

February 10, 2021

To: Market Participants and Other Interested Parties (“Stakeholders”)

Re: **Consultation Letter – Proposed Retirement of Reliability Standard VAR-002-WECC-AB-1, Automatic Voltage Regulators and Voltage Regulating Systems (“existing VAR-002-WECC-AB-1”)**

Section 19 of the *Transmission Regulation* requires the Alberta Electric System Operator (“AESO”) to consult with stakeholders likely to be directly affected by the AESO’s adoption or making of reliability standards, and also requires the AESO to forward the proposed reliability standards to the Alberta Utilities Commission (“Commission”) for review along with the AESO’s recommendation that the Commission approve or reject them.

Accordingly, the AESO is providing notice and seeking comments from Stakeholders on the attached proposed retirement of existing VAR-002-WECC-AB-1.

Applicability

The existing VAR-002-WECC-AB-1 is applicable to:

- (a) the operator of a generating unit, including those that operate as a synchronous condenser, that:
 - (i) is not part of an aggregated generating facility;
 - (ii) has a maximum authorized real power rating greater than four point five (4.5) MW; and
 - (iii) is directly connected to either the transmission system or to transmission facilities within the City of Medicine Hat;
- (b) the operator of an aggregated generating facility that:
 - (i) has a maximum authorized real power rating greater than four point five (4.5) MW; and
 - (ii) is directly connected to either the transmission system or to transmission facilities within the City of Medicine Hat; and
- (c) the operator of a transmission facility that operates a synchronous condenser.

Background and Rationale

On March 7, 2018 the North American Electric Reliability Corporation (“NERC”) and the Western Electricity Coordinating Council (“WECC”) submitted a joint petition to the Federal Energy Regulatory Commission (“FERC”) for approval of the retirement of regional reliability standard NERC VAR-002-WECC-2, *Automatic Voltage Regulators* (“NERC VAR-002-WECC-2”). The petition stated that experience with regional reliability standard NERC VAR-002-WECC-2 has shown that the reliability-related issues addressed in the regional standard are adequately addressed by the continent-wide Voltage and Reactive (“VAR”) reliability standards and that retention of the regional standard would not provide additional benefits for reliability. The WECC determined that NERC VAR-002-WECC-2 is not more stringent than NERC VAR-002-3, *Generator Operation for Maintaining Network Voltage Schedules* (“NERC VAR-002-3”). The petition also stated that the retirement of the regional standard will have no adverse effect on the reliability of the bulk-power system and is in the public interest. Subsequently, the FERC approved the petition on September 5, 2018.

As part of the justification for approval, the FERC order stated that reliability-related issues addressed in the regional reliability standard are adequately addressed by the continent-wide VAR reliability standards

and that retention of the regional reliability standard would not provide additional benefits for reliability. This reference would inherently include NERC VAR-001-4.2, *Voltage and Reactive Control* (“NERC VAR-001-4.2”) that was in effect at the time when FERC approved the joint petition to retire NERC VAR-002-WECC-2. Currently VAR-001-AB-4, *Voltage and Reactive Control* (“VAR-001-AB-4”) is in effect in Alberta and there are no significant differences between NERC VAR-001-4 and NERC VAR-001-4.2 that would result in a different assessment by the AESO regarding the recommendation to retire existing VAR-002-WECC-AB-1.

In addition, existing VAR-002-AB-3, *Generator Operation for Maintaining Network Voltages* (“VAR-002-AB-3”) is in effect in Alberta and is based on the same version of NERC VAR-002-3, that the NERC and the WECC referred to in their joint petition to the FERC when they stated that NERC VAR-002-WECC-2 is not more stringent than NERC VAR-002-3.

In summary, the AESO is proposing to retire VAR-002-WECC-AB-1, as the requirements are sufficiently covered in VAR-001-AB-4 and VAR-002-AB-3 that are currently in effect in Alberta.

Defined Terms

When reviewing the attached proposed retirement of existing VAR-002-WECC-AB-1 Stakeholders should note that all defined terms appear **bolded**. Stakeholders are encouraged to refer to the AESO’s *Consolidated Authoritative Document Glossary* when reviewing proposed reliability standards to ensure they have an accurate understanding of those defined terms.

Implementation of reliability standards

In accordance with Section 19 of the *Transmission Regulation*, the reliability standards that apply in Alberta are those of the Electric Reliability Organization (“ERO”) or any other reliability standards, to the extent that such reliability standards are adopted by the AESO after consultation with Stakeholders and after receipt of Commission approval. The NERC was certified as the ERO for the United States by the Federal Energy Regulatory Commission under the US *Energy Policy Act* of 2005. Further, the NERC was recognized as the ERO by the Minister of Energy in Alberta.

Reliability standards and definitions proposed for approval or rejection by the AESO are developed:

- (a) based on the reliability standards and definitions of the NERC; or
- (b) to amend, supplement or replace the NERC reliability standards or definitions.

For more information on the AESO’s reliability standards, visit the AESO website at www.aeso.ca and follow the path Rules, Standards and Tariff > Alberta reliability standards.

Request for Comment

Please use the attached *Stakeholder Comment Matrix* when submitting comments to the AESO. Only written comments will be considered in finalizing the retirement of exiting VAR-002-WECC-Stakeholders should ensure that comments provided represent all interests within their organization. Please respond to the questions in the attached *Stakeholder Comment Matrix* and provide your specific comments, proposed revisions, and reasons for your position. Providing general comments does not give the AESO any specific issue to consider and address, and results in a general response. The scope of comments is limited to proposed retirement of existing VAR-002-WECC-AB-1. Any comments received that are outside of this scope will not be considered by the AESO.

Stakeholders are asked to provide comments no later than **March 2, 2021** to ars_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 be publishing all comments received for industry review in March 2021. The AESO expects to publish replies to the comments with the final proposed retirement of existing VAR-002-WECC-AB-1 in February 2021.

If the AESO does not receive comments regarding proposed retirement of existing VAR-002-WECC-AB-1, the AESO expects to forward the proposed retirement of existing VAR-002-WECC-AB-1 to the Commission in March/April 2021, along with its recommendation that the Commission approve the proposed retirement of existing VAR-002-WECC-AB-1 to become effective upon approval by the Commission.

Attachments to Consultation Letter

The following documents are attached:

1. [Stakeholder Comment Matrix for proposed retirement of existing VAR-002-WECC-AB-1](#); and
2. [Copy of existing VAR-002-WECC-AB-1](#).

Sincerely,

“Jodi Marshall”

Jodi Marshall
Legal Manager, ISO Rules and Alberta Reliability Standards
Email: ars_comments@aeso.ca

Attachments