



Alberta Electric System Operator

**Approval of Proposed Amended
Sections 103.4 and 103.6 of the ISO Rules**

September 9, 2021

Alberta Utilities Commission

Decision 26641-D01-2021

Alberta Electric System Operator

Approval of Proposed Amended

Sections 103.4 and 103.6 of the ISO Rules

Application 26641-A001

Proceeding 26641

September 9, 2021

Published by the:

Alberta Utilities Commission

Eau Claire Tower

1400, 600 Third Avenue S.W.

Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282) in Alberta

1-833-511-4AUC (1-833-511-4282) outside Alberta

Email: info@auc.ab.ca

Website: www.auc.ab.ca

The Commission may, no later than 60 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

Contents

1	Introduction.....	1
2	Legislative and regulatory framework	1
3	Background.....	2
4	Commission findings	3

1 Introduction

1. On June 28, 2021, the Alberta Electric System Operator (AESO)¹ submitted an application² to the Alberta Utilities Commission requesting approval of proposed amendments to Section 103.4 of the independent system operator (ISO) rules, *Power Pool Financial Settlement*, and Section 103.6 of the ISO rules, *ISO Fees and Charges* (collectively the financial settlement rules), to be effective five business days after the date of the decision.

2. On July 7, 2021, the Commission issued a notice of application and requested the submission of statements of intent to participate by July 21, 2021. No statements of intent to participate were submitted.

3. The Commission considers that the record of this proceeding closed on July 21, 2021.

4. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

2 Legislative and regulatory framework

5. Under subsection 20.2(1) of the *Electric Utilities Act*, the AESO must apply to the Commission for approval of a proposed ISO rule.

6. After considering an ISO rule, in accordance with subsection 20.21(1) of the *Electric Utilities Act*, the Commission may, by order, approve the ISO rule, direct the AESO to revise the ISO rule or refuse to approve the ISO rule.

7. In accordance with subsection 20.21(2) of the *Electric Utilities Act*, the Commission may approve an ISO rule filed under Section 20.2 only if the Commission is satisfied:

[...]

(a) that the ISO rule

(i) is not technically deficient,

(ii) supports the fair, efficient and openly competitive operation of the market to

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 Application 26641-A001.

- which it relates, and
- (iii) is in the public interest,
- [...]
- and
- (c) that the Independent System Operator, in developing the rule, complied with the Commission rules made under section 20.9.

8. Section 20.9 of the *Electric Utilities Act* requires the Commission to make rules requiring the AESO to consult with parties in the development of ISO rules and permits the Commission to develop rules governing the AESO's process in the development of those rules. Rule 017: *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, is the Commission rule which was created in response to Section 20.9 of the *Electric Utilities Act*.

3 Background

9. The AESO submitted that the financial settlement rules set out requirements for the AESO and market participants for the purpose of the financial settlement of the power pool. Following a review of these rules, the AESO proposed amendments enabling electronic funds transfer and clarifying the interest calculation and other rights relating to non-compliance with metering requirements.

10. The AESO also made process-related revisions to align with its current red tape reduction initiative. Following consultation with stakeholders, the AESO reinstated several process requirements that had been removed in the first draft of the amendments.

11. The AESO submitted that its consultation process, which involved the solicitation of stakeholder comments and a virtual stakeholder consultation, included any party that was interested in, or may be directly affected by, the proposed amendments to the financial settlement rules; and that all members of the consultation group had sufficient opportunity to make submissions on the information identified in subsections 7.2(b) through (j) of Rule 017.

12. Throughout the consultation process, the AESO reviewed stakeholder comments and made appropriate updates to the financial settlement rules, notably reincorporating the preliminary pool statement requirements that had been removed from Section 103.4 after stakeholders indicated that the removal would create unnecessary uncertainty for pool participants.

13. Further, to alleviate uncertainty, the AESO provided a detailed reply to stakeholders explaining what types of situations would trigger payments to be withheld by the AESO from pool participants, as well as what might trigger interest charges.

14. Stakeholders had expressed concerns that the revisions related to red tape reduction focused more on a reduction of AESO requirements, than pool participant requirements. The AESO explained that it had weighed a number of factors in determining which red tape revisions to include and believes that its decisions were maximally beneficial, given the context.

15. In the AESO's view, there are no substantive issues outstanding in relation to the proposed amendments to the financial settlement rules, and its consultation process satisfies the requirements of Rule 017.

16. The AESO requested that the Commission approve the proposed amendments to the financial settlement rules, pursuant to Section 20.21 of the *Electric Utilities Act*, having regard to each of the following factors:

(a) The ISO rule is not technically deficient (subsection 20.21(2)(a)(i) of the *Electric Utilities Act*)

17. The AESO submitted that the proposed amendments to the financial settlement rules are consistent with the statutory scheme and authorized by subsections 20(1)(a), (b), and (l) of the *Electric Utilities Act*; complete and reasonably self-contained; and drafted to be clear, concise and cohesive to facilitate stakeholder understanding.

(b) The ISO rule supports the fair, efficient and openly competitive operation of the market to which it relates (subsection 20.21(2)(a)(ii) of the *Electric Utilities Act*)

18. The AESO indicated that the proposed amendments support the fair treatment of market participants, as the requirements apply to all market participants regardless of geographic location or economic circumstances.

(c) The ISO rule is in the public interest (subsection 20.21(2)(a)(iii) of the *Electric Utilities Act*)

19. In two ways, the AESO asserted that the proposed amendments are in the public interest. First, they provide clarity regarding interest charges and payment withholding provisions related to errors in metering data that may arise from a market participant's failure to comply with metering requirements. Second, they align with the government of Alberta's objectives in its red tape reduction initiative by simplifying the dispute resolution content and promoting efficiencies and cost savings through electronic funds transfer.

4 Commission findings

20. The Commission is satisfied that the application for the proposed amendments to the financial settlement rules meet all requirements for approval as set out in subsection 20.21(2) of the *Electric Utilities Act*.

21. More specifically, noting the absence of opposition to the application and in the absence of evidence to the contrary, the Commission is satisfied, based on the AESO's explanations, that the proposed amendments to the financial settlement rules: are not technically deficient; support the fair, efficient and openly competitive operation of the market to which they relate; and are in the public interest.

22. Having reviewed the details of the application including details of the consultation conducted by the AESO, the Commission is also satisfied that the informational and consultation requirements established by Rule 017 have been met.

23. Accordingly, pursuant to subsection 20.21(1)(a) of the *Electric Utilities Act*, the Commission, by order, approves the proposed amended Section 103.4 of the ISO rules, *Power Pool Financial Settlement*, and Section 103.6 of the ISO rules, *ISO Fees and Charges*, to be effective five business days after the date of the decision.

Dated on September 9, 2021.

Alberta Utilities Commission

(original signed by)

Cairns Price
Commission Member