

## Stakeholder Comments on Update Letter for TCM Updates for EAS Rules – Nov. 28, 2019

### Stakeholder comments on the AESO's Update Letter [Posted: Dec. 13, 2019]

1. Capital Power Corporation
2. Heartland Generation Ltd.
3. Market Surveillance Administrator (MSA)
4. Suncor Energy Inc.
5. TC Energy Ltd.

December 10, 2019

Via Email: [rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca)

Alberta Electric System Operator  
Calgary Place  
2500, 330 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0L4

**Attention:** Alison Desmarais

Dear Ms. Desmarais:

**Re: Alberta Electric System Operator (“AESO”) Update Letters for Notice of Development of Proposed Amended ISO Rules and AESO Consolidated Authoritative Documents Glossary (November 27, 2019; November 28, 2019; December 2, 2019)<sup>123</sup> Comments of Capital Power Corporation (“Capital Power”)**

The AESO has notified stakeholders that they intend to proceed with an application to the Alberta Utilities Commission (“AUC”) for amendments to a series of ISO rules, as well as terms and definitions contained within the AESO Consolidated Authoritative Documents Glossary. The proposed amendments arose through the AESO’s consultation on capacity market implementation and include changes that were considered as part of the Amended EAS Market Rules and Category 2 Rules. As requested by the AESO, Capital Power provides the following comments in response to the Letters of Notice to note our concerns with the proposed next steps.

### **AESO Consultation and Engagement**

#### *Capacity Market Consultation*

The AESO submits that “it has met the intention of sections 4 and 6 of AUC Rule 017 as a result of the consultations completed to date”<sup>4</sup>, and is therefore, proceeding directly to an application with the AUC. Capital Power disagrees with the AESO’s assessment of the previous consultation and requests the AESO reconult with stakeholders on the necessity and priority of the proposed amendments.

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<sup>1</sup> AESO Update Letter for Notice of Development of a Proposed Amended ISO Rule – Section 203.1, Offers and Bids for Energy (“Section 203.1”) (November 27, 2019)

<sup>2</sup> AESO Update Letter for Proposed New & Amended ISO Rules and AESO Consolidated Authoritative Documents Glossary (“CADG”) Terms and Definitions (TCM Updates for EAS) (November 28, 2019)

<sup>3</sup> AESO Update Letter for Proposed Amended ISO Rules and AESO Consolidated Authoritative Documents Glossary (“CADG”) Terms & Definitions (Administrative Updates – EAS Rules) (December 2, 2019)

<sup>4</sup> Ibid

Through the course of consultation regarding capacity market implementation, the AESO determined that Category 2 rules were non-essential to implementation, and therefore grouped the proposed amendments in a package that would be addressed at a later date. Through an abbreviated consultation process, the AESO sought stakeholder feedback on these proposed amendments.

Given the priority of other active consultations, the breadth of material, and tight timelines, stakeholders were unable to fully assess and provide complete feedback on the issues that the AESO is now proposing to advance to an application. Further, the consultation that was completed was done in the context that the capacity market would be implemented. This is no longer the case. Capital Power is concerned that changing circumstances may have impacted the underlying rationale for the rule changes as well as stakeholder views. Additionally, some issues (described below) remain unaddressed. Accordingly, Capital Power submits that it is necessary to re-issue the rules for stakeholder consultation prior to proceeding to an application.

### *Future Engagements*

In recent communications, the AESO has noted their intention of advancing the Flexibility Roadmap and updating the analysis supporting the Net Demand Variability study. The AESO intends to complete this work in 2020. With the cancellation of the capacity market and the Renewable Electricity Program, the proposed rule changes may no longer be supported by this analysis. Capital Power submits that the AESO should complete this work. Thereafter, it may be appropriate to revisit the proposed ISO rule amendments with stakeholders.

### **Issues That Require Further Engagement**

#### *ISO Rule 203.1 – Offers and Bids for Energy*

The requirement proposed by the AESO to add a ramp table in energy offers requires further review with stakeholders. As noted in prior comments, Capital Power is not opposed to the requirement, however, additional consultation should be undertaken to reconfirm the purposes for collecting the data. This should occur after the AESO has completed the updates to the Net Demand Variability analysis.

If the analysis continues to support the requirement for a ramp table, the AESO should reconvene stakeholders to establish a workable format for the submission and determine the appropriate margins of variance that would require updates.

Finally, any changes to the Energy Trading System to support this requirement must also involve consultation with stakeholders to ensure stakeholders have sufficient opportunity to update or develop the necessary internal systems to comply with the requirements.

#### *ISO Rule 302.1 – Real Time Transmission Market Constraint Management*

The AESO is proposing changes to the requirements for transmission constraint management. Capital Power submits that additional consultation with market participants is necessary to address outstanding items. Specifically, there is a need for communication requirements for transmission facility operators to notify market participants of outages that may impact generators.

With the revised definition of Acceptable Operational Reason, there is currently no effective mechanism for communication of these outages which could lead to challenges for market participants fulfilling the requirements for available capability restatements.

Capital Power appreciates the opportunity to submit comments to the AESO for consideration prior to filing an application to the Commission for their proposed ISO Rule amendments. Should you have any questions, please contact the undersigned at [cmrobb@capitalpower.com](mailto:cmrobb@capitalpower.com) or by phone at (780) 392-5169.

Sincerely,

<*Submitted Electronically*>

Colin Robb  
Senior Advisor, Regulatory & Environmental Policy  
Capital Power Corporation

Cc:  
Jason Comandante, Vice President, Regulatory & Environmental Policy



9 December 19

Alberta Electric System Operator  
330 5<sup>th</sup> Avenue SW  
Calgary, AB  
T2P 0L4

**Attention: Alison Desmarais**  
**Regulatory Administrator, Legal & Regulatory Affairs**

Dear Ms. Desmarais,

**RE: Proposed Amendments to ISO Rules**

Heartland Generation Ltd. is writing you to express its concerns with the AESO's series of proposed rule amendments. The AESO has informed stakeholders that it will apply to the Alberta Utilities Commission (AUC) for approval of a series of rule amendments drawn from both the proposed Amended EAS Market Rules and Category 2 Rules, without the capacity market-related content. The AESO requested that stakeholders with "significant concerns" regarding these rule amendments submit them in writing by December 10, 2019. Heartland Generation Ltd. (HGL) submits the following concerns with the proposed amendments:

**1. Lack of consultation**

In the letters of notice for the proposed amendments, the AESO states that it "is of the view that it has met the intention of sections 4 and 6 of AUC Rule 017 as a result of the consultations completed to date." HGL strongly disagrees with this view. The bulk of these consultations were conducted over a year ago, with many significant developments in the interim. Furthermore, the consultations were conducted in the context of implementing a capacity market, which has since been cancelled. The circumstances under which these consultations took place have changed and further consultation is required. To abide by its Consultation Framework, the AESO must engage stakeholders in a meaningful and transparent way.

**2. Section 203.1, *Offers and Bids for Energy***

In a letter for notice issued on November 27, 2019 the AESO indicated that it would apply to the AUC for approval of amendments to Section 203.1, *Offers and Bids for Energy*. Particularly, the proposed amendment to 6(1) of 203.1 appears as follows:

**6(1) A pool participant that submits an offer must also submit the following operating constraints:**

- (a) ramp rate;**
- (b) for a generating source asset, a ramp table in the manner the ISO specifies after a date specified by the ISO; and**
- (c) the initial start-up time.**



During the capacity market consultations, the AESO confirmed that the requirement to submit a ramp table would be for informational purposes only, saying:<sup>1</sup>

The AESO confirms that, at this point in time, the ramp table will only be used by AESO system controllers for information on dispatch certainty in real time and input in the AESO's dispatch forecasting tool. However, the ramp table is a vital part of the dispatch tolerance consultation in the future, and may inform dispatch tolerance and ramping compliance design. [emphasis added]

First, it is not clear whether the AESO still intends for the ramp table to be for informational purposes only, or whether it will in fact have implications for dispatch compliance and increase compliance risk for generators. The AESO's clarification in this regard specifically referred to being made "at this point in time," which was over a year ago and within the capacity market context; it is therefore ambiguous whether the AESO is still of this position or if its intentions have changed. Second, adhering to a pre-defined ramp table is difficult if not impossible, especially for certain types of generators. For example, coal generators experience significant variation in their ramp rate because of fuel switching, the requirement to meet environmental limits, fluctuations in coal quality, and the requirement to manage real-time emissions, among other things. Cogeneration facilities would face similar difficulties. Therefore, pre-defined ramp tables would provide little to no value.

Conversely, given this variability in the ramp rate, creating an accurate ramp table would be onerous and require significant time to complete. The cost to generators of submitting a ramp table along with each offer would therefore be non-trivial. This increase in administrative burden would also be compounded by the apparent requirement of 6(2) for generators to update the AESO of any change in ramping capability "as soon as reasonable practicable," regardless of materiality. For example, it appears that even a transitory and insignificant change in operating characteristics would require submitting an updated ramp table to the AESO. When questioned about this during the capacity market consultations, the AESO did not provide any additional clarity, and simply responded that it "intends for the values in the ramp table to reflect the real-time operating characteristics of the asset, and to be updated with any changes to the operating constraints of the asset as soon as reasonably practicable."<sup>2</sup> The AESO does not indicate if there will be a mechanism to re-submit ramp tables to system controllers in real time and if that would be more efficient than the current practice of communication of fluctuations directly with the system controller during ramping. This information could form part of the consultation on the ISO Rule changes.

In conclusion, HGL submits that the material costs of submitting a ramp table would outweigh the benefits (if any) of doing so. Furthermore, the previous consultations pertaining to this amendment were conducted under materially different circumstances and should not count towards the AESO's obligation to consult under AUC Rule 017. HGL also questions why such an amendment is necessary when the issue of dispatch tolerance is already being contemplated as part of the AESO's Flexibility Roadmap. The AESO has indicated that it intends to use the ramping tables to inform its "dispatch tolerance and ramping compliance design," which appears to make this amendment redundant with the work already

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<sup>1</sup> Market Participant Comments and AESO Replies Matrix, "Proposed Amended Section 203.1 of the ISO rules, Offers and Bids for Energy," 2018-12-20.

<sup>2</sup> Ibid.



HEARTLAND  
GENERATION

being conducted as part of the Flexibility Roadmap. HGL requests that the AESO consults with stakeholders on this amendment and provides transparency to market participants on how this amendment relates to the Flexibility Roadmap.

We appreciate the AESO's attention on this matter. Please send any correspondence or questions to [Shanelle.sinclair@heartlandgeneration.com](mailto:Shanelle.sinclair@heartlandgeneration.com) or by phone at (403) 369 – 7769.

Sincerely,

A handwritten signature in blue ink that reads "Shanelle Sinclair".

Shanelle Sinclair  
Manager, Regulatory & Policy  
Heartland Generation Ltd.

CC: Gillian Barnett, Regulatory Legal Counsel

December 12, 2019

Alison Desmarais  
Regulatory Administrator  
Alberta Electric System Operator  
2500, 330 - 5th Avenue SW  
Calgary, AB T2P 0L4

Dear Ms. Desmarais,

**Re: MSA Comments re Proposed Changes to ISO Rules**

On November 28, 2019, the Alberta Electric System Operator (AESO) gave notice to stakeholders proposing changes to ISO Rules and Consolidated Authoritative Documents Glossary definitions related to Transmission Constraint Management. The proposed changes were initially raised by the AESO during its consultation on the capacity market but were not filed or reviewed by the Alberta Utilities Commission in Proceeding 23757.

Based on the proposed changes to the definition of “acceptable operating reason” and the replacement of the term “transmission constraint” with “transmission market constraint” it is apparent that the new definition of transmission market constraint is narrower than the existing definition of transmission constraint. The MSA is of the view that additional consultation on the proposed changes is warranted before they are filed with the Commission for approval.

Related to the proposed changes, the MSA has some specific questions for the AESO:

1. On April 5, 2013, the Commission issued Decision 2013-135 regarding ISO Rule 302.1, *Real Time Transmission Market Constraint Management*. Can the AESO explain how the proposed changes are consistent with this Decision?
2. In relation to these specific proposed changes (rather than in the context of broader changes to the electricity market), can the AESO explain how they support the fair, efficient and openly competitive operation of the electricity market as required of proposed ISO Rules under section 20.21 of the *Electric Utilities Act*?
3. Can the AESO explain in detail which types of transmission constraints, if any, are captured within the existing definition of “transmission constraint” that would not be captured within the proposed definition of “transmission market constraint”? In particular, would congestion on a radial line or as a result of a remedial action scheme be captured within the proposed definition of “transmission market constraint”?

If the AESO would like to discuss this matter further with the MSA, please contact us.



Sincerely,

Gordon Kaiser

Market Surveillance Administrator



Suncor Energy Inc.  
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www.suncor.com

SENT VIA EMAIL: [rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca)

December 10, 2019

**ALBERTA ELECTRIC SYSTEM OPERATOR**

Calgary Place  
2500, 330 5 Avenue SW  
Calgary, AB T2P 0L4

Attention: Alison Desmarais, Regulatory Coordinator

**Re: Response to Update Letter re: Proposed Amendment to ISO Rule Section 203.1  
Update Letter re: TCM Updates for EAS  
Update Letter re: Administrative Updates – EAS Rules**

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Suncor Energy Inc. ("Suncor") has reviewed the Alberta Electric System Operator's ("AESO") notices dated November 27, 2019, November 28, 2019 and December 2, 2019 (the "Notices"). In the Notices, the AESO states that it believes the intention of sections 4 and 6 of AUC Rule 017 were met for the proposed rule amendments as a result of the consultations completed to date. The AESO proposes to submit an application for approval without further consultation, and requests that the Market Surveillance Administrator, market participants and other interested parties ("Stakeholders") with significant concerns with this proposed next step provide those concerns prior to December 10, 2019. This letter provides Suncor's concerns with the proposed rules and process.

Prior to describing its concerns with the proposed rules, Suncor notes that the consultation that was done with respect to these proposed rules may no longer be valid. As the AESO identified in the Notices, the consultation on the proposed amendments primarily occurred about one year ago when a capacity market was being proposed. Accordingly, there are changed circumstances, including the cancellation of the capacity market, which may have changed the nature of stakeholders' concerns.

Notwithstanding that the nature of the concerns with the proposed AESO rules may have changed, Suncor attempted to review stakeholder comments from the previous AESO consultation on the proposed rules. A table with dates and consultation activities was provided in the Notices; however, there was no link to the actual consultation record. The consultation record for these rules is embedded in two years' worth of capacity market consultation material and not readily accessible. Suncor notes that if the AESO would like to rely on the previous consultation, the relevant consultation records should be readily accessible. This is particularly important as the AESO provided only five to eight business days to respond to the Notices with concerns regarding the proposed rules and process.

Suncor is also concerned that the AESO has not addressed the concerns or questions raised by stakeholders in the previous consultation. From the material provided, it is not apparent to what extent, if any, the AESO actually addressed stakeholder concerns.

Suncor's concerns with the proposed rules are provided in the table below. Suncor believes that some of these concerns were raised previously but, as stated above, it does not appear that these concerns were addressed. Notably, the absence of comments regarding any particular proposed amendment by Suncor should not be interpreted as support for that amendment especially given the limited time permitted to review the proposed amendments since the Notices were issued.

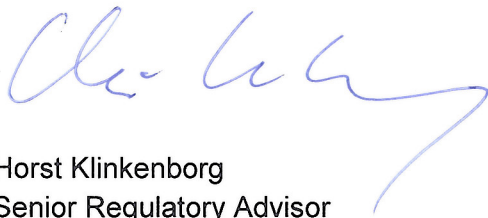
Reference	Comment
<p><b>ISO Rule Section 203.1</b></p> <p>Section 6(1)(b)</p>	<p>Suncor opposes the proposed addition to section 6(1) of this rule.</p> <p>First, the AESO has not provided the relevant details to actually assess the proposed changes to this rule. The ramp table itself must form part of the proposed rule change.</p> <p>Second, even if the AESO had provided the relevant details, it is unclear how the <i>ramp table</i> relates to the <i>ramp rate</i> in section 6(1)(a) and how, if at all, the addition of the <i>ramp table</i> affects other rule sections that reference <i>ramp rate</i>.</p> <p>Finally, this proposed rule change increases the burden on pool participants and the AESO has not provided any rationale for this change.</p>
<p><b>ISO Rule Section 202.7</b></p> <p>Section 3(2)(b) and 9(2)(c)</p>	<p>Suncor opposes the proposed deletions to section 3(2)(b) and 9(2)(c).</p> <p>An information rich environment is important to ensure that the interests of all stakeholders and the AESO are aligned. This is particularly true under abnormal circumstances. Without any rationale it is difficult to understand why the AESO proposes to provide less information to the market.</p> <p>Suncor therefore opposes the proposal for the AESO to provide less information during states of limited market operation or market suspension.</p>

Reference	Comment
<p><b>CADG Terms and Definitions</b></p> <p>“acceptable operational reason”</p>	<p>Suncor opposes the addition of subsection (vii) to the definition of <i>acceptable operational reason</i>.</p> <p>Transmission and/or distribution constraints do not affect the availability of a generating source asset. By definition, such constraints affect whether the generating source asset can be accessed through the grid. The operator of the generating source asset is not the right party to provide the relevant information to the AESO; this information should come directly from the associated TFO or DFO. Reflecting the information in the availability of the generation source asset obscures the real reason for the unavailability and creates an unnecessary error risk that may result in supply being inadvertently unavailable to be dispatched.</p>
<p><b>CADG Terms and Definitions</b></p> <p>“generating asset steady state”</p> <p>“ramping”</p>	<p>Suncor opposes the proposed language changes.</p> <p>Suncor recognizes the duplication of the “plus or minus” language between these definitions and the definition for <i>allowable dispatch variance</i>; however, the proposed changes result in awkward language that might lead to misinterpretation. It makes sense for a generating unit to reach a specific output level but not for it to reach “the allowable dispatch variance”.</p>

Finally, Suncor continues to be of the view that the information provided regarding the proposed amendments is not sufficient to meet the AUC Rule 017 information requirements. Suncor is appending its letter dated December 5, 2018, which described the issues with the AESO not meeting these information requirements, to this response.

If you have any question, please feel free to contact me

Sincerely,



Horst Klinkenborg  
Senior Regulatory Advisor  
Suncor Energy Marketing Inc.  
as duly authorized agent for Suncor Energy Inc.



Suncor Energy Inc.  
150 – 6<sup>th</sup> Avenue SW  
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SENT VIA EMAIL: [rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca)

December 5, 2018

**ALBERTA ELECTRIC SYSTEM OPERATOR**

Calgary Place  
2500, 330 5 Avenue SW  
Calgary, AB T2P 0L4

Attention: Alison Desmarais, Regulatory Coordinator

**Re: Response to Notice re: Category 2 Rules dated November 20, 2018**

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Suncor Energy Inc. ("**Suncor**") has reviewed the Alberta Electric System Operator's ("**AESO**") notice and request for feedback on the proposed amended Category 2 Rules ("**Category 2 Rules**") dated November 20, 2018 (the "**Notice**"). The Notice states that the Market Surveillance Administrator, market participants and other interested parties ("**Stakeholders**") may submit written comments to the AESO using the *Stakeholder Comment Matrix – Draft Proposed ISO Rule* by December 5, 2018.<sup>1</sup> Suncor submits this letter and the attached preliminary comment matrices in response to the AESO's request for feedback.

Suncor is concerned that the Notice:

- does not meet the prescribed notification requirements of the Alberta Utilities Commission (the "**Commission**") Rule 017: *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission* ("**AUC Rule 017**"); and
- does not provide sufficient information to allow parties to comment in any meaningful way on the Category 2 Rules.

AUC Rule 017 prescribes specific notice requirements for developing a proposed ISO rule. This includes setting out the issue that the proposed rule is intended to address and describing the potential objective or purpose of the proposed rule. In this regard, subsections 4.3 and 4.4 of AUC Rule 017 specifically provide that:

4.3 The notice must set out:

- (a) the issue that a proposed rule is intended to address;
- (b) a description of the potential objective or purpose of the proposed rule;

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<sup>1</sup> <https://www.aeso.ca/assets/Uploads/Letter-of-Notice-Category-2-Rules.pdf>, page 2 *Objectives/Purpose*.

(c) the manner in which the Market Surveillance Administrator, market participants, and other interested parties may submit:

(i) written comments;

[...]

(d) the deadline date for comments, which must not be less than 15 days from the later of:

(i) the date the notice is issued to the Market Surveillance Administrator, market participants, and other interested parties; or

(ii) the date the notice is issued on the ISO's website; and

(e) where the information set out in subsection 4.4 can be accessed.

4.4 When the notice is posted on the ISO's website, the ISO must also post a copy of any data, analyses or other material that the ISO considers to be relevant to the need for, the development of, removal of, or renewal of the proposed rule. [Emphasis added.]

The information in subsections 4.3 and 4.4 of AUC Rule 017 is required for stakeholders to understand the issue and reason or purpose the AESO's proposed amendments are intended to address and to provide meaningful comments.

The Notice does not provide the information required in AUC Rule 017. The Notice bundles together twenty four proposed amendments to ISO rules and instead of clearly setting out the issue that these proposed rules are intended to address, the AESO merely offers that the Category 2 Rules, as a whole, are "a priority"<sup>2</sup> and provides a vague list of issues, unattributed to actual rule(s) these issues apply to. The AESO then states that the "purpose of the proposed amendments to the Category 2 Rules is to address the issues stated above".

The Notice also states "[t]he AESO has posted, on the AESO website, any data, analyses, or other material that the AESO considers to be relevant to the development of the proposed amended Category 2 Rules". However, the link provided simply refers to previous stakeholder comments and AESO responses to those comments, and past AESO presentations. The link does not include any underlying data or analyses that may be relevant to the development of the proposed amended Category 2 Rules. Presumably the proposed rule changes are supported by data, analysis or other material.

As the Notice does not meet the AUC Rule 017 information requirements, Suncor's comments in respect of the Category 2 Rules in the attached comment matrix are preliminary only. Due to this lack of information, Suncor does not understand the issue some of the proposed amendments are intended to address or the reason or purpose of some of these proposed amendments. Accordingly, Suncor is unable to submit meaningful comments on some of the proposed amendments.

For example, the AESO states that one of the reasons or purposes for one of its amendments is to "include solar assets in Section 505.2 of the ISO rules, *Performance Criteria for Refund of Generating Unit Owner's Contribution*". Solar assets were already covered in Section 505.2 of

<sup>2</sup> <https://www.aeso.ca/assets/Uploads/Letter-of-Notice-Category-2-Rules.pdf>, page 1 *Issue*.

the ISO rules prior to the proposed amendment. The AESO has not identified any issue with the current consideration of solar assets in this rule or the purpose of the proposed revision. Further examples are identified in Suncor's preliminary comments in the attached comment matrix.

This Notice and comment process forms part of ISO rule development. The AESO may only file its application to the Commission for approval of the proposed Category 2 Rule amendments after it has undertaken this consultation process.<sup>3</sup> The consultation process must be meaningful and afford stakeholders the opportunity to provide informed comments. Suncor submits that the AESO is required to publish a revised Notice, in compliance with the requirements set out in AUC Rule 017 discussed above, and to allow parties 15 days from that date to provide informed comments. Suncor further submits that any application based on a fundamentally flawed consultation process is likely also fundamentally flawed.

Sincerely,



Horst Klinkenborg  
Senior Regulatory Advisor  
Suncor Energy Marketing Inc.  
as duly authorized agent for Suncor Energy Inc.

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<sup>3</sup> AUC Rule 017, subsections 6.2, 6.3, 6.6, and 7.2(a).

December 9, 2019

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Alberta Electric System Operator  
2500, 330 - 5th Avenue SW  
Calgary, AB T2P 0L4

Via email

**Attention: Ms. Nicole LeBlanc,  
Director, Market and Tariff Design**

Dear Ms. LeBlanc,

**Re: Update Letters for Proposed New & Amended ISO Rules and Definitions;  
TransCanada Energy Ltd. ("TCE") Comments**

TCE writes in response to the November 27, 2019, November 28, 2019, and December 2, 2019, letters of notice the Alberta Electric System Operator ("AESO") posted regarding a suite of proposed ISO Rule and definition changes. These proposed changes are a subset of Amended Energy and Ancillary Services Market Rules and Category 2 Rules that were proposed during the development of the capacity market. Because the AESO has already consulted on these proposed changes, it intends to now submit applications for the changes directly to the Alberta Utilities Commission ("AUC"). The AESO asks stakeholders with significant concerns to provide those concerns in writing. TCE appreciates the opportunity to provide its comments. TCE's concerns are with respect to the adequacy and context of consultation and certain amendments to specific proposed ISO Rules and definitions. These concerns are addressed in detail below.

#### Adequacy and Context of Consultation

As stated above, the proposed ISO Rules and definition changes are a subset of rules and definitions that were proposed during the development of the capacity market. This was a unique period for both the AESO and stakeholders as the market was preparing for a wholesale change to the market design. Approximately fifty new or amended ISO Rules, plus numerous new or amended definitions, were being considered with the expectation that they would be implemented within a market design that included a capacity market. As such, market participants' comments were provided in the context of an operational capacity market. Now that the capacity market has been cancelled the context has materially changed. While these proposed rules are specific to the energy and ancillary services markets, the interplay between the markets would have been significant. Accordingly, it cannot be assumed that the comments provided a year or more ago under the context of a capacity market will be the same as those provided today without a capacity market.



The sheer volume of proposed changes to ISO Rules and definitions during the development of the capacity market challenged the resources of many stakeholders. TCE expects the AESO faced similar challenges. AUC Rule 017 requires the AESO to provide written responses to the comments provided by stakeholders during consultation of a proposed change to an ISO Rule or definition. The AESO's normal practice has been to respond to each individual comment provided. This practice was generally carried out with respect to the proposed Category 2 Rules. However, TCE does not believe this to be the case for all of the comments provided regarding the proposed Amended Energy and Ancillary Services Market Rules. In many cases, the AESO's responses were vague and without specific reference to a stakeholder's comments. In TCE's submission, the responses were inadequate to meet the requirements of Rule 017. However, at the time the AESO's responses were tolerated on the basis that fulsome responses to each comment was not practical given the prevailing resource challenges. In the present context, TCE recommends that the AESO revert to its normal practice and ensure that it has adequately consulted by providing fulsome responses to each comment.

#### Section 203.1, Offers and Bids for Energy

TCE does not, in general, oppose the requirement to provide a ramp table. However, it is opposed to this proposed change that permits the AESO to establish the manner and timing of the requirement to provide a ramp table at a later date without appropriate AUC oversight to ensure such requirements meet the principles of FEOC and are in the public interest. The manner and timing of providing a ramp table is authoritative in nature and must not be relegated to an information document. Accordingly, such information should be included in this rule.

While it will likely be the case that the AESO specifies a matter and timing that is reasonable, the proposed language would permit the AESO to specify the manner and timing without first consulting market participants. This may result in a requirement with which market participants cannot reasonably comply. TCE submits that this (i.e., the obligation to consult) is another fundamental reason why requirements placed upon market participants must be specified in rules rather than in information documents or guidelines.

TCE recommends that the AESO delay this proposed change until such time that it can determine the manner and timing of the ramp table and is able to include such information in the proposed rule amendment.

#### Section 202.7, Markets Suspension or Limited Markets Operations

The AESO proposes to remove from this rule the requirement that the AESO provide a reasonable estimate as to when the market would return to normal operations following a state of limited market operations. This requirement is currently included in subsections 3(2)(c) and 9(2)(c).

TCE considers this requirement to be helpful to market participants and recommends that the AESO maintain the existing language. To the extent that there are circumstances where the AESO is unable to provide a reasonable estimate, TCE recommends that the AESO simply state that it will provide a reasonable estimate when one becomes available. Without further clarification from the AESO, TCE does not support the removal of this requirement.

#### AESO CADG Definition – "acceptable operational reason"

TCE has significant concerns with the appropriateness of the AESO's proposed addition of vii(b) regarding a transmission outage. This proposed change would negatively impact a generator's refund of its Generating Unit Owner's Contribution ("GUOC") through no fault of its own. For the following reasons, TCE does not support the AESO's proposal to include a transmission outage that causes the transmission system to become disconnected from a source asset as an acceptable operational reason ("AOR").

TCE submits that the AESO's wording in vii(b), which refers to a transmission outage that causes a source asset to become disconnected from the transmission system, is contextually misleading. When caused by a transmission outage, it is the transmission system that has disconnected from the source asset, not the other way around. Conversely, if the generator caused the disconnection, then the source asset would have disconnected from the transmission system. A distinction based on causation should guide the determination of an AOR and is consistent with just and reasonable rates and the FEOC principles. This distinction is also consistent with the other AORs, which are limited to circumstances internal to, or under the control of, the generator, not circumstances arising from the transmission system.

For the above reasons, TCE submits that an outage on the transmission system that causes the transmission system to become disconnected from a source asset does not impact the maximum MWs that a source asset is physical capable of providing. Rather, a transmission outage impacts the MWs that the transmission system is capable of receiving. As such, a transmission outage does not affect the Available Capability of a source asset as defined in the Consolidated Authoritative Document Glossary and the proposed addition of vii(b) should not be considered an AOR.

Further, it is not in the spirit of just and reasonable rates or the FEOC principles to penalize a market participant for a transmission outage it did not cause. In this case, the impacts to a market participant would be patently unfair. Not only would the market participant suffer lost revenue, as is the case currently, but the proposed changes could also reduce its GUOC refund.

The AESO has not indicated its rationale for the proposed change. TCE requests that the AESO provide such rationale as it would allow market participant to provide alternatives to address the AESO's concern that prompted the proposed changes.

TCE has considered the possibility that the AESO's rationale may stem from its view that a transmission outage that causes the transmission system to disconnect from a source asset is under a generator's control due to the generator's choice of connection (some connection alternatives may provide greater reliability than others). Should this be the case, TCE respectfully disagrees that in this case a transmission outage should be considered under the control of the generator.

First, the disconnection would not have occurred without the preceding transmission outage. Second, while different connection alternatives may reduce the likelihood of disconnection, each generator's connection is approved by the AESO and meets the requisite Alberta Reliability Standards. In other words, a generator with a less reliable connection has done nothing wrong and is operating in accordance with good utility practice. A generator should not be punished for not going above and beyond good utility practice in order to protect itself from the transmission system operated by the AESO.

TCE sympathizes with the notion that the AESO may attach higher value to the capacity of a source asset with a stronger connection to the transmission system. However, the appropriate treatment in this situation ought to be to reward the asset with the stronger connection, not to punish the asset that is meeting all of its requirements.

TCE recommends the AESO hold a stakeholder session so that parties can better understand the issue the AESO is intending to address and discuss alternatives.

If you have any questions, please feel free to contact the undersigned at (403) 920-5005 or via e-mail at [markj\\_thompson@tcenergy.com](mailto:markj_thompson@tcenergy.com).

Yours truly,

***Original Signed by***

Mark Thompson  
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cc: Alison Desmarais