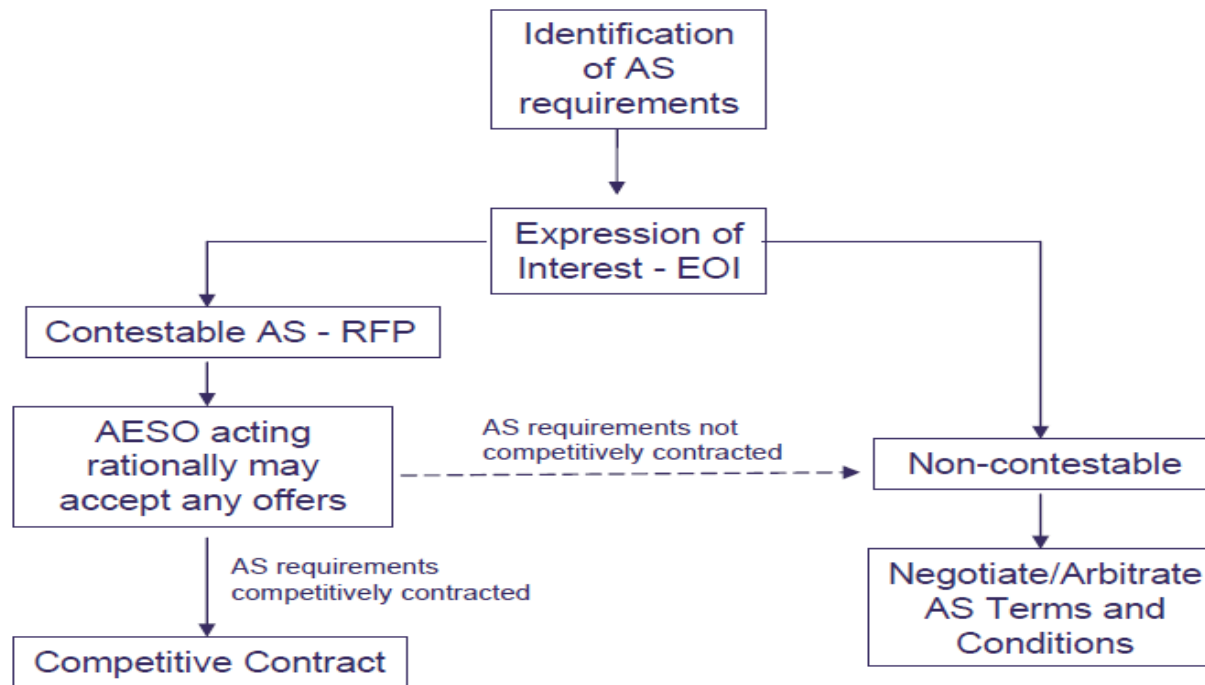
Next Steps



- Comments on report due April 25
- AESO will post responses to stakeholder comments May 16th
- RFP in Q3

The RFP Process

Process Map



Thank You

