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1 Purpose

This information document supports section 9.1 of the ISO rules, *Transmission Facility Projects*. The purpose of this information document is to provide additional clarity on the AESO's interpretation of the following:

- a) the definition of a transmission Project;
- b) the AESO's compliance monitoring audit rights of such Projects;
- c) specific examples of Project Materials; and
- d) project reporting requirements.

2 Transmission Project

The term "Project" is defined within the *Consolidated Authoritative Document Glossary* and, in part, "means the project generally described as any one of the following: (i) the means or manner by which a constraint or condition affecting the operation or performance transmission system could be alleviated as identified in a NID approved by the EUB pursuant to s.34(3) of the Act...".

As such, notwithstanding the fact that a given Project, which is the subject of a needs identification document the Commission approves, may be divided into multiple phases for which there are multiple facilities applications, the AESO's position is that all such phases remain part of one, large Project which is the subject of the needs identification document. In other words, the AESO sees a Project as completed when all of the phases within that particular Project are complete.

3 Compliance Monitoring Audit Right of the AESO

Subsection 9.1.5.8 of the ISO rules, *Compliance Review Right of ISO* ("Section 9.1.5.8") gives the AESO the authority to examine the books and records of a legal owner of a transmission facility provided the AESO makes the request to perform a Compliance Monitoring Audit of a given Project within one (1) year from the date a legal owner has provided the Final Cost Report for such Project.

Given the likely interdependencies on the phases of a particular transmission Project, it is the AESO's position that it is unreasonable to restrict the AESO from exercising its compliance monitoring rights on a facilities application or Project phase basis. This is consistent with the AESO's position that a Project is not considered to be complete until all the phases for such Project are completed in their entirety. As such, provided one (1) year has not yet elapsed since the submission of the last Final Cost Report relevant to the entire Project, the AESO may request a Compliance Monitoring Audit for any phase of such Project, regardless of when the Final Cost Reports were submitted in respect of any of the phases.

Furthermore, the AESO's position is that the intent of Section 9.1.5.8 is to permit the AESO the right to request, but not necessarily complete, a Compliance Monitoring Audit within one (1) year from the date the legal owner has delivered the last Final Cost Report in respect of the overall Project. The AESO will, however, make best efforts to commence work on this Compliance Monitoring Audit shortly after making such a request.

4 Definition of Project Materials

Project Materials, as defined in the *Consolidated Authoritative Document Glossary*, “means with respect to a Project, all equipment, material and construction, installation, testing and commissioning services required for the construction of the project and provided by a third party, but excluding any engineering services”.

For greater clarity, the AESO’s position with respect to whether specific types of services may or may not be included in Project Materials, is as follows:

1. Construction management services performed by a third party qualify as Project Materials and therefore, are subject to the competitive bidding requirements of subsection 9.1.5 of the ISO rules, *Project Procurement* (“Section 9.1.5”).
2. Surveying services are not considered Project Materials. These are deemed part of engineering costs because surveying is required in order to perform the line design. A legal owner of a transmission facility is therefore not required to competitively procure surveying services, in accordance with the requirements of Section 9.1.5. However, the legal owner is not prohibited from doing so if it deems it to be appropriate.

5 Project Reporting Requirements

Subsection 9.1.3 of the ISO rules, *Project Reporting by Designated TFOs* (“Section 9.1.3”), describes reporting obligations of legal owners of transmission facilities while carrying out transmission Projects, including the submission of Final Cost Reports, Project Progress Reports and Project Change Proposals. The AESO provides templates and guidelines as to the expected content of each of these types of reports on the AESO website. The definitions in the ISO *Consolidated Authoritative Document Glossary* associated with each of these report types stipulate that they be completed substantially in the form of the templates on the AESO website.

The AESO’s position is that Section 9.1.3 obligates market participants to:

1. submit the reports referred to above in accordance with the timelines specified in the ISO rules; and
2. ensure that the reports submitted in 1 above, are complete, accurate and in accordance with the guidelines and templates posted on the AESO website.

Revision History

Effective Date	Description of Changes
2012-05-16	Initial Release