



Alberta Electric System Operator

Approval of New Alberta Reliability Standard
VAR-002-AB-4.1 and Retirement of Existing
Alberta Reliability Standard VAR-002-AB-3

June 24, 2021

Alberta Utilities Commission

Decision 26544-D01-2021

Alberta Electric System Operator

Approval of New Alberta Reliability Standard

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Alberta Reliability Standard VAR-002-AB-3

Proceeding 26544

Application 26544-A001

June 24, 2021

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1 Introduction

1. On June 1, 2021, pursuant to Subsection 19(4)(b) of the *Transmission Regulation*, the Alberta Electric System Operator (AESO)¹ forwarded a recommendation to the Alberta Utilities Commission, to approve the new Alberta Reliability Standard VAR 002-AB-4.1, *Generator Operation for Maintaining Network Voltages*, and the retirement of existing Alberta Reliability Standard VAR-002-AB-3, *Generator Operation for Maintaining Network Voltages*.² The AUC registered this filing as Application 26544-A001, and designated it as Proceeding 26544.

2. Pursuant to Subsection 19(4) of the *Transmission Regulation*, before adopting or making reliability standards, the independent system operator (ISO) must consult with those market participants that it considers are likely to be directly affected. It must also forward the proposed reliability standards to the Commission for review, along with the ISO's recommendation that the Commission either approve or reject each of them.

3. Pursuant to subsections 19(5) and 19(6) of the *Transmission Regulation*, the Commission must approve or refuse to approve each reliability standard in accordance with the recommendation of the ISO, unless an interested person satisfies the Commission that the ISO's recommendation is:

- (a) technically deficient, or
- (b) not in the public interest.

4. On June 4, 2021, the Commission issued a notice of application for the proposed new VAR-002-AB-4.1 and the retirement of existing VAR-002-AB-3 by uploading the notice to the Commission's eFiling System.

5. No objections were filed with the Commission by the June 18, 2021 deadline specified in the notice of application.

2 Background

6. The AESO submitted that proposed new VAR-002-AB-4.1 was developed based on North American Electric Reliability Corporation (NERC) VAR-002-4.1, *Generator Operation for Maintaining Network Voltage Schedules*. VAR-002-AB-3 is based on the previous NERC

¹ The ISO is established under Subsection 7(1) of the *Electric Utilities Act* and operates under the trade name AESO. For the purposes of this decision, AESO and ISO are used interchangeably.

² Note: The various types of reliability standards approved by the North American Electric Reliability Corporation are outlined at <http://www.nerc.com/page.php?cid=2|20>.

version of this standard; therefore, to align with NERC standards, the AESO is proposing to adopt new VAR-002-AB-4.1 and retire VAR-002-AB-3.

7. In order to adopt proposed new VAR-002-AB-4.1 in the Alberta electricity market, the AESO identified several necessary variances, including a change in the threshold set in VAR 002-AB-3 from a maximum authorized real power rating of 4.5 megawatts (MW) to 5 MW.

8. Additionally, the requirements in R1(b) and R3 of proposed new VAR-002-AB-4.1 have been amended so that when the control mode of applicable devices is restored within 30 minutes, notification to the AESO is not required.

9. The revision to R4 of NERC standard VAR-002-4.1, which does not require a report when a status or capability change occurs to the individual generating units of dispersed power producing resources, was not adopted.

10. Regarding consultation, on February 9, 2021, the AESO posted a consultation letter on its website requesting comments from interested parties. Stakeholder comments were posted on the AESO's website on March 3, 2021. On May 17, 2021, the AESO's replies to stakeholder comments, and the final proposed new VAR-002-AB-4.1, were posted on the AESO's website, along with a rationale for why certain positions were accepted or rejected.

11. The AESO submitted the final proposed new VAR-002-AB-4.1, along with the proposed retirement of VAR-002-AB-3, with its application on June 1, 2021, and indicated that the proposed changes comply with the requirements of the *Transmission Regulation*, are not technically deficient and are in the public interest. The AESO recommended that the Commission approve the proposed new VAR-002-AB-4.1 and the retirement of VAR-002-AB-3.

3 Commission findings and decision

12. Subsection 19(4) specifies that before adopting or making reliability standards, the ISO must consult with those market participants that it considers likely to be directly affected and forward the proposed reliability standards to the Commission for review, with the ISO's recommendation that the Commission approve or reject them. The Commission is satisfied that the ISO has fulfilled these requirements.

13. Pursuant to subsections 19(5) and 19(6) of the *Transmission Regulation* the Commission must follow the recommendation of the ISO to either approve or reject proposed reliability standards unless the recommendation is demonstrated to be technically deficient or not in the public interest:

Reliability Standards

[...]

19(5) Subject to subsection (6), the Commission must approve or refuse to approve the reliability standards, agreements, criteria or directives, and must inform the ISO of its decision.

(6) The Commission must follow the recommendation of the ISO that the Commission approve or reject the proposed reliability standards, agreements, criteria or directives unless an interested person satisfies the Commission that the ISO's recommendation is

- (a) technically deficient, or
- (b) not in the public interest.

14. The ISO forwarded the proposed new VAR-002-AB-4.1 and retirement of VAR-002-AB-3 to the Commission with a recommendation that the Commission approve them. No interested party filed an objection with the AUC indicating that the aforementioned changes are either technically deficient, or not in the public interest.

15. Accordingly, pursuant to Subsection 19(6) of the *Transmission Regulation*, and based on the recommendation of the ISO, the Commission approves the proposed new VAR-002-AB-4.1, effective as of the date of this decision, and the retirement of VAR-002-AB-3, effective midnight the day before this decision.

Dated on June 24, 2021.

Alberta Utilities Commission

(original signed by)

Fino Tiberi
Executive Director, Market Oversight and Enforcement
On behalf of the Alberta Utilities Commission