



Alberta Electric System Operator

Independent System Operator Tariff Modernization Application

May 31, 2023

Alberta Utilities Commission

Decision 27864-D01-2023

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Proceeding 27864

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1 Decision summary

1. This Alberta Utilities Commission decision approves an application filed by the Alberta Electric System Operator's (AESO) to revise certain sections of the Independent System Operator (ISO) tariff, with the following exception: the Commission requires the AESO to revise its proposed revisions to Section 7, concerning the terms and conditions applicable to the generating unit owner's contribution (GUOC), to reflect the alternative approach that the AESO provided in its argument.

2. The Commission has directed that the AESO reflect these findings in a future compliance filing.

3. This decision also sets out the Commission's determinations on the AESO's compliance with Commission Direction 20 issued in Decision 22942-D02-2019¹ and Commission Direction 2 issued in Decision 26911-D01-2022.² For the reasons outlined in this decision, the Commission finds that:

- the AESO has complied with Direction 20 from Decision 22942-D02-2019;
- the AESO has complied with Direction 2 from Decision 26911-D01-2022; and
- the additional revisions to Section 5.3(6) of the ISO tariff, which the AESO requested as part of its response to Commission Direction 2 from Decision 26911-D01-2022, are approved as filed.

4. For the reasons that follow, and subject to the modifications required to incorporate the AESO's alternative approach for the proposed GUOC revisions referred to above, the Commission is satisfied that the applied-for revised tariff is just and reasonable and not unduly preferential, arbitrarily or unjustly discriminatory or inconsistent with the *Electric Utilities Act* or any other enactment or any law.³

2 Introduction and background

5. The AESO is an independent, not-for-profit public agency that performs many functions, including facilitating the operation of electricity markets, and planning the transmission system as well as directing its safe, reliable and economic operation. One of the AESO's roles is to

¹ Decision 22942-D02-2019: Alberta Electric System Operator, 2018 Independent System Operator Tariff, Proceeding 22942, September 22, 2019.

² Decision 26911-D01-2022: Alberta Electric System Operator, Bulk, Regional and Modernized Demand Opportunity Service Rate Design Application, Proceeding 26911, November 10, 2022.

³ *Electric Utilities Act*, Section 121(2).

connect customers to the transmission system; the AESO is the sole provider of access to the transmission system in Alberta.

6. As the ISO for Alberta, the AESO is responsible for preparing the ISO tariff and applying to the Commission for approval of the ISO tariff.⁴ The Commission, when considering the ISO tariff application, must ensure that the “tariff is just and reasonable, not unduly preferential, arbitrary or unjustly discriminatory or inconsistent with or in contravention of [the *Electric Utilities Act*] or any other enactment or any law.”⁵ The AESO has the burden of proof to show that the ISO tariff is just and reasonable.⁶

7. The ISO tariff consists of the rates and terms and conditions that apply to customers who receive system access service (SAS) from the transmission system. The ISO tariff is set in two phases.

8. In the first phase, or a Phase 1, the Commission determines the AESO’s total costs and expenses⁷ (revenue requirement). The AESO’s revenue requirement is reviewed in other proceedings, and is therefore outside the scope of this proceeding.⁸ In the second phase, or a Phase 2, the Commission determines the methodology to allocate the total revenue requirement to customers, and how to structure the charges (i.e., rate design), so that the AESO can collect its entire revenue requirement. The Commission also approves the AESO’s terms and conditions in a Phase 2 proceeding.

9. The current application by the AESO, filed on December 9, 2022, is a Phase 2 application. The AESO advised that it scoped the application to address proposed ISO tariff revisions and direction responses that, based on stakeholder consultation conducted by the AESO, it considered would be non-controversial; improve clarity and reduce repetition; and better reflect the AESO’s existing practices and process. The AESO explained that it is taking a modular or phased approach to tariff filings, meaning that it is applying more frequently for the approval of separate tariff components, as part of smaller tariff filings, rather than through single, large general tariff applications that would only be filed every three or four years.⁹

10. In the application, the AESO requested Commission approval of the following revisions to the ISO tariff:¹⁰

- revisions to sections 3, 4, 5, 6 and Appendix A, and the associated new or amended ISO tariff definitions in the AESO’s *Consolidated Authoritative Documents Glossary*, to better align these documents with (and to clarify) the AESO’s existing practices and processes for reviewing SAS requests (SASRs) (collectively the SASR revisions);

⁴ Sections 30 and 119 of the *Electric Utilities Act* state that the AESO must prepare and receive Commission approval of its ISO tariff rates and terms and conditions.

⁵ *Electric Utilities Act*, Section 121(2).

⁶ *Electric Utilities Act*, Section 121(1).

⁷ Generally, there are four principle categories of costs and expenses incurred by the AESO that are included in its tariff: (i) the AESO’s own administrative costs; (ii) ancillary services costs; (iii) transmission line losses; and (iv) costs related to transmission wires (payable under a transmission facility owner tariff).

⁸ See Decision 22942-D02-2019, Section 3.1, paragraphs 44-48, for a more fulsome discussion of how the AESO’s revenue requirement is considered in various AUC proceedings.

⁹ Exhibit 27864-X0042, AESO-AUC-2023JAN24-003(a).

¹⁰ Exhibit 27864-X0002, application.

- revisions to Section 7, to clarify which rates are applicable to the GUOC, the timing for provision of GUOC evidence, payment of the GUOC and refund of the GUOC (collectively the GUOC revisions); and
 - revisions to Section 8, to include the costs of complying with applicable emissions legislation in the existing compensation formula for the provision of conscripted transmission must-run service (TMR revisions).
11. The AESO's application also responded to the following Commission directions:
- Direction 20 from Decision 22942-D02-2019, regarding cost allocation for transmission line relocations; and
 - Direction 2 from Decision 26911-D01-2022, regarding the AESO's proposed revisions to the payment in lieu of notice (PILON) provisions set out in Section 5.3(6) of the ISO tariff.
12. The Commission did not establish a formal issues list in this proceeding, but determined that testing of the application would be limited to matters explicitly related to the AESO's requested revisions to the ISO tariff, and the AESO's responses to Commission directions from Decision 22942-D02-2019 and Decision 26911-D01-2022.
13. The Commission has reviewed the entire record in coming to this decision; lack of reference to a matter addressed in evidence or argument does not mean that it was not considered.
14. The Commission directs the AESO to submit a compliance filing that reflects the findings, conclusions and directions of the Commission in this decision on or before July 4, 2023.

3 Commission findings – responses to Commission directions

15. The AESO provided responses to two Commission directions:
- Direction 20 from Decision 22942-D02-2019, regarding cost allocation for transmission line relocations; and
 - Direction 2 from Decision 26911-D01-2022, regarding the AESO's proposed revisions to the PILON provisions set out in Section 5.3(6) of the ISO tariff.
16. No party objected to the AESO's responses to these directions.
17. Direction 20 states:¹¹

As several aspects of the contribution policy, and especially those related to the classification of costs as between system-related and participant-related elements have undergone significant evolution since 2003, the Commission considers that a review of the 2003 relocation principles is warranted. Accordingly, the AESO is directed to address

¹¹ Decision 22942-D02-2019, paragraph 1152.

the reasonableness of the findings made by the Commission's predecessor in respect of the relocation principles discussed at PDF page 18 of Decision 2003-043¹² as part of its next general tariff application.

18. The AESO submitted that, in its view, the 2003 relocation principles do not need to change. The AESO noted that Section 4.10(1) of the ISO tariff requires the AESO to make reasonable efforts to ensure that, where transmission facilities must be relocated, the party causing the relocation pays all reasonable costs associated with the relocation. In the AESO's view, this is appropriate, as the AESO is generally required to classify transmission relocation costs as participant-related.

19. The Commission previously stated that a review of the 2003 relocation principles should occur within a comprehensive ISO tariff application, involving all affected stakeholders.¹³ The AESO confirmed that, as part of the consultation carried out for this application, it provided an opportunity for all stakeholders and interested parties to engage with the AESO on the AESO's proposed response to Direction 20.¹⁴ While the Commission was anticipating a more robust discussion of the 2003 relocation principles, from both the AESO and stakeholders, the Commission is satisfied that the AESO has complied with the direction.

20. Direction 2 from Decision 26911-D01-2022 states:¹⁵

The AESO is directed to file a compliance filing to reflect the approved changes to Section 5.3(6) of its PILON terms and conditions by January 15, 2023.

21. In addition to the revisions already approved in Decision 26911-D01-2022, the AESO proposed additional revisions to Section 5.3(6) to ensure that a PILON waiver is only available to a market participant that, at the time the market participant requests a reduction or termination in demand transmission service contract capacity, has not already executed a SAS agreement for a future increase to contract capacity.¹⁶ The AESO submitted that the proposed revisions would help incent market participants to provide the AESO with the best available information when executing a SAS agreement, and prevent market participants from breaking their commitment to a contract capacity increase with no consequences.

22. The Commission is satisfied that the AESO has complied with the direction, and that the additional revisions to the PILON terms and conditions requested in this application are reasonable. The Commission approves the revisions to Section 5.3(6) as filed.

4 Commission findings – revisions to the ISO tariff

23. The AESO proposed a number of revisions to the ISO tariff in its application. Except for the revisions related to the GUOC refund requirement provisions, which are subject to the

¹² Decision 2003-043: ATCO Electric Ltd., Fort McMurray/Crow Lake Areas, 240 kV Transmission Facilities Application, Dover to McMillan, Phase II Part A Decision – Routing, Application 1284230, June 3, 2003.

¹³ Decision 25282-D01-2020: ATCO Electric Ltd., Stage 2 Review and Variance of Decision 22742-D01-2019, ATCO Electric Ltd. 2018-2019 Transmission General Tariff Application, Proceeding 25282, July 28, 2020, PDF page 19, paragraph 69.

¹⁴ Exhibit 27864-X0042, AESO-AUC-2023JAN24-003(b)-(c).

¹⁵ Decision 26911-D01-2022, PDF page 35, paragraph 152.

¹⁶ Exhibit 27864-X0002, application, PDF pages 14-15, paragraph 29.

modifications that are addressed in Section 4.3.2 of the decision below, the Commission approved the revisions as applied for. With these modifications, and for the reasons articulated below, the Commission is satisfied that the applied-for revised tariff is just and reasonable, and not unduly preferential, arbitrarily or unjustly discriminatory or inconsistent with or in contravention of the *Electric Utilities Act* or any other enactment or any law.

4.1 TMR revisions

24. The AESO proposed to revise sections 8.6(1)(a)(i) and 8.6(1)(a)(vi) of the ISO tariff to provide that a generator that provides uncontracted TMR service (in response to an AESO directive) may be compensated for actual emissions costs that the generator incurs as a result of responding to the directive. The AESO advised that the compensation is intended to reflect the actual cost of emissions compliance that a generator incurs, prorated for the energy usage of conscripted TMR service from a generating facility.

25. The AESO also proposed to revise Section 8.8, in order to extend the invoicing period for emissions compliance costs. The AESO submitted that this revision is required because, based on applicable provincial or federal emissions legislation, a generator that provides TMR service to the AESO may not know what its actual emissions compliance costs are for some time after TMR service has been provided.

26. No party objected to the AESO's TMR revisions.

27. The Commission is satisfied by the AESO's submission and approves these revisions as filed.

4.2 SASR revisions

28. The AESO proposed a number of revisions to sections 3, 4, 5, 6 and Appendix A of the ISO tariff, and new or amended ISO tariff definitions in the AESO's *Consolidated Authoritative Documents Glossary*.¹⁷ The AESO submitted that these revisions are necessary to better align with and to clarify the AESO's existing practices and processes for the review of SASRs¹⁸ that market participants submit to the AESO. The proposed revisions are listed in [Appendix 3](#) of this decision.

29. For reasons that follow, the Commission accepts all of the AESO's proposed SASR revisions as filed.

4.2.1 Should the SASR revisions be denied because of the AESO's new connection process streamlining initiative?

30. Lionstooth Energy requested that the Commission deny all of the SASR revisions,¹⁹ arguing that it would not be efficient nor effective to review these revisions at this time. This is because, Lionstooth argued, while the proposed SASR revisions are intended to clarify the AESO's existing practices, the AESO intends to transition to a new connection process starting September 1, 2023, and an AESO application for Commission approval of additional SASR

¹⁷ Exhibit 27864-X0002, application, PDF page 8, paragraph 21.

¹⁸ A SASR is an application form that market participants submit to the AESO for review to initiate the construction of a new project.

¹⁹ Exhibit 27864-X0058, Lionstooth Energy argument, PDF page 6.

revisions may be forthcoming.²⁰ The Companies²¹ took a similar position, arguing that: (i) it was premature and inappropriate to accept the SASR revisions at this time because further, potentially more extensive, changes may be required in the near future; and (ii) these proposed SASR revisions reduce the certainty of the ISO tariff and create instability in the connection process, to the detriment of investors and their ability to understand and make decisions in relation to this process.²²

31. The Commission finds that it is reasonable, and in the public interest, to consider the AESO's applied-for SASR revisions in the current proceeding. First, the Commission accepts that the AESO is applying for Commission approval of SASR revisions in the current application in order to better align with and to clarify the AESO's existing practices and processes. In this context, the Commission considers that there is merit in considering whether to approve the SASR revisions now, as it may provide a benefit in real time to market participants. Second, the Commission understands that the AESO's connection process streamlining initiative is ongoing. Accordingly, the Commission finds the need for further ISO tariff changes in relation to SASRs to be hypothetical at this time.²³ Third, the AESO has represented that the proposed changes as applied for in the current application are largely administrative in nature. The Commission has reviewed the proposed SASR revisions, and submissions of parties, and is of the view that it can assess the proposed changes in a fair and efficient manner in the current proceeding. This does not preclude the AESO from considering, nor the Commission from approving, further or more substantive applied-for revisions in the future.

32. For these reasons, the Commission declines the request by Lionstooth and by the Companies to defer consideration or approval of the SASR revisions to coincide with the AESO's new connection process streamlining initiative.

4.2.2 Are the AESO's revisions to Section 3.6(1)(b) and Section 3.9(2) reasonable?

33. The Companies were primarily concerned with a subset of the total applied-for SASR revisions,²⁴ namely the revisions to Section 3.6(1)(b) and Section 3.9(2) of the ISO tariff.

34. Section 3.6(1)(b) is related to the timing for execution of SAS agreements. The AESO explained that the timing for the execution of these agreements under Section 3.6(1)(b) of the current ISO tariff does not align with the AESO's behind-the-fence²⁵ or contract processes. The AESO's proposed revisions to Section 3.6(1)(b) require SAS agreements to be executed according to timelines specified by the AESO on its website as part of the behind-the-fence or contract change processes. The AESO also submitted that the proposed revisions will increase transparency, as the timing will be posted publicly on the AESO's website, rather than determined on a case-by-case basis.

²⁰ Exhibit 27864-X0058, Lionstooth Energy argument, PDF pages 3-4.

²¹ BluEarth Renewables Inc., Elemental Energy Renewables Inc., NAT-1 GP Inc., and RWE Renewables Canada Holding Inc.

²² Exhibit 27864-X0056, Companies written argument, PDF page 11, paragraphs 31-34.

²³ Exhibit 27864-X0065, AESO reply argument, PDF page 5, paragraph 17.

²⁴ Exhibit 27864-X0056, Companies written argument, PDF pages 6-9.

²⁵ <https://www.aeso.ca/assets/Uploads/BTF-Process-Quick-Reference-Guide-2021.pdf>: The behind-the-fence process is followed when a customer is making changes to their existing facilities that the AESO determines will not require the addition or alteration of facilities on Alberta's transmission system, but will require a data submission under Section 502.15 of the ISO rules, *Reporting Facility Modelling Data*.

35. Section 3.9(2) is related to notifications of changes to a SASR. The AESO proposed to revise Section 3.9(2) to clarify that a market participant must notify the AESO of any change to information, not just “critical information,” that the market participant has provided in a SASR, and that it is the AESO that determines whether or not to accept the change (subject to further information that the AESO may require in order to continue its review of the SASR).

36. The Companies generally argued that these revisions should not be approved. This is because, in their view, the revisions reduce the transparency, intelligibility and certainty of the ISO tariff and negatively impact investor certainty and the fair, efficient and openly competitive operation of the Alberta Interconnected Electric System.²⁶

37. For reasons that follow, the Commission finds the proposed revisions to Section 3.6(1)(b) and Section 3.9(2) are reasonable, and approves the AESO’s proposed revisions as filed.

38. For context, the AESO must provide SASs in a manner that is consistent with its duties under the statutory scheme. Under Section 29 of the *Electric Utilities Act*, the AESO must “provide system access service on the transmission system in a manner that gives all market participants wishing to exchange electric energy and ancillary services a reasonable opportunity to do so,” and under Section 17(h) of the *Electric Utilities Act*, the AESO must “direct the safe, reliable and economic operation of the interconnected electric system.” In argument, the AESO highlighted other statutory duties in relation to system access, as set out under sections 17(g), 17(i), 29, and 33 of the *Electric Utilities Act* and Section 28(1) of the *Transmission Regulation*. Under Section 16(1) of the *Electric Utilities Act*, the AESO has a duty to act responsibly. Under Section 1.4 of the ISO tariff, “the **ISO** and a **market participant** who has requested or is receiving **system access service** must act reasonably in exercising any discretion available to them under the **ISO tariff**.”

39. Regarding the revisions to Section 3.6(1)(b), the Companies argued that the AESO’s discretion will increase, because the 30-day requirement to execute a SAS agreement is being replaced with requirements that will be specified on the AESO’s website, resulting in negative impacts to investor certainty.²⁷ However, the Commission observes that the AESO is not bound by the 30 days currently set out in Section 3.6(1)(b). This is because the language in Section 3.6(1) currently states “within 30 days of the issuance of a letter by the **ISO** acknowledging completion of an engineering connection assessment for the project, or within such later time period that the ISO determines to be reasonable in the circumstances”²⁸ (underlining added). In the Commission’s view, the proposed revisions to Section 3.6(1)(b) reflect no change to the scope of discretion that the AESO currently holds under Section 3.6(1)(b). Further, as set out in Section 1.4 of the ISO tariff, the AESO must act in a reasonable manner in exercising discretion under the ISO tariff. Accordingly, there are bounds to the use of the AESO’s discretion, which market participants can rely on.

40. The Commission notes the Companies argued that Section 6.1 of the *Transmission Regulation* does not apply, as it pertains to market participants and not the AESO. The Commission finds the Companies’ interpretation too narrow. Under Section 6(1) of the *Transmission Regulation*, “the ISO must establish and make available to the public (a) practices for the efficient and effective processing and making decisions about system access service

²⁶ Exhibit 27864-X0056, Companies written argument, PDF page 4, paragraph 3.

²⁷ Exhibit 27864-X0056, Companies written argument, PDF pages 6-7, paragraphs 14-18.

²⁸ Exhibit 27864-X0003, Appendix A.1 Blackline Section 3, PDF pages 4-5.

applications.” In the Commission’s view, creating practices in the ISO tariff, such as requiring market participants to execute SAS agreements at certain times, using certain forms and to include certain information if a new or an amended needs approval is required for a connection project, assists the AESO in satisfying its duties set out in Section 6(1).

41. Regarding the revisions to Section 3.9(2), the AESO stated that it was appropriate to require market participants to notify the AESO of any changes to information provided in a SASR (as opposed to just “critical information”), because: (i) the revisions will incent market participants to provide accurate information to the AESO;²⁹ (ii) the AESO will be able to manage SASRs in a more efficient manner;³⁰ (iii) it should be the AESO that determines whether any changes should be accepted;³¹ and (iv) in the event of a SASR change, the AESO can impose appropriate conditions and requirements to ensure that SASs are provided in a safe and reliable manner.³²

42. The Companies expressed concern that the AESO’s discretion will increase, because the requirement to notify the AESO of changes to “critical information” in an amended SASR is being replaced with a requirement to notify the AESO of any changes to information, while certainty and understandability of the ISO tariff will decrease.³³ The Companies highlighted that it is not clear how the AESO may react to a change in information, and it is more difficult to commit to a project that may be restudied or cancelled at the AESO’s discretion. The Companies also challenged the proposed revisions to Section 3.9(2) on that basis that the Commission, in Decision 22942-D02-2019 (the AESO’s 2018 tariff decision), intentionally limited the AESO’s discretion to considering a change to critical information in this context.

43. The Commission approves the proposed revisions to Section 3.9(2) because: (i) these revisions should improve the AESO’s ability to provide SASs in a more efficient, safe and reliable manner, in accordance with the AESO’s legislated responsibilities; and (ii) these revisions are within the scope of the AESO’s grant of discretion under the legislative scheme and current ISO tariff.³⁴ The Commission attributes significant weight to the AESO’s statutory duties regarding system access, as summarized in paragraph 38 and described in paragraph 41, of this decision. Specifically, the Commission considers that requiring a market participant to advise when any of the information contained in its SASR changes will provide the AESO with more accurate information that may assist the AESO in meeting its legislative obligations, including its review of a SASR and managing SASRs more broadly. This revision also ensures that if any information in a SASR changes, the AESO can impose appropriate conditions and requirements to ensure that SAS is provided in a safe and reliable manner. Given this, and the requirement that the AESO must act in a reasonable manner in exercising discretion under the ISO tariff, the Commission is not persuaded by the Companies’ argument that the proposed revisions to Section 3.9(2) result in a material change to the scope of discretion that the AESO currently

²⁹ Exhibit 27864-X0043, AESO-Companies-2023JAN24-001 to 005, IR response AESO-Companies-2023JAN24-002, PDF page 7.

³⁰ Exhibit 27864-X0057, AESO argument, PDF page 5, paragraph 15.

³¹ Exhibit 27864-X0002, application, PDF page 10, paragraph 22.

³² Exhibit 27864-X0065, AESO reply argument, PDF pages 3-4, paragraph 8.

³³ Exhibit 27864-X0056, Companies written argument, PDF pages 7-9, paragraphs 19-25.

³⁴ Exhibit 27864-X0057, AESO argument, PDF pages 4-5, paragraphs 12-15, and Exhibit 27864-X0065, AESO reply argument, PDF pages 3-4, paragraph 8.

holds under Section 3.9(2), or that a material change to investor certainty will occur if the proposed revisions to Section 3.9(2) are approved.

44. In relation to the AESO's 2018 tariff decision, the Commission notes that the AESO, in its 2018 ISO tariff application, introduced the concept of "critical information" for a SASR in order to incent market participants to provide accurate information at the beginning of the connection process. The Commission's findings in Decision 22942-D02-2019 do not prevent the AESO, having gained some experience using Section 3.9(2), from seeking modifications to the language of this provision.

45. Accordingly, the Commission approves the AESO's requested SASR revisions to Section 3.6(1)(b) and Section 3.9(2) as filed.

4.2.3 Is the AESO's new definition of "system transmission facilities" reasonable?

46. The AESO proposed adding a new exhaustive definition for "system transmission facilities" to the AESO's *Consolidated Authoritative Documents Glossary*. The AESO explained that the concept is repeated throughout the tariff,³⁵ and that adding the definition would eliminate repetition.

47. The proposed definition is: " '**system transmission facilities**' means **transmission facilities** or the portion of a **transmission facility** that the **ISO** determines to be required for the benefit of many **market participants**." The Commission observes that the term "transmission facility" is defined in the *Consolidated Authoritative Documents Glossary* to have the same definition as under the *Electric Utilities Act*.³⁶ Here are some examples of how the concept is currently referenced in the ISO tariff:

- Section 3.4(1)(a)(iii): "... costs associated with system **transmission facilities**, being **transmission facilities** that the **ISO** determines will benefit many **market participants**, identified in subsections 3.4(1)(b) and (c) ..."
- Section 4.2(3): "If the **ISO** identifies system **transmission facilities**, being **transmission facilities** that are required by the **ISO** and that the **ISO** determines will benefit many **market participants**, as being required to accommodate a market participant's new or increased Rate DTS [demand transmission service] capacity, ..."
- Section 5.3(3): "The **ISO** must calculate the payment in lieu of notice (also known as a 'PILON') as a share of the costs of system **transmission facilities**, being transmission facilities that the **ISO** determines exist for the benefit of **market participants**, incurred to reasonably accommodate **market participant's contract capacity** over the 5-year planning horizon of the transmission system, ..."

If the proposed definition is approved, these examples would state as follows:

- Section 3.4(1)(a)(iii): "... costs associated with **system transmission facilities**;"

³⁵ Exhibit 27864-X0002, application, page 8. The AESO referenced sections 3.4(1)(c), 3.4(2), 3.4(3), 4.2(2)(l), 4.2(3) and 5.3(3) of the ISO tariff.

³⁶ Section 1(1)(bbb) of the *Electric Utilities Act*.

- Section 4.2(3): “If the **ISO** identifies **system transmission facilities** as being required to accommodate a market participant’s new or increased Rate DTS capacity, ...”
- Section 5.3(3): “The **ISO** must calculate the payment in lieu of notice (also known as a ‘PILON’) as a share of the costs of **system transmission facilities** incurred to reasonably accommodate **market participant’s contract capacity** over the 5-year planning horizon of the transmission system, ...”

48. Lionstooth and KalinaSignaltaCampus (KSC) opposed the AESO’s proposed addition. Lionstooth argued that:³⁷ (i) adding a definition for “system transmission facilities” is not necessary, because “transmission facility” is already defined in Section 1(1)(bbb) of the *Electric Utilities Act*, and the AESO already has system criteria to clarify when it will determine that “system transmission facilities” are required; and (ii) the proposed revisions appear to introduce red tape and are problematic. Lionstooth also questioned whether a definition specific to “participant transmission facilities” is required. KSC argued that the introduction of this new definition: (i) is not necessary because there is already an existing definition for both “transmission facility” and “transmission system” in the *Electric Utilities Act*; and (ii) decreases clarity because there is no accompanying definition for “participant transmission facilities.”³⁸

49. The Commission approves the AESO’s new definition of “system transmission facilities” and associated revisions to the ISO tariff as filed.

50. First, the Commission finds that the proposed change is purely administrative in nature. The AESO is not proposing to alter the concept of system transmission facilities; it is simply creating a defined term and removing repetitious language. The Commission is of the view that approving the proposed definition should not have any impact on the AESO’s existing practices and processes for SASR reviews.³⁹ Second, the defined term “system transmission system” will be highlighted when it is used in the ISO tariff, which will signal to users of the ISO tariff that the term is a defined term in the *Consolidated Authoritative Documents Glossary*. Accordingly, the Commission does not find that the proposed definition will create confusion. Third, the Commission observes that the definition of “system transmission facility” differs slightly across its current uses in the ISO tariff, and that using a defined term will result in greater consistency.

51. Although neither Lionstooth nor KSC provided a suggested definition for “participant transmission facility,” or identified where the concept was being used in the ISO tariff, the Commission asks the AESO to consider whether a definition of non-system or participant transmission facility would also be helpful in distinguishing between system transmission facilities and non-system or participant facilities. If an additional definition is helpful, the AESO is directed to submit a further revision to the ISO tariff that includes the definition no later than its next ISO tariff application.

³⁷ Exhibit 27864-X0058, Lionstooth Energy argument, PDF pages 4-5.

³⁸ Exhibit 27864-X0062, Written reply argument from KSC, PDF page 3, paragraphs 3-4.

³⁹ Exhibit 27864-X0045, AESO-KSC-2023JAN24-001 to 003, IR response AESO-KSC-2023JAN24-001, PDF pages 1-5.

4.2.4 Are all of the other SASR revisions reasonable?

52. The Commission is satisfied that the remaining SASR revisions applied for by the AESO are administrative in nature and finds them to be reasonable.⁴⁰ Therefore, the Commission approves them as filed.

4.3 GUOC revisions

53. The GUOC is a refundable payment made by the owner of a generating unit or aggregated generation facility to the AESO. The purpose of the GUOC is to provide a long-term siting signal to generators to site in areas that would be most beneficial to load.⁴¹ The GUOC must be paid before commencement of construction of the facilities required to connect a generating unit or aggregated generation facility, and is refundable to the owner subject to the satisfactory operation of the generating unit determined under Section 505.2 of the ISO rules, *Performance Criteria for Refund of Generating Unit Owner's Contribution*.

54. The AESO proposed several revisions to Section 7 of the ISO tariff, concerning the terms and conditions applicable to the GUOC payable for new generating units in accordance with Section 29 of the *Transmission Regulation*.⁴²

55. The GUOC revisions are listed in [Appendix 4](#).

56. For the reasons that follow, the Commission approves the AESO's proposed GUOC revisions as applied for, with the following exception: the Commission requires the AESO to revise its proposed GUOC revisions, in its compliance filing to this decision, to reflect the alternative approach that it provided in paragraph 36 of its argument.⁴³

4.3.1 Should the GUOC revisions be denied because of the AESO's new connection process streamlining initiative?

57. Similar to the positions summarized in Section 4.2.1 of this decision, the Companies argued that: (i) it was premature and inappropriate to accept the GUOC revisions at this time because further, potentially more extensive, changes may be required in the near future; and (ii) these proposed GUOC revisions reduce the certainty of the ISO tariff and create instability in the connection process, to the detriment of investors and their ability to understand and make decisions in relation to this process.⁴⁴ Lionstooth submitted that it was unclear whether there would be any additional future changes required to the GUOC sections of the ISO tariff, to facilitate the connection process streamlining initiative.⁴⁵

58. For the reasons expressed in Section 4.2.1 of this decision, the Commission also finds that these arguments do not justify dismissing the AESO's requested GUOC revisions.

⁴⁰ Please refer to Appendix 3 of this decision for a comprehensive list of the AESO's proposed SASR revisions, which are all approved as filed.

⁴¹ <https://aeso.ca/assets/GUOC-Rates-and-Yearly-Updates-Process-V1-FINAL.pdf>

⁴² Exhibit 27864-X0002, application, PDF page 11, paragraph 23

⁴³ Exhibit 27864-X0057, AESO argument, PDF page 8, paragraph 36.

⁴⁴ Exhibit 27864-X0056, Companies written argument, PDF page 11, paragraphs 31-34.

⁴⁵ Exhibit 27864-X0058, Lionstooth Energy argument, PDF page 5.

4.3.2 What should the start date be for the AESO's GUOC refund requirement provisions?

59. Intervenors expressed the most concern with the AESO's proposed changes to sections 7.5(2) and 7.4(3) of the ISO tariff.

60. In relation to these revisions, the AESO submitted that the ISO tariff did not address when market participants that do not have SAS agreements are to be notified of a GUOC payment or when the GUOC refund period for these types of projects begins.⁴⁶ The AESO explained that currently, only market participants that require a SAS agreement are subject to a potential forfeiture of their GUOC refund if they delay their energization date beyond the "initial contract capacity date" specified in an effective SAS agreement.⁴⁷ The AESO submitted that its proposed GUOC revisions ensure that there are GUOC notice and refund requirements that apply consistently to all generation that pays GUOC, whether they have a SAS agreement or not. The AESO advised that the GUOC refund revisions will mean that all market participants that pay GUOC will be subject to a potential forfeit of their GUOC if they delay their energization date into the calendar year that follows the energization date specified in the GUOC notice.

61. The current version of Section 7.5(2) states that the GUOC refund period starts on January 1 following the initial contract capacity date⁴⁸ specified in the SAS agreement. The AESO proposed to revise Section 7.5(2) to state that the GUOC refund period starts on January 1 following the energization date specified in the GUOC notice that will be issued by the AESO under Section 7.4(3). The initial contract capacity date for a project is related to the energization date, because it is the first day of the month that a project is energized (i.e., both days fall on the same calendar year).

62. The Companies⁴⁹ and Lionstooth⁵⁰ expressed concerns that the AESO's proposed revisions to Section 7.5(2) would fix the start date for a project's GUOC refund period at an earlier date than is currently the case, thereby increasing the risk that a refund is forfeited if a generation project's actual energization date is delayed.

63. Under the current ISO tariff, the initial contract capacity date for a project, and consequently the start date for a project's GUOC refund period, may be changed at any time prior to the **effective** date of a SAS agreement.⁵¹ Under the AESO's proposed GUOC revisions, the start date for a project's GUOC refund period would be determined in a GUOC notice, where the AESO would specify the energization date for a project.⁵² The AESO confirmed that:⁵³ (i) it

⁴⁶ Exhibit 27864-X0057, AESO argument, PDF page 6, paragraph 20.

⁴⁷ Exhibit 27864-X0057, AESO argument, PDF page 6, paragraph 24.

⁴⁸ Contract capacity is the peak supply capability, in megawatts, of a generating unit as set out in a SAS agreement.

⁴⁹ Exhibit 27864-X0056, Companies written argument, PDF pages 9-10, paragraphs 26-30.

⁵⁰ Exhibit 27864-X0058, Lionstooth Energy argument, PDF pages 5-6.

⁵¹ Exhibit 27864-X0043, AESO-Companies-2023JAN24-001 to 005, IR response AESO-Companies-2023JAN24-004, PDF pages 10-12.

⁵² Exhibit 27864-X0042, AESO-AUC-2023JAN24-001 to 003, IR response AESO-AUC-2023JAN24-002, PDF pages 5-6.

⁵³ Exhibit 27864-X0043, AESO-Companies-2023JAN24-001 to 005, IR response AESO-Companies-2023JAN24-004, PDF pages 10-12.

would provide the GUOC notice prior to the **execution**⁵⁴ date of a SAS agreement; and (ii) if a market participant changes its energization date following the issuance of the AESO's GUOC notice, the start date of the GUOC refund period would not change. For projects that require the construction of transmission facilities,⁵⁵ a SAS agreement is effective immediately upon the Commission's issuance of permit and licence, which occurs after the execution date of the SAS agreement.⁵⁶ Therefore, under the AESO's proposed GUOC revisions, the start date for a project's GUOC refund period would be fixed at an earlier date (prior to the execution date of the project's SAS agreement) than is currently the case (the effective date of the project's SAS agreement).

64. Accordingly, the Commission agrees that the proposed revisions would increase the risk that a GUOC refund is forfeited for some market participants, because:

- (i) the start date for a project's GUOC refund period would be fixed at an earlier date than is currently the case;
- (ii) if the project is energized after the date that is specified in the GUOC notice, the start date for the project's GUOC refund period would still be tied to the original energization date that is specified in the GUOC notice;
- (iii) recovery of the GUOC refund would be subject to a performance assessment, under Section 505.2 of the ISO rules, *Performance Assessment for Refund of Generating Unit Owner's Contribution*, that is tied to the original energization date that is specified in the GUOC notice; and
- (iv) if the project records zero metered energy in the year that it was originally set to be energized, because its energization date is delayed into the calendar year that follows the energization date that is specified in the GUOC notice, then the owner of that project would forfeit a portion of their GUOC refund under Section 505.2 of the ISO rules, *Performance Assessment for Refund of Generating Unit Owner's Contribution*.

65. To address this concern, the AESO offered an alternative approach to its proposed GUOC revisions (in paragraph 36 of its argument), to state that the energization date specified in the GUOC notice could be amended to align with any subsequent changes to the initial contract

⁵⁴ The execution date of the SAS agreement is the date that the SAS agreement is signed between the AESO and a market participant. Pursuant to Section 3.7(1)(a) of the ISO tariff, if the construction of transmission facilities is required for a project (i.e. projects that proceed through the AESO's Connection Process) the SAS agreement is effective immediately upon the Commission's issuance of permit and licence (after the execution date of a SAS agreement). For projects that proceed through the AESO's Behind-the-Fence Process (projects where the construction of transmission facilities is not required), the SAS agreement is effective the day it is executed pursuant to Section 3.7(4) of the ISO tariff.

⁵⁵ These projects proceed through the AESO's Connection Process, which is followed when the AESO determines that a SASR will require the addition or alteration of facilities on Alberta's transmission system.

⁵⁶ For projects that proceed through the AESO's Behind-the-Fence Process, the SAS agreement is effective the day it is executed pursuant to Section 3.7(4) of the ISO tariff. The Behind-the-Fence Process is followed when a customer is making changes to their existing facilities that the AESO determines will not require the addition or alteration of facilities on Alberta's transmission system, but will require a data submission under Section 502.15 of the ISO rules, *Reporting Facility Modelling Data*.

capacity date described in a SAS agreement, prior to the SAS agreement becoming **effective**, for generation projects that require a SAS agreement.⁵⁷

66. The Commission agrees with the Companies⁵⁸ and Northland Power Inc.⁵⁹ ⁶⁰ that this alternative approach proposed by the AESO is a reasonable solution to maintain the effect of the current ISO tariff language (which would not increase the risk that a GUOC refund is forfeited for projects that require a SAS agreement, when compared to the level of risk that market participants are already subject to under the current ISO tariff), while incorporating the new standardized GUOC notice that the AESO is requesting to implement. Accordingly, the Commission approves the alternative approach proposed by the AESO.

4.3.3 Should the Commission require additional revisions to the GUOC refund provisions for generators that defer their energization date?

67. Northland expressed concerns that under the AESO's proposed GUOC revisions, market participants are at risk of being unreasonably punished, by not receiving a portion of their GUOC refund, for deferring the energization date of their generation projects to minimize area congestion and to avoid likely curtailments of their energy.⁶¹

68. Northland explained that this scenario may arise in the following manner:

- (1) The AESO specifies an energization date for a generation project in its GUOC notice, and the start date for that project's GUOC refund period is fixed in accordance with this energization date.⁶²
- (2) The AESO issues a notice that the project will experience congestion in its service area, after the AESO has already fixed the start date for the project's GUOC refund period.
- (3) Market participants respond by deferring the energization date for their project in response to likely curtailments of their energy.
- (4) Market participants are at risk of forfeiting a portion of their GUOC refund, because the start date for the project's GUOC refund period is still fixed in accordance with the energization date specified in the GUOC notice and not the deferred energization date.⁶³

⁵⁷ Exhibit 27864-X0057, AESO argument, PDF page 8, paragraph 36.

⁵⁸ Exhibit 27864-X0064, Companies written reply argument, PDF page 6, paragraphs 11-12.

⁵⁹ Exhibit 27864-X0066, Northland reply argument – AUC Proceeding 27864, PDF page 1, paragraph 3.

⁶⁰ Exhibit 27864-X0059, AUC_February 28 Greengate executed.

⁶¹ Exhibit 27864-X0060, Northland argument – AUC Proceeding 27864, PDF pages 1-3, paragraphs 1-13; and Exhibit 27864-X0066, Northland reply argument – AUC Proceeding 27864, PDF pages 1-2, paragraphs 1-8.

⁶² The Commission notes that the energization date specified in the GUOC notice would be amended to align with any subsequent changes to the initial contract capacity date described in a SAS agreement, prior to the SAS agreement becoming **effective**, for generation projects that require a SAS agreement, in accordance with the Commission's findings in the previous section.

⁶³ The energization date specified in the GUOC notice, and consequently the start date for a project's GUOC refund period, can be amended up to the effective date of the SAS agreement, in accordance with the Commission's findings in the previous section.

- (5) If the project records zero metered energy in the year that it was originally set to be energized, because its energization date is deferred into the calendar year that follows the energization date that is specified in the GUOC notice, then the owner of that project would forfeit a portion of their GUOC refund under Section 505.2 of the ISO rules, *Performance Assessment for Refund of Generating Unit Owner's Contribution*.

69. Accordingly, Northland argued that the AESO should not punish market participants for deferring the energization date of their projects in order to minimize area congestion, and requested that the Commission direct the AESO to add a provision to its proposed GUOC refund revisions, to allow the AESO to move the energization date for a GUOC refund calculation in situations where a market participant has chosen to move the energization date for its project(s) due to forecast area congestion.

70. Effectively, Northland's request would give market participants and the AESO the ability to move the start date for a project's GUOC refund period, after that start date has already been fixed in accordance with the GUOC notice, in situations where the market participant has chosen to move the energization date for that project due to forecast area congestion.

71. KSC submitted that Northland's proposal was one example of how the AESO's proposed GUOC revisions could be improved if the AESO had engaged in further consultation with stakeholders.⁶⁴

72. The Commission denies Northland's request, for the following three reasons.

73. First, the Commission agrees with the AESO that the issue raised by Northland is not a consequence of the AESO's proposed GUOC revisions, because the scenario described by Northland is already contemplated under the current ISO tariff.⁶⁵ Under the current ISO tariff, the start date for a project's GUOC refund period is tied to the initial contract capacity date. Once the SAS agreement for that project becomes effective, the start date for the project's GUOC refund period will be fixed in accordance with the initial contract capacity date that is specified in the SAS agreement. If the energization date for that project is deferred past the initial contract capacity date that is specified in the effective SAS agreement, the associated start date for the project's GUOC refund period will not be adjusted accordingly. Therefore, if the project records zero metered energy in the year associated with its initial contract capacity date, because its energization date is deferred into the calendar year that follows the initial contract capacity date specified in the effective SAS agreement, then the owner of that project would forfeit a portion of their GUOC refund under Section 505.2 of the ISO rules, *Performance Assessment for Refund of Generating Unit Owner's Contribution*.

74. Second, the Commission agrees with the AESO that Northland's request would undermine the objective of the GUOC.⁶⁶ The GUOC is a locational price signal, and is designed to incent market participants to locate their projects in areas where congestion is not anticipated to arise. The Commission accepts the AESO's submission that market participants are provided information about potential congestion and other constraints that could arise following their connection, prior to executing a SAS agreement or paying GUOC. The Commission also agrees with the AESO that a limited degree of congestion is a feature of the competitive electricity

⁶⁴ Exhibit 27864-X0062, Written reply argument from KSC, PDF page 6, paragraph 18.

⁶⁵ Exhibit 27864-X0065, AESO reply argument, PDF page 6, paragraph 21.

⁶⁶ Exhibit 27864-X0065, AESO reply argument, PDF page 6, paragraphs 22-24.

market, and is an ongoing risk that market participants should consider and assess before making the decision to construct a new project.⁶⁷

75. Third, the Commission agrees with the AESO, that approving Northland's request would compromise the AESO's ability to obtain accurate energization dates for transmission planning purposes, because it gives market participants more freedom to adjust this date with limited consequences.⁶⁸

4.3.4 Are all the other GUOC revisions reasonable?

76. The Commission approves the remaining GUOC revisions applied for by the AESO.⁶⁹

77. First, the Commission finds that the proposed revisions, taken together with the GUOC revisions approved above, will improve the clarity of the ISO tariff, particularly for market participants that do not require or have a SAS agreement, by:⁷⁰

- (i) specifying when the GUOC payment must be paid;
- (ii) clarifying the information related to GUOC evidence that market participants may be required to provide, and the GUOC amounts that they will be required to pay;
- (iii) specifying the timing for GUOC refunds; and
- (iv) specifying that a GUOC refund may be forfeited if a market participant delays the energization date of the project.

78. Second, the Commission agrees that the proposed revisions will improve the fairness and consistency of the ISO tariff. Under the current ISO tariff, only market participants that require a SAS agreement are subject to a potential forfeiture of their GUOC refund, if they delay the energization date for their projects beyond the initial contract capacity date that is specified in an effective SAS agreement. However, the GUOC revisions will mean that all market participants that pay a GUOC will be subject to a potential forfeiture of their GUOC refund. Accordingly, the changes will ensure that the GUOC requirements apply consistently to all market participants that pay a GUOC.⁷¹

79. In view of the above, the Commission approves the AESO's proposed GUOC revisions as filed, with the following exception: the Commission directs the AESO to revise its proposed GUOC revisions, the ISO tariff and any other documents that may be affected, in its compliance filing to this decision, to reflect the alternative approach that the AESO provided in paragraph 36 of its argument.

⁶⁷ Exhibit 27864-X0065, AESO reply argument, PDF pages 6-7, paragraph 26.

⁶⁸ Exhibit 27864-X0065, AESO reply argument, PDF page 6, paragraph 24.

⁶⁹ Please refer to Appendix 4 of this decision for a comprehensive list of the AESO's proposed GUOC revisions which are all approved as filed, subject to the Commission's findings, conclusions and directions in this section of the decision.

⁷⁰ Exhibit 27864-X0002, application, PDF pages 11-12, paragraph 23.

⁷¹ Exhibit 27864-X0057, AESO argument, PDF page 6, paragraphs 20 and 24.

4.3.5 Should the Commission direct the AESO to consult on the proposed GUOC revisions?

80. Both Lionstooth⁷² and KSC⁷³ stated that the GUOC revisions are controversial and would benefit from further consultation with stakeholders, with KSC requesting that the Commission deny the revisions and direct the AESO to consult with stakeholders on these revisions.

81. The Commission is not persuaded that further consultation on the GUOC revisions would be beneficial or necessary at this time.

82. The Commission considers that the most controversial portions of the GUOC revisions proposed by the AESO were resolved by the alternative approach that the AESO provided in paragraph 36 of its argument, which the Commission directed the AESO to incorporate and apply for approval in its compliance filing to this decision. Furthermore, with this alternative approach, the Commission also considers that the GUOC revisions should not increase the risk that a GUOC refund is forfeited, when compared to the level of forfeiture risk that market participants are already subject to under the current ISO tariff, for projects that require a SAS agreement. Therefore, it is unclear to the Commission why further consultation on these revisions would be beneficial or necessary, in light of the improvements that are being made to the ISO tariff from these revisions, namely, improved clarity, fairness and consistency.

5 Order

83. It is hereby ordered that:

- (1) the AESO submit a compliance filing that reflects the findings, conclusions and directions of the Commission in this decision on or before July 4, 2023.

Dated on May 31, 2023.

Alberta Utilities Commission

(original signed by)

Douglas A. Larder, KC
Vice-Chair

(original signed by)

Vera Slawinski
Commission Member

⁷² Exhibit 27864-X0058, Lionstooth Energy argument, PDF page 6.

⁷³ Exhibit 27864-X0062, Written reply argument from KSC, PDF pages 5-6, paragraphs 17-19.

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
Alberta Electric System Operator (AESO)
Northland Power Inc.
Consumers' Coalition of Alberta
KalinaSignaltaCampus (KSC) Regulatory Law Chambers
Lionstooth Energy (Lionstooth)
BluEarth Renewables Inc., Elemental Energy Renewables Inc., NAT-1 GP Inc., and RWE Renewables Canada Holding Inc. (the Companies) Blake, Cassels & Graydon LLP
Capstone Infrastructure Corporation
Alberta Direct Connect Consumers Association

<p>Alberta Utilities Commission</p> <p>Commission panel D.A. Larder, KC, Vice-Chair V. Slawinski, Commission Member</p> <p>Commission staff J. Graham (Commission counsel) A. Starkov F. Alonso</p>

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The Commission directs the AESO to submit a compliance filing that reflects the findings, conclusions and directions of the Commission in this decision on or before July 4, 2023. paragraph 14
2. Although neither Lionstooth nor KSC provided a suggested definition for “participant transmission facility,” or identified where the concept was being used in the ISO tariff, the Commission asks the AESO to consider whether a definition of non-system or participant transmission facility would also be helpful in distinguishing between system transmission facilities and non-system or participant facilities. If an additional definition is helpful, the AESO is directed to submit a further revision to the ISO tariff that includes the definition no later than its next ISO tariff application. paragraph 51
3. In view of the above, the Commission approves the AESO’s proposed GUOC revisions as filed, with the following exception: the Commission directs the AESO to revise its proposed GUOC revisions, the ISO tariff and any other documents that may be affected, in its compliance filing to this decision, to reflect the alternative approach that the AESO provided in paragraph 36 of its argument. paragraph 79

Appendix 3 – SASR revisions

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New and amended ISO tariff definitions in the AESO’s *Consolidated Authoritative Documents Glossary*:

- Revised definition of “radial circuit”: the AESO proposed to replace the current definition of “radial circuit,” used solely in Section 4.2(2)(b) of the ISO tariff, with the current Alberta Reliability Standards definition. The AESO implied that this revision was necessary because the current definition of “radial circuit” does not align with the current and more recent Alberta Reliability Standards definition.
- New definition of “system transmission facilities”: the AESO proposed to add a new exhaustive definition for “system transmission facilities.” The AESO explained that the concept is repeated throughout the ISO tariff (the AESO referenced sections 3.4(1)(c), 3.4(2), 3.4(3), 4.2(2)(1), 4.2(3) and 5.3(3)) and that adding the definition would eliminate repetition.
- New definition of “needs approval”: the AESO proposed to revise the terms and conditions of the ISO tariff to distinguish more specifically between connection projects that require a “new or amended needs approval” for transmission facilities, and those that do not, and to define a “needs approval” as “an approval required for a need to expand or enhance the capability of the transmission system in accordance with Section 34 of the *Electric Utilities Act*.” The proposed change results in revisions to sections 3.3(2)-(4), 3.4(1), 3.6(1), 3.6(4), 3.7(1), 3.7(4)-(5), 6.2(4)(b)-(c), 6.2(5), 7.2(1) and 7.4(1) of the ISO tariff. The AESO submitted that these revisions would align the ISO tariff with the AESO’s existing SASR processes.

Revisions to Section 3 of the ISO tariff:

- SASRs for separate points-of-delivery (POD) and points-of-supply (POS): the AESO proposed to delete Section 3.2(5) of the ISO tariff, which requires separate SASRs for changes to existing SAS provided at POD and POS at a single point of connection. The AESO submitted that this provision is not required because it can be enforced through the existing SASR requirements under Section 3.2(1). The AESO also submitted that SASRs should be distinguished based on the market participant, and the facilities that they serve, and not upon the associated POD or POS.
- Transmission Planning requirements: the AESO proposed to delete sections 3.4(1)(b)-(c) and 3.4(4) of the ISO tariff. The AESO submitted that these sections repeat requirements already set out in the Transmission Planning Alberta Reliability Standards.
- Cost estimating requirements for connection projects: the AESO proposed to delete Section 3.4(5) of the ISO tariff. The AESO submitted that this section repeats cost estimating requirements already set out in Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines* and Section 504.5 of the ISO rules, *Service Proposals and Cost Estimates*.

- Construction contribution requirements: the AESO proposed to delete Section 3.4(6) of the ISO tariff. The AESO submitted that this section repeats what is stated in existing sections 4.6 and 4.2 of the ISO tariff.
- Construction commitment agreements: the AESO proposed to delete Section 3.5(2), which requires the AESO to be provided with a copy of the Construction Commitment Agreement that is executed between a market participant and the transmission facility owner responsible for the ownership, construction and operation of connection transmission facilities. The AESO submitted that Section 3.5(2) is not necessary, because the AESO does not require a copy of this agreement.
- Timing for execution of SAS agreements: the AESO proposed to revise Section 3.6(1)(b) to require SAS agreements to be executed according to timelines specified by the AESO on its website, as part of the behind-the-fence or contract change processes. The AESO submitted that the timing for the execution of SAS agreements under the current version of Section 3.6(1)(b) of the ISO tariff does not align with the AESO's processes.
- Transitional election of GUOC and SAS agreement provisions: the AESO proposed to delete the GUOC-related provision in Section 3.8 of the ISO tariff. The AESO explained that Section 3.8 of the ISO tariff was adopted to provide market participants, who had reached a certain stage of the connection process, with legacy treatment from new GUOC payment and SAS agreement execution timing requirements previously approved by the Commission. The AESO submitted this provision was no longer required, because the transition to the new requirements is now complete.
- Notification of changes to a SASR: the AESO proposed to revise sections 3.9(1) and 3.9(2) to more clearly reflect the fact that it is the market participant's obligation to notify the AESO of changes to any information (not just changes to "critical requirement" information) that the market participant has provided in a SASR, and that it is the AESO that determines whether or not to accept the change (subject to further information or requirements that the AESO may require in order to continue its review of the SASR) or to reject the change.
- Project cancellation by the AESO due to a market participant's inaction: the AESO proposed to remove Section 10(b) of the Construction Commitment Agreement pro forma contained in Appendix A of the ISO tariff, which contemplates the cancellation of a connection project if the AESO reasonably concludes that a market participant is not proceeding with the connection project, and to replace it with equivalent language in the proposed new Section 3.10 of the ISO tariff.

Revisions to Section 4 of the ISO tariff:

- Connection project costs: the AESO proposed to delete the reference to Section 3.4(1) from Section 4.2(1) of the ISO tariff, to ensure that Section 4.2(1) applies to all connection projects. The AESO explained that Section 4.2(1) of the ISO tariff currently requires the AESO to classify all costs of a connection project, determined by the AESO "under subsection 3.4(1)," as participant or system related. However, the AESO submitted that the costs of all connection projects, not only those to which Section 3.4(1)

applies, must be classified by the AESO as either participant or system related for contribution and investment purposes.

- Radial circuit language: the AESO proposed to delete “a radial circuit, including double-radial configurations, with only 1 transmission source from the transmission system to the connection substation” from Section 4.2(2)(b) of the ISO tariff. The AESO submitted that this wording does not align with the Alberta Reliability Standards definition of a radial circuit that the AESO proposed to adopt.

Revisions to Section 5 of the ISO tariff:

- PILON for DTS reductions: the AESO proposed to delete the phrase “is effective” from Section 5.3(5) of the ISO tariff. The AESO submitted that the use of “effective,” in reference to a contract reduction, can potentially be confused with an “effective” SAS agreement as described elsewhere in the ISO tariff.
- Payments and refunds of construction contributions: the AESO proposed to delete the reference to PILON payment from Section 5.7(1) of the ISO tariff. The AESO submitted that the reference is not necessary, because the required timing for payment of a construction contribution adjustment or PILON for a DTS reduction is repeated in sections 5.3(5) and 5.7(1) of the ISO tariff. The AESO also proposed to simplify the required timing for payment of a construction contribution adjustment in Section 5.7(1) of the ISO tariff to “within 30 days of a request for payment.”

Revisions to Section 6 of the ISO tariff:

- Connection alternatives: the AESO proposed to update the language in figures 6-1 and 6-2 of the ISO tariff, sections 6.2(3)(a)(i), 6.2(4)(a)-(b) and 6.6(1)(a) of the ISO tariff, and Schedule A of the Construction Commitment Agreement pro forma contained in Appendix A of the ISO tariff, to reflect that it is the AESO (not the market participant) that is responsible for determining the preferred connection alternative for a connection project.

Appendix A of the ISO tariff:

- PODs and POSs within a substation: the AESO proposed to revise sections 3, 4, 7, 8 and 10 of the DTS pro forma contained in Appendix A of the ISO tariff, and sections 3, 4, 7 and 10 of the supply transmission service (STS) pro forma agreement contained in Appendix A of the ISO tariff, to reflect the fact that multiple different PODs or POSs can exist within a substation. The AESO submitted that this revision provides a more accurate view of a POD and POS, because the current version of the ISO tariff reflects the concept of a POD or POS at a substation level.
- Commissioning for load facilities: the AESO proposed to revise Section 5 of the DTS pro forma contained in Appendix A of the ISO tariff, to clarify that commissioning for a load facility will last for 90 days from energization, unless otherwise agreed to in writing between the AESO and the market participant. The AESO submitted that the current DTS pro forma does not specify the commissioning period applicable to load facilities, which is required for purposes of construction contribution decision calculations and peak demand waiver eligibility.

Appendix 4 – GUOC revisions

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Revisions to Section 7 of the ISO tariff:

- “Metering Equipment” definition: the AESO proposed to bold the “metering equipment” term that is currently contained in Section 7.1(c) of the ISO tariff, to reflect the fact that “metering equipment” is a defined term in the AESO’s *Consolidated Authoritative Document Glossary*.
- GUOC rates: the AESO proposed to introduce a new Section 7.2(1) to the ISO tariff, to clarify that the GUOC rates that apply to a connection project are the rates that are in effect (i) on the date GUOC evidence is provided, for projects where evidence is required; or (ii) for all other projects, the rates in effect on the date that GUOC is paid. The AESO submitted that it is unclear in the current ISO tariff which GUOC rates apply to a connection project.
- Evidence of ability to pay GUOC: the AESO proposed to move the provision in Section 3.6(8) of the ISO tariff, which addresses the evidence of ability to pay GUOC that must be provided to the AESO for certain connection projects, to Section 7.4(1) of the ISO tariff, to ensure that all GUOC-related provisions are contained in Section 7 of the ISO tariff. The AESO also proposed to remove excessive detail from this provision regarding the financial security that can be provided to the AESO.
- Timing for payment of GUOC: the AESO proposed to move the provision in Section 3.6(9) of the ISO tariff, which addresses the timing for payment of a GUOC, to Section 7.4(2) of the ISO tariff, to ensure all GUOC-related provisions are contained in Section 7 of the ISO tariff. The AESO also proposed to revise this provision, to clarify that payment of GUOC is due at the specific times currently applicable in accordance with the AESO’s connection, behind-the-fence or contract change processes. The AESO submitted that these proposed revisions provide clarity, insofar as they will clarify when GUOC will be required to be paid for generating facilities for which a SAS agreement under Rate STS of the ISO tariff is not required.
- Notification of GUOC to be paid: the AESO proposed to revise Section 7.4(3) of the ISO tariff to clarify that the AESO must provide “reasonable notice” to all generating facility owners of the GUOC evidence that they may be required to provide under Section 7.4(1) of the ISO tariff, and the GUOC amount that they will be required to pay under Section 7.4(2) of the ISO tariff. The AESO submitted that Section 7.4 of the current ISO tariff is silent on when generating facility owners, that do not have STS agreements, are to be notified of the GUOC payments for the connection of new generation capacity.
- Refund of GUOC: the AESO proposed to revise sections 7.5(2) and 7.5(4) to state that the “clock” for refund of the GUOC will be tied to the energization date that a generator has provided to the AESO at the time that the AESO issues its notice, under Section 7.4(3), of the GUOC payment amount that the generator will be required to pay. The AESO explained that under Section 7.5(2) of the current ISO tariff, the timing for GUOC refunds is tied to the existence of an STS agreement. However, not all parties

have an STS agreement. Therefore, the AESO submitted that this change will improve fairness and consistency of the ISO tariff, by ensuring that the GUOC requirements apply consistently to all market participants that pay a GUOC. The AESO also proposed to revise sections 7.5(4)(a) and (b) to more closely align with Section 505.2 of the ISO rules, *Performance Criteria for Refund of Generating Unit Owner's Contribution*.