



Province of Alberta

ELECTRIC UTILITIES ACT

CAPACITY MARKET REGULATION

Alberta Regulation 260/2018

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Extract

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ALBERTA REGULATION 260/2018
Electric Utilities Act
CAPACITY MARKET REGULATION

Table of Contents

- 1 Definitions
- Resource Adequacy Standard**
- 2 Resource adequacy standard
- Reviews and Complaints**
- 3 Notice of reviewable decision
- 4 Provision of records to MSA
- 5 Request for review
- 6 Decisions respecting requests for review
- 7 Complaint
- 8 Provision of records to Commission
- 9 Decisions respecting complaints
- 10 Capacity auctions not affected
- 11 Section 26 of the Act does not apply
- Allocation of Capacity Market Costs**
- 12 Allocation of capacity market costs

Schedule

Definitions

- 1 In this Regulation,
 - (a) “Act” means the *Electric Utilities Act*;
 - (b) “capacity market rule” means an ISO rule made under section 41.42 of the Act;
 - (c) “eligible person” means, with respect to a reviewable decision, a person referred to in the Eligible Person column in the Schedule for the reviewable decision;
 - (d) “ISO” means the Independent System Operator;

- (e) “MSA” means the Market Surveillance Administrator;
- (f) “reviewable decision” means an ISO decision referred to in the ISO Decision column in the Schedule.

Resource Adequacy Standard

Resource adequacy standard

2(1) In this section,

- (a) “expected load” means, in respect of a year, the load forecast under subsection (3) for the year;
- (b) “expected unserved energy” means, in respect of a year, the unserved energy forecast under subsection (3) for the year;
- (c) “load” means the amount of electric energy required by Alberta’s electricity customers;
- (d) “normalized expected unserved energy” means the amount, expressed as a percentage, determined by dividing the expected unserved energy for a year by the expected load for the year;
- (e) “unserved energy” means the amount of electric energy that, as a result of the demand for electric energy exceeding the available supply of electric energy, is not provided to Alberta’s electricity customers to meet the load;
- (f) “year” means a 12-month period commencing on a date specified by the Minister.

(2) The following is established as the resource adequacy standard for the purposes of the Act:

Normalized expected unserved energy must be $\leq 0.0011\%$.

(3) Beginning with the year commencing in 2021, the ISO must, for each year,

- (a) forecast
 - (i) the load that is expected for the year, and
 - (ii) the unserved energy that is expected for the year,
- and

(b) calculate the normalized expected unserved energy,

to determine the amount of capacity to procure to meet the resource adequacy standard for the year.

(4) Beginning with the year commencing in 2022, the ISO must provide to the Minister each year a report respecting the ISO's performance in meeting the resource adequacy standard for the previous year that

(a) sets out

(i) the actual load for the year,

(ii) the estimated unserved energy for the year,

(iii) the estimated unserved energy for the year, expressed as a percentage, determined by dividing the estimated unserved energy for the year by the actual load for the year, and

(iv) the amount of capacity procured through each capacity auction for each obligation period ending in the year,

and

(b) includes any other information required by the Minister.

(5) Customers to whom electric energy is provided under the *Isolated Generating Units and Customer Choice Regulation* (AR 165/2003) are to be excluded for the purposes of the definitions of load and unserved energy.

Reviews and Complaints

Notice of reviewable decision

3 On making a reviewable decision, the ISO must give each eligible person written notice of the reviewable decision.

Provision of records to MSA

4(1) On receiving notice of a reviewable decision referred to in row 2, 3 or 4 of the Schedule, the MSA may request access to or copies of any records provided to the ISO by the person that is subject to the decision.

(2) The ISO must, in accordance with subsection (3), make the records requested by the MSA available to the MSA within 5 business days after receiving the request.

- (3)** The records referred to in subsection (2) must be made available
- (a) through secure electronic links, or
 - (b) in any other secure manner agreed to by the MSA and the ISO.

Request for review

- 5(1)** Subject to subsection (2), an eligible person may request a review of a reviewable decision by submitting a written request for review to the ISO within 5 business days after receiving notice of the reviewable decision.
- (2)** If the MSA has requested access to or copies of records under section 4(1), the MSA may request a review of the reviewable decision by submitting a written request for review to the ISO within 5 business days after receiving the records.
- (3)** A request for review must include
- (a) a concise statement identifying
 - (i) the part of the reviewable decision in dispute, and
 - (ii) the facts that the eligible person is relying on,
 - (b) the reasons for disputing the reviewable decision,
 - (c) a succinct presentation of the arguments supporting each of the reasons for disputing the reviewable decision, and
 - (d) a schedule listing the documents the eligible person is relying on.
- (4)** An eligible person must submit with the request for review any documents the eligible person is relying on.
- (5)** In the case of a reviewable decision referred to in row 2, 3 or 4 of the Schedule, the ISO must, within 2 business days after receiving a request for review, give notice of the request, including a copy of the request for review and any documents submitted under subsection (4), to the eligible person who did not request the review.

Decisions respecting requests for review

- 6(1)** The ISO must make a decision on a request for review within 5 business days after receiving the request for review.

(2) If a request for review meets the requirements of section 5(1) to (4), the ISO must

- (a) review the reviewable decision,
- (b) confirm, vary or revoke the reviewable decision, and
- (c) give each eligible person notice of the ISO's decision under clause (b) and the reasons for the decision.

(3) If a request for review does not meet the requirements of section 5(1) to (4), the ISO must

- (a) reject the request, and
- (b) give each eligible person notice that the request has been rejected and the reasons for the rejection.

(4) Except as provided by section 7, a decision under this section is final.

Complaint

7(1) An eligible person may make a complaint to the Commission if

- (a) the eligible person disputes the ISO's decision under section 6(2)(b),
- (b) the ISO rejected the request for review under section 6(3)(a), or
- (c) the ISO did not respond to the request for review within the time set out in section 6(1).

(2) To make a complaint, an eligible person must submit a written complaint notice to the Commission

- (a) within 5 business days after the date on which the eligible person received a notice from the ISO under section 6(2) or (3), or
- (b) if the ISO did not respond to the request within the time set out in section 6(1), within 10 business days after the date on which the request for review was submitted.

(3) A complaint notice must include

- (a) the reasons for the complaint,
- (b) a succinct presentation of the arguments supporting each of the reasons for the complaint,

- (c) a copy of the request for review submitted under section 5, including a copy of the documents submitted under section 5(4),
 - (d) a copy of the notice and reasons given to the eligible person under section 6(2) or (3), if applicable, and
 - (e) a schedule listing the documents submitted with the complaint notice.
- (4)** An eligible person must submit with the complaint notice
- (a) any documents that were submitted to the ISO before the ISO made its decision under section 6(2) or (3), and
 - (b) any other documents that the eligible person is relying on to show the following:
 - (i) in the case of a complaint referred to in subsection (1)(a), the evidence that was before the ISO when the ISO made its decision under section 6(2)(b);
 - (ii) in the case of a complaint referred to in subsection (1)(b), that the request for review complied with section 5(1) to (4);
 - (iii) in the case of a complaint referred to in subsection (1)(c), that the ISO did not respond to the request for review within the time set out in section 6(1).
- (5)** In the case of a reviewable decision referred to in row 2, 3 or 4 of the Schedule, the Commission must, within 2 business days after receiving a complaint, give notice of the complaint, including a copy of the complaint and any documents submitted under subsection (4), to the eligible person who did not make the complaint.
- (6)** The eligible person who did not make the complaint may participate in the complaint by submitting a written notice of participation in the complaint to the Commission within 5 business days after being notified of the complaint under subsection (5).
- (7)** A notice of participation in a complaint must include
- (a) the reasons for participation in the complaint, and
 - (b) a succinct presentation of the arguments supporting each of the reasons for participation in the complaint.

Provision of records to Commission

8(1) The Commission must notify the ISO when it receives a complaint notice under section 7 and may request the ISO to provide any records relating to the reviewable decision or the ISO's decision under section 6(2)(b) or (3)(a) that the Commission considers necessary to determine the complaint.

(2) Within 5 business days after receiving a request under subsection (1), the ISO must provide to the Commission any records held by the ISO referred to in the request.

Decisions respecting complaints

9(1) In determining a complaint, the Commission may appoint an independent person to consider the complaint or any matter relating to the complaint and to provide a report to the Commission with respect to the complaint or matter.

(2) Within 35 business days after receiving a complaint notice that meets the requirements of section 7, the Commission must

- (a) in the case of a complaint referred to in section 7(1)(a), review the ISO decision under section 6(2)(b) and either
 - (i) confirm the ISO's decision, or
 - (ii) vary the ISO's decision,
- (b) in the case of a complaint referred to in section 7(1)(b), review the ISO decision under section 6(3)(a) and either
 - (i) dismiss the complaint, or
 - (ii) direct the ISO to review the reviewable decision in accordance with section 6,

and

- (c) in the case of a complaint referred to in section 7(1)(c), determine whether the ISO responded to the complaint within the time set out in section 6(1) and if the ISO
 - (i) responded in time, dismiss the complaint, or
 - (ii) did not respond in time, direct the ISO to review the reviewable decision in accordance with section 6.

(3) The Commission must give the ISO and each eligible person notice of the Commission's decision under subsection (2).

(4) A decision of the Commission under this section is final and may not be appealed under section 29 of the *Alberta Utilities Commission Act*.

Capacity auctions not affected

10 A request for review under section 5, or a complaint under section 7, including a notice to participate in a complaint, does not prevent the ISO from holding a capacity auction as scheduled.

Section 26 of the Act does not apply

11 Section 26 of the Act does not apply to reviewable decisions.

Allocation of Capacity Market Costs

Allocation of capacity market costs

12(1) In this section,

- (a) “costs of the capacity market” means, with respect to an obligation period, the costs and expenses associated with the capacity market, including the amounts to be paid by the ISO for capacity payments and the ISO’s own capacity market administrative costs, for the obligation period;
- (b) “ISO’s own capacity market administrative costs” means, with respect to an obligation period,
 - (i) the capacity-market-related costs and expenses of the ISO respecting the administration, operation and management of the ISO, and
 - (ii) the capacity-market-related costs and expenses required to be paid, or otherwise appropriately paid, by the ISO, except the amounts to be paid or paid by the ISO for capacity payments,

for the obligation period.

(2) The ISO must consult with those market participants that the ISO considers are likely to be directly affected by the approval by ISO members of the ISO’s own capacity market administrative costs.

(3) The ISO must, not later than one year after this Regulation comes into force, make rules or establish practices respecting the approval referred to in subsection (2).

(4) The ISO must, in the tariff submitted by the ISO under section 30 of the Act, allocate the costs of the capacity market for an obligation period to

- (a) all classes of system access service whose members receive electricity from the transmission system, and
- (b) transmission line losses,

in accordance with the weighted energy method as described in this section.

(5) In the weighted energy method, the costs of the capacity market in an obligation period are allocated by

- (a) forecasting
 - (i) the total amount of electric energy required for each hour in the obligation period by all classes of system access service whose members receive electricity from the transmission system,
 - (ii) the transmission line losses for each hour in the obligation period, and
 - (iii) the costs of the capacity market for the obligation period,
- (b) establishing one set of time blocks for the obligation period, with each time block consisting of hours within the obligation period that are reasonably similar with respect to the anticipated contribution that the demand for and supply of electric energy in each of the hours has on the amount of capacity needed in the obligation period,
- (c) assigning one weight to each time block, with the assigned weight corresponding to the anticipated contribution that the demand for and supply of electric energy in the hours in the time block has on the amount of capacity needed in the obligation period to meet the resource adequacy standard,
- (d) deriving one rate per megawatt hour for each time block for the recovery of the costs of the capacity market using the forecasts referred to in clause (a)(i), (ii) and (iii), the time blocks referred to in clause (b) and the weights referred to in clause (c), and
- (e) charging the rates referred to in clause (d) to
 - (i) all classes of system access service whose members receive electricity from the transmission system, and

(ii) transmission line losses.

(6) The ISO must establish the time blocks under subsection (5)(b) and assign weights to the time blocks under subsection (5)(c) in accordance with the following requirements:

- (a) each hour within an obligation period must be assigned to a time block, but the hours assigned to a time block need not be consecutive;
- (b) at least 200 hours must be assigned to each time block;
- (c) the weight assigned to a time block may be zero, but may not be negative;
- (d) a maximum of 4800 hours in an obligation period may be assigned to time blocks that have a weight of zero;
- (e) the same weight may be assigned to different time blocks;
- (f) the time blocks and the weights assigned to the time blocks must be the same for
 - (i) all classes of system access service whose members receive electricity from the transmission system, and

(ii) transmission line losses.

(7) The amount of the costs of the capacity market allocated to transmission line losses under subsection (4)(b) is to be recovered from market participants as part of the costs of transmission line losses recovered under section 30(4) of the Act.

(8) When considering approval of the part of the ISO tariff referred to in section 30(2)(a)(ii.1) of the Act,

- (a) the Commission must consider whether the ISO has implemented the weighted energy method in accordance with this section and otherwise met the requirements of this section, and
- (b) the Commission must consider that the ISO's own capacity market administrative costs that have been approved by the ISO members are prudent unless an interested person satisfies the Commission that those costs or expenses are not prudent.

(9) The owner of an electric distribution system must recover the costs of the capacity market allocated to the owner through the ISO tariff in the distribution tariff prepared by the owner under section 102 of the Act.

(10) When considering an electric distribution tariff application under section 122(1) of the Act, the Commission must determine whether any costs and expenses that are included in the tariff that are associated with recovering the costs referred to in subsection (9) of this section are prudent.

**Schedule
Reviewable Decisions**

Row	ISO Decision	Eligible Person
1	decision respecting the eligibility of a person to participate in a capacity auction	person subject to the decision
2	decision requiring a person to participate in a capacity auction	(a) person subject to the decision; (b) MSA
3	decision respecting the amount of capacity a person may bid or offer into a capacity auction	(a) person subject to the decision; (b) MSA
4	any other decision made under a capacity market rule before the holding of a capacity auction that relates specifically to the participation or obligations of a person with respect to the capacity auction	(a) person subject to the decision; (b) MSA



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