

2018 Bill 13

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Fourth Session, 29th Legislature, 67 Elizabeth II

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THE LEGISLATIVE ASSEMBLY OF ALBERTA

# **BILL 13**

**AN ACT TO SECURE ALBERTA'S  
ELECTRICITY FUTURE**

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THE MINISTER OF ENERGY

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First Reading . . . . .

Second Reading . . . . .

Committee of the Whole . . . . .

Third Reading . . . . .

Royal Assent . . . . .

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## BILL 13

2018

### AN ACT TO SECURE ALBERTA'S ELECTRICITY FUTURE

(Assented to \_\_\_\_\_, 2018)

HER MAJESTY, by and with the advice and consent of the  
Legislative Assembly of Alberta, enacts as follows:

#### Alberta Utilities Commission Act

##### Amends SA 2007 cA-37.2

**1(1)** The *Alberta Utilities Commission Act* is amended by this section.

**(2)** The following is added after section 17:

##### Allocation of costs and benefits in the public interest

**17.1(1)** In this section,

- (a) “electric utility” means an electric utility as defined in the *Electric Utilities Act*;
- (b) “owner of a utility” means
  - (i) an owner as defined in the *Electric Utilities Act* in respect of an electric utility, or
  - (ii) an owner of a gas utility as defined in the *Gas Utilities Act*,

over whom the Commission has jurisdiction to approve a tariff or fix just and reasonable rates, tolls or charges, or schedules of them, under the *Electric Utilities Act*, the *Gas Utilities Act* or the *Public Utilities Act*.

## **Explanatory Notes**

### **Alberta Utilities Commission Act**

- 1**(1) Amends chapter A-37.2 of the Statutes of Alberta, 2007.
- (2) Allocation of costs and benefits in the public interest.

(2) In approving a tariff or fixing just and reasonable rates, tolls or charges, or schedules of them, of an owner of a utility under the *Electric Utilities Act*, the *Gas Utilities Act* or the *Public Utilities Act*, the Commission may, in a manner that gives consideration to the public interest, including having regard to any social, economic and environmental effects,

(a) allocate among that owner of a utility and the customers of that owner of a utility

(i) the direct and indirect costs, including, without limitation, unrecovered capital investment, as determined by the Commission, and

(ii) the direct and indirect benefits, including, without limitation, revenues generated by or proceeds of sale associated with property, as determined by the Commission,

arising in, or determined in relation to, a prior period, whether or not rates have been finalized for that period, or a present or future period, in connection with a matter described in subsection (4), and

(b) direct the owner of a utility to make adjustments to its tariff, rates, tolls or charges, or schedules of them, on a prospective basis that the Commission considers necessary to give effect to a determination under clause (a).

(3) The Commission may

(a) determine, on its own initiative or at the request of an interested party, that property of an owner of a utility should be removed from rate base, as of a date determined by the Commission, because the property is no longer used or required to be used to provide service to the public, and

(b) direct the owner of a utility to make adjustments to its tariff, rates, tolls or charges, or schedules of them, on a prospective basis that the Commission considers necessary to give effect to a determination under clause (a).

(4) The matters referred to in subsection (2)(a) are as follows:



- (a) a sale, lease, mortgage or other disposition of property of the owner of a utility;
  - (b) a removal or withdrawal of property from service to the public by the owner of a utility;
  - (c) a removal of property from rate base where the Commission has determined under subsection (3)(a) that the property is no longer used or required to be used to provide service to the public.
- (5)** No compensation is due or payable to a utility or to the owner of a utility as a result of the Commission allocating to customers of the owner of a utility all or a portion of the direct and indirect benefits referred to in subsection (2)(a)(ii).
- (6)** The owner of a utility must provide, when requested by the Commission, information regarding any of the matters described in subsection (4) in the form and verified in the manner the Commission requires.
- (7)** The Commission may make rules
- (a) respecting the considerations the Commission may take into account when making an allocation of direct and indirect costs or benefits under this section, including, without limitation, the criteria the Commission may consider when determining the public interest for the purposes of this section;
  - (b) respecting reporting requirements in respect of this section.
- (8)** If there is a conflict or inconsistency between this section and a provision of the *Electric Utilities Act*, the *Gas Utilities Act* or the *Public Utilities Act*, or of a regulation under any of those Acts, this section prevails to the extent of the conflict or inconsistency.
- (9)** This section applies to matters referred to in subsection (4) that are identified in an application that is filed with the Commission



- (a) before the date the Bill to enact *An Act to Secure Alberta's Electricity Future* received first reading, but on which no decision has been issued by that date, or
- (b) on or after the date the Bill to enact *An Act to Secure Alberta's Electricity Future* received first reading.

**(3) Section 31 is amended**

**(a) in subsection (1)**

**(i) by adding the following after clause (a):**

- (a.1) “capacity market” means the capacity market as defined in the *Electric Utilities Act*;
- (a.2) “capacity market participant” means a capacity market participant as defined in the *Electric Utilities Act*;

**(ii) in clause (b) by striking out “ “customer” ” and substituting “a customer”;**

**(iii) in clause (c) by striking out “ “market” ” and substituting “the electricity market”;**

**(iv) in clause (d) by striking out “a “market participant” ” and substituting “an electricity market participant”;**

**(v) in clause (e) by striking out “a “retailer” ” and substituting “a retailer”;**

**(vi) in clause (g) by striking out “ “customer” ” and substituting “a customer”;**

**(vii) in clause (j) by striking out “a “retailer” ” and substituting “a retailer”;**

**(b) in subsection (2) by adding the following after clause (d):**

- (d.1) electricity services;



(3) Section 31 presently reads in part:

*31(1) In this Part,*

- (a) “Balancing Pool” means the Balancing Pool established by the Electric Utilities Act;*
- (b) “electricity customer” means “customer” as defined in the Electric Utilities Act;*
- (c) “electricity market” means “market” as defined in the Electric Utilities Act;*
- (d) “electricity market participant” means a “market participant” as defined in the Electric Utilities Act;*
- (e) “electricity retailer” means a “retailer” as defined in the Electric Utilities Act;*
- (g) “natural gas customer” means “customer” as defined in the Gas Utilities Act;*
- (j) “natural gas retailer” means a “retailer” as defined in the Gas Utilities Act.*

*(2) For the purposes of this Part, the following words and phrases have the meaning given to them by the Electric Utilities Act:*

- (d) electricity;*

**(4) Section 32(2) is repealed.**

**(5) Section 39 is amended**

**(a) in subsection (1)**

**(i) in clause (a) by striking out “and” at the end of subclause (i) and adding the following after subclause (i):**

(i.1) the capacity market, and

**(ii) in clause (b)(ii) and (iii) by adding “, the capacity market” after “electricity market”;**

**(b) in subsection (2)(a)**

**(i) by striking out “in respect of the electricity market” and substituting “in respect of both the electricity market and the capacity market”;**

**(ii) in subclause (i) by adding “and capacity market participants” after “electricity market participants”;**

**(iii) in subclause (ii) by adding “and the capacity market” after “electricity market”;**

**(iv) by adding the following after subclause (vii):**

(vii.1) arrangements, information sharing and decisions relating to capacity market participants providing or wishing to provide capacity, or any aspect of those activities;

**(c) by repealing subsection (3) and substituting the following:**

**(3) In carrying out its mandate, the Market Surveillance Administrator shall assess the following:**

(a) whether or not the conduct of an electricity market participant supports the fair, efficient and openly

(4) Section 32(2) presently reads:

*(2) The Market Surveillance Administrator consists of the individual appointed as Market Surveillance Administrator under section 33.*

(5) Section 39 presently reads in part:

*39(1) Subject to regulations made under section 59(1)(a), the Market Surveillance Administrator has the mandate*

- (a) to carry out surveillance in respect of*
  - (i) the supply, generation, transmission, distribution, trade, exchange, purchase or sale of electricity, electric energy, electricity services or ancillary services or any aspect of those activities, and*
  - (ii) the provision of retail gas services, or services provided under a default rate tariff, to natural gas customers by natural gas market participants, or any aspect of those activities,*
- (b) to investigate matters, on its own initiative or on receiving a complaint or referral under section 41, and to undertake activities to address*
  - (i) contraventions of the Electric Utilities Act, the regulations under that Act, the ISO rules, reliability standards, Part 2.1 of the Gas Utilities Act or the regulations under that Act or of decisions, orders or rules of the Commission,*
  - (i.1) contraventions of An Act to Cap Regulated Electricity Rates or the regulations under that Act,*
  - (ii) conduct that does not support the fair, efficient and openly competitive operation of the electricity market or the natural gas market, and*
  - (iii) any other matters that relate to or affect the structure and performance of the electricity market or the natural gas market,*

*including negotiating and entering into settlement agreements and bringing matters before the Commission.*

competitive operation of the electricity market and whether or not the electricity market participant has complied with or is complying with

- (i) the *Electric Utilities Act*, the regulations under that Act, the ISO rules, reliability standards, market rules and any arrangements entered into under the *Electric Utilities Act* or the regulations under that Act,
  - (ii) the *Renewable Electricity Act*, the regulations under that Act and any renewable electricity support agreements entered into under that Act,
  - (iii) *An Act to Cap Regulated Electricity Rates* and the regulations under that Act, and
  - (iv) a decision, order or rule of the Commission;
- (b) whether or not the conduct of a capacity market participant supports the fair, efficient and openly competitive operation of the capacity market and whether or not the capacity market participant has complied with or is complying with
- (i) the *Electric Utilities Act*, the regulations under that Act, the ISO rules, reliability standards, market rules and any arrangements entered into under the *Electric Utilities Act* or the regulations under that Act,
  - (ii) the *Renewable Electricity Act*, the regulations under that Act and any renewable electricity support agreements entered into under that Act, and
  - (iii) a decision, order or rule of the Commission;
- (c) whether or not the conduct of a natural gas market participant supports the fair, efficient and openly competitive operation of the natural gas market and whether or not the natural gas market participant has complied with or is complying with
- (i) the *Gas Utilities Act*, the regulations under that Act, market rules and any arrangements entered into under the *Gas Utilities Act* or the regulations under that Act, and

*(2) Without limiting the generality of subsection (1), the Market Surveillance Administrator's mandate*

- (a) in respect of the electricity market includes surveillance and, where applicable, investigation and enforcement, in respect of any one or more of the following:*
  - (i) the conduct of electricity market participants;*
  - (ii) the structure and performance of the electricity market;*
  - (iii) the conduct of the Independent System Operator;*
  - (iv) the conduct of the Balancing Pool;*
  - (v) the conduct of owners of generating units to which power purchase arrangements apply in meeting their obligations to provide the generating capacity set out in those power purchase arrangements;*
  - (vi) arrangements, information sharing and decisions relating to electricity market participants exchanging or wishing to exchange electric energy and ancillary services or any aspect of those activities;*
  - (vii) arrangements, information sharing and decisions relating to electricity market participants providing or wishing to provide retail electricity services to electricity customers, or any aspect of those activities;*
  - (viii) the relationship between the owner of an electric distribution system and its affiliated retailers or other retailers, or any aspect of the parties in the relationship;*
  - (ix) the relationship between the owner of an electric distribution system and a regulated rate provider or between the regulated rate provider and an affiliated retailer, or any aspect of the parties in the relationship;*
  - (x) electricity exchanges on the tie lines connecting the interconnected electric system in Alberta with electric systems outside Alberta;*
  - (xi) any other conduct that may be specified in the regulations made under section 59(1)(a) and (f),*

*and*

- (ii) a decision, order or rule of the Commission;
- (d) whether or not the ISO rules are sufficient to discourage anti-competitive practices in the electric industry and whether or not the ISO rules support the fair, efficient and openly competitive operation of the electricity market and the capacity market.
- (d) in subsection (4) by adding “, the capacity market” after “electricity market”.**

*(3) In carrying out its mandate, the Market Surveillance Administrator shall assess whether or not*

- (a) the conduct of electricity market participants and natural gas market participants supports the fair, efficient and openly competitive operation of the electricity market or the natural gas market, as the case may be, and*
  - (b) the person carrying out the conduct has complied with or is complying with*
    - (i) the Electric Utilities Act, the regulations under that Act, the ISO rules, reliability standards, market rules and any arrangements entered into under the Electric Utilities Act or the regulations under that Act, in the case of an electricity market participant,*
    - (ii) the Gas Utilities Act, the regulations under that Act, market rules and any arrangements entered into under the Gas Utilities Act or the regulations under that Act, in the case of a natural gas market participant,*
    - (ii.1) the Renewable Electricity Act, the regulations under that Act and any renewable electricity support agreements entered into under that Act, in the case of an electricity market participant,*
    - (ii.2) An Act to Cap Regulated Electricity Rates and the regulations under that Act,*
    - (iii) a decision, order or rule of the Commission,*
- and*
- (c) the ISO rules are sufficient to discourage anti-competitive practices in the electric industry and whether or not the ISO rules support the fair, efficient and openly competitive operation of the electricity market.*

*(4) As part of its mandate, the Market Surveillance Administrator may establish guidelines to support the fair, efficient and openly competitive operation of the electricity market and the natural gas market and shall make those guidelines public.*

**(6) Section 42(1)(c) is amended by adding “, the capacity market” after “electricity market”.**

**(7) Section 46(1) is amended**

- (a) in clause (a) by adding “, a capacity market participant” after “electricity market participant”;**
- (b) in clause (f) by striking out “or natural gas market participant” and substituting “, a capacity market participant or a natural gas market participant”.**

**(8) Section 51(1)(a)(iv) is amended by adding “, the capacity market” after “electricity market”.**

**(9) Section 56 is amended in subsections (3)(a)(iv) and (4)(a)(ii) by adding “, the capacity market” after “electricity market”.**



(6) Section 42(1) presently reads in part:

*42(1) The Market Surveillance Administrator*

- (c) *may investigate any event that affects the operation of the electricity market or the natural gas market.*

(7) Section 46(1) presently reads in part:

*46(1) The Market Surveillance Administrator may, for the purpose of carrying out its mandate, do personally, or may authorize one or more of its officers or employees or any other person to do, any or all of the following:*

- (a) *enter and inspect the premises of an electricity market participant or a natural gas market participant, the Independent System Operator or the Balancing Pool;*
- (f) *request access to operate or request the operation of any computer system of an electricity market participant or natural gas market participant, the Independent System Operator or the Balancing Pool to search any data or information contained in or available to the system and produce a record from the data.*

(8) Section 51(1)(a) presently reads in part:

*51(1) If the Market Surveillance Administrator is satisfied that*

- (a) *a person*
  - (iv) *has engaged in conduct that does not support the fair, efficient and openly competitive operation of the electricity market or the natural gas market, as the case may be,*

*the Market Surveillance Administrator may give written notice to the Commission.*

(9) Section 56 presently reads in part:

- (3) *The Commission may make an order*

**(10) Section 59(1) is amended**

- (a) in clause (d) by adding “, capacity market participants” after “electricity market participants”;**
- (b) in clause (f) by striking out “or natural gas market” and substituting “, the capacity market or the natural gas market”.**

**(11) The following is added after section 63:**

**Specified penalties**

**63.1(1)** Notwithstanding section 63, where the Commission is satisfied that a person has contravened a Commission rule, order or decision for which a penalty has been specified by the Commission under subsection (6), the Commission may issue a notice of specified penalty to the person in accordance with the rules made under subsection (6).

- (2)** Where

(a) *if it is of the opinion that a person*

(iv) *has engaged in conduct that does not support the fair, efficient and openly competitive operation of the electricity market or the natural gas market,*

(4) *The Commission may*

(a) *in respect of a person referred to in subsection (3)(a), by order do any or all of the following.*

(ii) *impose any terms and conditions the Commission considers appropriate on the person relating to the person's future conduct in the electricity market or the natural gas market;*

(10) Section 59(1) presently reads in part:

*59(1) The Minister may make regulations*

(d) *respecting the records, reports or other information to be provided to the Market Surveillance Administrator by electricity market participants and natural gas market participants, the Independent System Operator and the Balancing Pool, the use that the Market Surveillance Administrator may make of the records, reports or information, and limitations on that use;*

(f) *respecting conduct or any other matter relating to or that supports the fair, efficient and openly competitive operation of the electricity market or natural gas market, including approaches or measures to mitigate market power.*

(11) Specified penalties.

- (a) a person fails to pay a specified penalty in accordance with the notice of specified penalty issued under subsection (1), or
- (b) a person named in the notice of specified penalty disputes the issuing of the notice,

the Commission shall hold a hearing.

**(3)** If the person to whom the notice of specified penalty was issued under subsection (1) fails to attend before the Commission, the Commission may conduct the hearing ex parte.

**(4)** At the conclusion of its hearing, the Commission may

- (a) rescind the notice of specified penalty issued under subsection (1),
- (b) confirm the specified penalty set out in the notice of specified penalty, or
- (c) impose an administrative penalty on the person in accordance with section 63.

**(5)** A specified penalty paid to the Commission under this section shall be paid into the General Revenue Fund, unless the Commission orders that some other person be paid some or all of the amount of the specified penalty.

**(6)** The Commission may make rules

- (a) prescribing the form and contents of notices of specified penalty for the purposes of this section;
- (b) prescribing contraventions of Commission rules, orders or decisions in respect of which a specified penalty may be imposed and prescribing the amounts, or the manner of determining the amounts, up to a maximum of \$10 000 per contravention, or if a contravention continues for more than one day up to a maximum of \$10 000 per day, of the specified penalties that may be imposed;



- (c) prescribing limitation periods for the giving of notices of specified penalty.

(7) The Minister may by order specify

- (a) which rules, orders or decisions of the Commission the Commission must include in rules made under subsection (6)(b), and
- (b) deadlines as to when rules under subsection (6)(b) must be made.

**(12) Section 67(1) is repealed and the following is substituted:**

**Enforcement of payment of penalties and costs**

**67(1)** Subject to the right to appeal the imposition of an administrative penalty under section 63, a specified penalty under section 63.1 or costs under section 66, the Chair may prepare and file with the clerk of the Court of Queen's Bench a certificate certifying the amount that the person is required to pay under section 63, 63.1 or 66, as the case may be.

**(13) The following is added after section 67:**

**Recovery through tariffs prohibited**

**67.1** A person who pays a specified penalty under section 52, an administrative penalty under section 63, a specified penalty under section 63.1, a fine under section 64 or costs under section 66 is not entitled to recover, and the Commission shall not permit the recovery of, those amounts by or through a tariff approved by the Commission.

**Electric Utilities Act**

**Amends SA 2003 cE-5.1**

**2(1) The *Electric Utilities Act* is amended by this section.**

**(2) Section 1 is amended**

- (a) in subsection (1)
  - (i) by adding the following after clause (d):

(12) Section 67(1) presently reads:

*67(1) Subject to the right to appeal the imposition of an administrative penalty under section 63 or costs under section 66, the Chair may prepare and file with the clerk of the Court of Queen's Bench a certificate certifying the amount that the person is required to pay under section 63 or 66, as the case may be.*

(13) Recovery through tariffs prohibited.

### **Electric Utilities Act**

**2(1)** Amends chapter E-5.1 of the Statutes of Alberta, 2000.

(2) Definitions.

- (d.1) “business day” means a day other than a Saturday or a holiday as defined in the *Interpretation Act*;
- (d.2) “capacity” with respect to the capacity market means the ability to supply electric energy or reduce electric energy consumption as measured in megawatts;
- (d.3) “capacity auction” means a capacity auction referred to in section 41.44;
- (d.4) “capacity market” means the capacity market established by the ISO rules;
- (d.5) “capacity market participant” means a capacity market participant within the meaning of the ISO rules;
- (d.6) “capacity payment” means a payment referred to in section 41.45;

**(ii) by adding the following after clause (p):**

- (p.1) “electricity market” means any type of market through or under which an offer, purchase, sale, trade or exchange of electricity, electric energy, electricity services or ancillary services takes place in relation to the production or consumption of electricity, electric energy, electricity services or ancillary services, but does not include the capacity market;
- (p.2) “electricity market participant” means
  - (i) any person that supplies, generates, transmits, distributes, trades, exchanges, purchases or sells electricity, electric energy, electricity services or ancillary services, or
  - (ii) any broker, brokerage or forward exchange that trades or facilitates the trading of electricity, electric energy, electricity services or ancillary services;

**(iii) by repealing clause (v);**





**(iv) in clause (cc) by striking out “hourly consumption of electric energy” and substituting “consumption of electric energy in each settlement interval”;**

**(v) by repealing clause (dd) and substituting the following:**

(dd) “market” means the electricity market or the capacity market;

**(vi) by repealing clause (ee) and substituting the following:**

(ee) “market participant” means an electricity market participant or a capacity market participant;

**(vii) by repealing clause (ll) and substituting the following:**

(ll) “pool price” means the pool price established by the Independent System Operator under section 18(4);

**(viii) by repealing clause (ss)(iii);**

**(ix) by adding the following after clause (ss.1):**

(ss.2) “resource adequacy standard” means the resource adequacy standard established by the Minister in regulations made under section 41.46;

**(x) by adding the following after clause (xx):**

(xx.1) “settlement interval” means

(i) if the ISO rules do not establish a period of time of less than 60 minutes as the settlement interval, 60 minutes, or

(ii) if the ISO rules establish a period of time of less than 60 minutes as the settlement interval, the period of time established by the ISO rules as the settlement interval;

**(xi) by repealing clause (yy) and substituting the following:**



(yy) “system access service” means the service obtained by market participants through a connection to the transmission system, and includes

(i) access to exchange electric energy and ancillary services, and

(ii) access to capacity;

**(b) in subsection (2)(d) by striking out “or 20” and substituting “, 20 or 41.42 or the regulations”.**

**(3) Section 2(2) is amended by striking out “, 109 and 153(1)” and substituting “and 109”.**

**(4) Section 5 is amended**

**(a) by adding the following after clause (c):**

(c.1) to provide for a capacity market to ensure that a reliable supply of electricity is available at reasonable cost to customers, and for rules governing the establishment and operation of the capacity market to ensure

(i) that the capacity market is efficient and based on fair and open competition and is not distorted by unfair advantages of government-owned participants or any other participants, and

(ii) that the costs of procuring capacity are reasonable and are distributed among customers fairly and in a manner that provides incentives for economic efficiency;

**(b) in clause (e) by deleting “, including a flow-through of pool price and other options”.**

**(5) Section 6 is repealed and the following is substituted:**

**Expectations of market participants**

**6(1)** Electricity market participants are to conduct themselves in the electricity market in a manner that supports the fair,

(3) Section 2(2) presently reads:

*(2) The exemptions under subsection (1)(a) and sections 37(2)(a), 100, 109 and 153(1) do not apply if the City of Medicine Hat or a subsidiary of the City does not provide the information or statements required by a regulation made under section 142(1)(h).*

(4) Section 5 presently reads in part:

*5 The purposes of this Act are*

- (c) to provide for rules so that an efficient market for electricity based on fair and open competition can develop in which neither the market nor the structure of the Alberta electric industry is distorted by unfair advantages of government-owned participants or any other participant;*
- (e) to enable customers to choose from a range of services in the Alberta electric industry, including a flow-through of pool price and other options developed by a competitive market, and to receive satisfactory service;*

(5) Section 6 presently reads:

*6 Market participants are to conduct themselves in a manner that supports the fair, efficient and openly competitive operation of the market.*

efficient and openly competitive operation of the electricity market.

**(2)** Capacity market participants are to conduct themselves in the capacity market in a manner that supports the fair, efficient and openly competitive operation of the capacity market.

**(6) Section 15(1) is repealed and the following is substituted:**

**Records and reporting**

**15(1)** The Independent System Operator must

- (a) maintain accounting records and a record of its business and affairs,
  - (b) within 120 days after the end of its fiscal year, provide to the Minister an annual report
    - (i) reporting on its business and affairs in the fiscal year, and
    - (ii) containing its audited financial statements for the fiscal year,
- and
- (c) at any time when required to do so by the Minister, prepare and have audited financial statements relating to any part of its business and affairs for any period of time specified by the Minister.

**(7) Section 16 is amended by adding the following after subsection (1):**

**(1.1)** The Independent System Operator must exercise its powers and carry out its duties, responsibilities and functions with respect to the capacity market in a timely manner that is fair and responsible to ensure that a reliable supply of electricity is available at reasonable cost to customers and to promote a fair, efficient and openly competitive capacity market.

(6) Section 15(1) presently reads:

*15(1) The Independent System Operator must, within 120 days after the end of its fiscal year, provide to the Minister an annual report*

- (a) reporting on its business and affairs in the fiscal year, and*
- (b) containing its audited financial statements for the fiscal year.*

(7) Section 16 presently reads:

*16(1) The Independent System Operator must exercise its powers and carry out its duties, responsibilities and functions in a timely manner that is fair and responsible to provide for the safe, reliable and economic operation of the interconnected electric system and to promote a fair, efficient and openly competitive market for electricity.*

*(2) Subsection (1) does not apply to the development of renewable electricity program proposals under the Renewable Electricity Act.*

**(8) Section 17 is amended**

**(a) by adding the following after clause (l):**

- (l.01) in respect of the capacity market,
  - (i) to establish and operate the capacity market in a manner that is fair and open,
  - (ii) to assess the current and future energy needs of Alberta's electricity customers in order to procure capacity to meet the requirements of the resource adequacy standard,
  - (iii) to conduct capacity auctions to procure capacity to meet the requirements of the resource adequacy standard,
  - (iv) to carry out financial settlement in respect of the capacity market, and
  - (v) to manage and recover the costs of the capacity market;
- (b) in clause (l.1) by striking out "rules made under sections 19, 20 and 24.1" and substituting "ISO rules and rules made under section 24.1".**

**(9) Section 18(4) is repealed and the following is substituted:**

- (4)** The Independent System Operator must, in accordance with the ISO rules,
  - (a) establish the pool price for each settlement interval for electric energy exchanged through the power pool, which must not include any portion of the ISO fees, and
  - (b) make the pool price available to the public.

**(10) Section 19(1)(c) is amended by striking out "a market" and substituting "an electricity market".**



(8) Section 17 presently reads in part:

*17 The Independent System Operator has the following duties:*

*(l) to administer load settlement;*

*(l.1) to monitor the compliance of market participants with rules made under sections 19, 20 and 24.1;*

(9) Section 18(4) presently reads:

*(4) The Independent System Operator must establish and report the pool price, which shall not include any portion of the ISO fees, and make the hourly pool price available to the public.*

(10) Section 19(1) presently reads in part:

*19(1) In this section,*

*(c) “forward exchange” means an organization that is in the business of operating a market for buying and selling forward contracts.*

**(11) Section 20 is amended by adding the following after subsection (1):**

**(1.1)** Subject to section 20.6(4), an ISO rule made under this section does not take effect unless it is approved by the Commission.

**(12) Section 20.1 is repealed.**

**(13) Section 20.2 is amended**

**(a) by repealing subsection (1) and substituting the following:**

**Filing of ISO rules**

**20.2(1)** On making an ISO rule, the Independent System Operator must file the ISO rule with the Commission for the Commission's approval.

**(b) in subsection (2) by striking out "days" and substituting "business days".**

**(14) The following is added after section 20.2:**

**Approval of ISO rules**

**20.21(1)** After considering an ISO rule, the Commission may, by order,

- (a) approve the ISO rule,
- (b) direct the Independent System Operator to revise the ISO rule or a provision of the ISO rule and approve the ISO rule subject to the Commission being satisfied that the ISO rule has been revised by the Independent System Operator, in accordance with the directions set out in the order, by the date set out in the order, or

(11) Adds section 20(1.1).

(12) Section 20.1 presently reads:

*20.1 Sections 20.2 to 20.5 do not apply to an ISO rule*

*(a) that was made before the coming into force of those sections,  
or*

*(b) that takes effect in accordance with section 20.6.*

(13) Section 20.2 presently reads in part:

*20.2(1) The Independent System Operator must file with the  
Commission an ISO rule made under section 19 or 20.*

*(2) The Commission must publish notice of the filing of an ISO rule  
under subsection (1) not later than 5 days after the day of filing.*

(14) Approval of ISO rules; provisional approval of first ISO rules relating to the capacity market; regular consideration of first ISO rules respecting the capacity market.

(c) refuse to approve the ISO rule.

**(2)** The Commission may approve an ISO rule filed under section 20.2 or 20.6 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 which it relates, and

(iii) is in the public interest,

(b) if the ISO rule relates to the capacity market, that the ISO rule

(i) supports ensuring a reliable supply of electricity is available at reasonable cost to customers, and

(ii) does not conflict with and is not inconsistent with the regulations made under Part 2.2,

and

(c) that the Independent System Operator, in developing the rule, complied with the Commission rules made under section 20.9.

**(3)** The Commission may, in the order approving an ISO rule made under section 41.42, provide that the ISO rule applies to capacity market participants that participated in a capacity auction specified in the order with respect to any or all matters relating to or arising from the capacity market participants' participation in that capacity auction if the Commission is satisfied that doing so would support the fair, efficient and openly competitive operation of the capacity market and is in the public interest.

**(4)** The Independent System Operator has the onus of satisfying the Commission with respect to the matters referred to in subsection (2).



**(5)** The Independent System Operator must file with the Commission, for the Commission's review, an ISO rule that is revised in accordance with an order under subsection (1)(b).

**(6)** The Commission must publish notice of the filing of an ISO rule under subsection (5) as soon as possible and not later than 5 business days after the date of filing.

**(7)** Except where section 20.6(4) applies, an ISO rule that is approved under subsection (1)(a) takes effect on the later of

- (a) the date specified in the ISO rule,
- (b) the date of the order approving the ISO rule, and
- (c) the date specified in the order approving the ISO rule.

**(8)** If the Commission confirms, in a manner determined by the Commission, that it is satisfied that an ISO rule has been revised in accordance with the directions set out in an order under subsection (1)(b), the revised ISO rule takes effect on the later of

- (a) the date on which the revised ISO rule is filed,
- (b) the date specified in the revised ISO rule, and
- (c) the date specified by the Commission by order.

**(9)** An ISO rule that took effect under section 20.22 ceases to have effect under section 20.22 as follows:

- (a) if the ISO rule is approved under subsection (1)(a), the ISO rule ceases to have effect under section 20.22 on the date the ISO rule takes effect under subsection (7);
- (b) if the ISO rule is approved subject to revision under subsection (1)(b), the ISO rule ceases to have effect under section 20.22 on the earlier of
  - (i) the date the revised ISO rule takes effect under subsection (8), and
  - (ii) the date specified in the order approving the ISO rule subject to revision in the event that the Commission



is not satisfied that the ISO rule has been revised in accordance with the directions set out in the order by that date;

- (c) if approval of the ISO rule is refused under subsection (1)(c), the ISO rule ceases to have effect on the later of
  - (i) the date of the order refusing to approve the ISO rule, and
  - (ii) the date specified in the order refusing to approve the ISO rule.

**(10)** If, under subsection (1)(b), the Commission directs the Independent System Operator to revise an ISO rule or a provision of an ISO rule that took effect under section 20.6, the ISO rule ceases to have effect under section 20.6 on the earlier of

- (a) the date the revised ISO rule takes effect under subsection (8), and
- (b) the date specified in the order directing the Independent System Operator to revise the ISO rule.

**(11)** If the Commission refuses to approve an ISO rule that took effect under section 20.6, the ISO rule ceases to have effect under section 20.6 on the later of

- (a) the date of the order refusing to approve the ISO rule, and
- (b) the date specified in the order refusing to approve the ISO rule.

**Provisional approval of first ISO rules relating to the capacity market**

**20.22(1)** Section 20.2(4) does not apply with respect to the first set of ISO rules made by the Independent System Operator as required by section 41.42(3) and filed under section 20.2.

**(2)** Notwithstanding anything in section 20.21, on the Independent System Operator filing the first set of ISO rules made by the Independent System Operator as required by





section 41.42(3), the Commission shall make an order setting out which of those rules, if any, it will consider for provisional approval under this section.

**(3)** A decision under subsection (2) may not be appealed under section 29 of the *Alberta Utilities Commission Act*.

**(4)** If the Commission decides to consider an ISO rule under this section, the Commission must, within 6 months after the date on which the ISO rule is filed, by order,

- (a) provisionally approve the ISO rule,
- (b) direct the Independent System Operator to revise the ISO rule or a provision of the ISO rule and provisionally approve the ISO rule subject to the Commission being satisfied that the ISO rule has been revised by the Independent System Operator, in accordance with the directions set out in the order, by the date set out in the order, or
- (c) direct that the ISO rule will be considered under section 20.21 if, in the Commission's opinion, the ISO rule is not essential for the establishment or operation of the capacity market.

**(5)** The Commission may provisionally approve an ISO rule referred to in subsection (2) only if it appears to the Commission that

- (a) the ISO rule
  - (i) is not technically deficient,
  - (ii) supports the fair, efficient and openly competitive operation of the capacity market,
  - (iii) is in the public interest,
  - (iv) supports ensuring a reliable supply of electricity is available at reasonable cost to customers, and
  - (v) does not conflict with and is not inconsistent with the regulations made under section 41.46,



and

- (b) that the Independent System Operator, in developing the rule, complied with the Commission rules made under section 20.9.

(6) An ISO rule that is provisionally approved under subsection (4)(a) takes effect on the later of

- (a) the date specified in the ISO rule,
- (b) the date of the order provisionally approving the ISO rule, and
- (c) the date specified in the order provisionally approving the ISO rule.

(7) If the Commission confirms, in a manner determined by the Commission, that it is satisfied that an ISO rule has been revised in accordance with the directions set out in an order under subsection (4)(b), the revised ISO rule takes effect on the later of

- (a) the date on which the revised ISO rule is filed,
- (b) the date specified in the revised ISO rule, and
- (c) the date specified by the Commission by order.

(8) Subject to section 20.23(3), no appeal may be made under section 29 of the *Alberta Utilities Commission Act* in respect of a decision under subsection (4).

(9) Subject to section 20.23(3), no complaint may be made under section 25 in respect of an ISO rule that is in effect under this section.

**Regular consideration of first ISO rules respecting the capacity market**

**20.23(1)** Within 24 months after the day on which an ISO rule referred to in section 20.22(2) is filed, the Commission shall consider the ISO rule under section 20.21 and make an order respecting the rule under section 20.21.



**(2)** Subsection (1) does not apply to an ISO rule that, under section 20.22(4)(c), the Commission directed to be considered under section 20.21.

**(3)** Section 20.22(8) and (9) cease to apply with respect to an ISO rule that is provisionally approved under section 20.22 on the earlier of

(a) an order being made with respect to the ISO rule under section 20.21(1), and

(b) 24 months after the day on which the ISO rule was filed.

**(15) Sections 20.3, 20.4 and 20.5 are repealed.**

(15) Sections 20.3, 20.4 and 20.5 presently read:

*20.3 Except as otherwise provided by section 20.6,*

*(a) if no notice of objection is filed under section 20.4, the ISO rule takes effect on the later of the day specified in the ISO rule and the 10th day after the day on which notice of the ISO rule is published, or*

*(b) if a notice of objection is filed under section 20.4,*

*(i) where the ISO rule is confirmed, the ISO rule takes effect on the latest of*

*(A) the day on which an order is made confirming the ISO rule,*

*(B) the day specified in the ISO rule, and*

*(C) the day otherwise ordered by the Commission,*

*or*

*(ii) where the ISO rule is changed pursuant to an order under section 20.5(1)(c), the ISO rule takes effect in accordance with section 20.5(4).*

*20.4(1) A market participant may object to an ISO rule that is filed under section 20.2 on one or more of the following grounds:*

*(a) that the Independent System Operator, in making the ISO rule, did not comply with Commission rules made under section 20.9;*





- (b) that the ISO rule is technically deficient;*
- (c) that the ISO rule does not support the fair, efficient and openly competitive operation of the market;*
- (d) that the ISO rule is not in the public interest.*

*(1.1) The Market Surveillance Administrator may object to an ISO rule that is filed under section 20.2 on one or more of the following grounds:*

- (a) that the ISO rule may have an adverse effect on the structure and performance of the market;*
- (b) a ground set out in subsection (1)(c) or (d).*

*(2) A notice of objection must be filed with the Commission within 10 days after publication of the notice of the filing of the ISO rule.*

*(3) Where a market participant files a notice of objection, the market participant has the onus of proving*

- (a) that the Independent System Operator, in making the ISO rule, did not comply with Commission rules made under section 20.9,*
- (b) that the ISO rule is technically deficient,*
- (c) that the ISO rule does not support the fair, efficient and openly competitive operation of the market, or*
- (d) that the ISO rule is not in the public interest.*

*(4) Where the Market Surveillance Administrator files a notice of objection, the Market Surveillance Administrator has the onus of proving*

- (a) that the ISO rule may have an adverse effect on the structure and performance of the market,*
- (b) that the ISO rule does not support the fair, efficient and openly competitive operation of the market, or*
- (c) that the ISO rule is not in the public interest.*

*20.5(1) The Commission may, after hearing an objection, by order*

- (a) confirm the ISO rule,*

**(16) Section 20.6 is repealed and the following is substituted:**

**Expedited ISO rule**

**20.6(1)** If, in the opinion of the Independent System Operator, a matter that is addressed in an ISO rule is urgent or there are other sufficient reasons that require that an ISO rule takes effect expeditiously, the Independent System Operator may

- (a) file the ISO rule with the Commission for the Commission's consideration under subsection (2), and
- (b) request the Commission's approval for the ISO rule to take effect under subsection (4).

**(2)** The Commission shall consider and make an order with respect to an ISO rule filed under subsection (1)

- (a) within 2 business days after the date the ISO rule is filed if, in the material filed with respect to the ISO rule, the Independent System Operator indicates that a matter that is addressed in the ISO rule is urgent and affects the reliable supply of electricity or the safe and reliable operation of the interconnected electric system, or

*(b) disallow the ISO rule, or*

*(c) direct the Independent System Operator to change the ISO rule or a provision of the ISO rule.*

*(2) The Independent System Operator must file an ISO rule that is changed pursuant to an order under subsection (1)(c) with the Commission.*

*(3) The Commission must publish notice of the filing of an ISO rule under subsection (2) as soon as possible and not later than 5 days after the day of filing.*

*(4) An ISO rule that is filed under subsection (2) comes into effect on the latest of*

*(a) the day on which it is filed,*

*(b) the day specified in the ISO rule, and*

*(c) the day otherwise ordered by the Commission.*

(16) Section 20.6 presently reads:

*20.6(1) If, in the opinion of the Independent System Operator, a matter that is addressed in an ISO rule is urgent or there are other sufficient reasons that require that the ISO rule take effect expeditiously, the Independent System Operator may specify in the ISO rule that it takes effect in accordance with this section.*

*(2) The Independent System Operator must file an ISO rule referred to in subsection (1) with the Commission.*

*(3) An ISO rule that is filed under subsection (2) takes effect on the later of the day on which it is filed and the day specified in the ISO rule.*

*(4) The Commission must publish notice of an ISO rule that is filed under subsection (2) as soon as possible and not later than 5 days after the day of filing.*

- (b) within 5 business days after the date on which the ISO rule is filed in any other case.

**(3)** On considering an ISO rule under subsection (2), the Commission shall, by order,

- (a) approve the ISO rule taking effect in accordance with subsection (4), if, on information provided by the Independent System Operator, the Commission is satisfied that a matter that is addressed in the ISO rule is urgent or there are other sufficient reasons that require that the ISO rule takes effect expeditiously, or
- (b) refuse to approve the ISO rule taking effect in accordance with subsection (4) in any other case.

**(4)** If the Commission makes an order under subsection (3)(a) with respect to an ISO rule, the ISO rule takes effect on the later of

- (a) the date of the order made under subsection (3)(a), and
- (b) the date specified in the ISO rule.

**(5)** On making an order under subsection (3), the Commission shall publish notice of the ISO rule.

**(6)** The Commission shall, not later than 5 business days after the day an ISO rule is filed under this section, begin to consider the ISO rule in accordance with section 20.21.

**(7)** This section does not apply to a first ISO rule relating to the capacity market made as required under section 41.42(3).

**(17) The following is added after section 20.8:**

**Process for proposing changes to ISO rules**

**20.81** Subject to any regulations under section 41(1)(a), the Independent System Operator shall establish a process for market participants and interested parties to propose rules and changes to ISO rules for the Independent System Operator's consideration.

(17) Process for proposing changes to ISO rules.

**(18) Section 20.9 is repealed and the following is substituted:**

**Commission rules**

**20.9** Subject to any regulations under section 41(1)(a.1), the Commission

- (a) shall make rules requiring the Independent System Operator to consult with market participants, the Market Surveillance Administrator and other interested parties in developing ISO rules, and
- (b) may make rules governing the making of ISO rules, including, without limitation, rules
  - (i) respecting the procedures and processes that the Independent System Operator must follow in developing ISO rules;
  - (ii) respecting the filing of ISO rules, including the form and content of filings;
  - (iii) respecting the requirements that the Independent System Operator must meet to satisfy the Commission with respect to the matters referred to in sections 20.21, 20.22 and 20.6.

**(19) Section 24.1(1) is amended**

- (a) in clauses (b) and (d) by striking out “hourly allocation” and substituting “allocation for each settlement interval”;
- (b) by striking out “and” at the end of clause (g) and by adding the following after clause (g):
  - (g.1) the settlement of the capacity market, and

**(20) Section 25 is amended**

- (a) by repealing subsections (1) and (1.1) and substituting the following:

(18) Section 20.9 presently reads:

*20.9 The Commission may make rules governing the procedures and processes that the Independent System Operator may use to develop ISO rules and respecting the filing of ISO rules.*

(19) Section 24.1 presently reads in part:

*24.1(1) The Commission may make rules respecting load settlement, including rules respecting*

- (b) the establishment of processes, procedures, standards, reports and controls required to determine the hourly allocation of electric energy to sites and to customers,*
- (d) the development and use of customer load profiles to determine the hourly allocation of electric energy to sites that do not have interval meters,*
- (g) incentives for efficient performance of load settlement, and*

(20) Section 25 presently reads in part:

**Complaints to the Commission**

**25(1)** A market participant may make a written complaint to the Commission

- (a) about an ISO fee,
- (b) about an ISO rule that is in effect, other than an ISO rule made under Part 2.2 that is in effect for a fixed period, on one or more of the following grounds:
  - (i) that the ISO rule is technically deficient;
  - (ii) that the ISO rule does not support the fair, efficient and openly competitive operation of the market to which the rule relates;
  - (iii) that the ISO rule does not support ensuring a reliable supply of electricity is available at reasonable cost to customers, in the case of an ISO rule that relates to the capacity market;
  - (iv) that the ISO rule conflicts with or is inconsistent with the regulations made under Part 2.2, in the case of an ISO rule that relates to the capacity market;
  - (v) that the ISO rule is not in the public interest,

or

- (c) about an ISO rule made under Part 2.2 that is in effect for a fixed period, on one or more of the following grounds:
  - (i) that there is an urgent concern that the ISO rule is technically deficient;
  - (ii) that there is an urgent concern that the ISO rule does not support the fair, efficient and openly competitive operation of the capacity market;
  - (iii) that there is an urgent concern that the ISO rule is not in the public interest.

**(1.1)** The Market Surveillance Administrator may make a written complaint to the Commission



*25(1) A market participant may make a written complaint to the Commission*

- (a) about an ISO fee, or*
- (b) about an ISO rule that is in effect, on one or more of the following grounds:*
  - (i) that the ISO rule is technically deficient;*
  - (ii) that the ISO rule does not support the fair, efficient and openly competitive operation of the market;*
  - (iii) that the ISO rule is not in the public interest.*

*(1.1) The Market Surveillance Administrator may make a written complaint to the Commission about an ISO rule that is in effect on one or more of the following grounds:*

- (a) that the ISO rule may have an adverse effect on the structure and performance of the market;*
- (b) a ground set out in subsection (1)(b)(ii) or (iii).*

*(4.1) Where a market participant files a complaint, the market participant has the onus of proving*

- (a) that the ISO rule is technically deficient,*
- (b) that the ISO rule does not support the fair, efficient and openly competitive operation of the market, or*
- (c) that the ISO rule is not in the public interest.*

*(4.11) Where the Market Surveillance Administrator files a complaint, the Market Surveillance Administrator has the onus of proving*

- (a) that the ISO rule may have an adverse effect on the structure and performance of the market,*
- (b) that the ISO rule does not support the fair, efficient and openly competitive operation of the market, or*
- (c) that the ISO rule is not in the public interest.*

(a) about an ISO rule that is in effect, other than an ISO rule made under Part 2.2 that is in effect for a fixed period, on one or more of the following grounds:

- (i) that the ISO rule may have an adverse effect on the structure and performance of the market to which the rule relates;
- (ii) that the ISO rule does not support the fair, efficient and openly competitive operation of the market to which the rule relates;
- (iii) that the ISO rule does not support ensuring a reliable supply of electricity is available at reasonable cost to customers, in the case of an ISO rule that relates to the capacity market;
- (iv) that the ISO rule is not in the public interest,

or

(b) about an ISO rule made under Part 2.2 that is in effect for a fixed period, on one or more of the following grounds:

- (i) that there is an urgent concern that the ISO rule is having an adverse effect on the structure and performance of the capacity market;
- (ii) that there is an urgent concern that the ISO rule does not support the fair, efficient and openly competitive operation of the capacity market;
- (iii) that there is an urgent concern that the ISO rule is not in the public interest.

**(b) by adding the following after subsection (1.1):**

**(1.12)** The Commission may make rules of practice governing complaints under this section.

**(c) by repealing subsections (4.1) and (4.11) and substituting the following:**

*(9) A change to an ISO rule filed under subsection (7) comes into effect on the latest of*

- (a) the day on which it is filed,*
- (b) the day specified in the ISO rule, and*
- (c) the day otherwise ordered by the Commission.*

**(4.1)** Where a market participant files a complaint, the market participant has the onus of proving

- (a) that the ISO rule is technically deficient,
- (b) that the ISO rule does not support the fair, efficient and openly competitive operation of the market to which the ISO rule relates,
- (c) that the ISO rule does not support ensuring a reliable supply of electricity is available at reasonable cost to customers, in the case of an ISO rule that relates to the capacity market,
- (d) that the ISO rule conflicts with or is inconsistent with the regulations made under Part 2.2, in the case of an ISO rule that relates to the capacity market,
- (e) that the ISO rule is not in the public interest, or
- (f) in the case of an ISO rule made under Part 2.2 that is in effect for a fixed period, that
  - (i) there is an urgent concern that the ISO rule is technically deficient,
  - (ii) there is an urgent concern that the ISO rule does not support the fair, efficient and openly competitive operation of the capacity market, or
  - (iii) there is an urgent concern that the ISO rule is not in the public interest.

**(4.11)** Where the Market Surveillance Administrator files a complaint, the Market Surveillance Administrator has the onus of proving

- (a) that the ISO rule may have an adverse effect on the structure and performance of the market to which the ISO rule relates,
- (b) that the ISO rule does not support the fair, efficient and openly competitive operation of the market to which the ISO rule relates,



- (c) that the ISO rule does not support ensuring a reliable supply of electricity is available at reasonable cost to customers, in the case of an ISO rule that relates to the capacity market,
- (d) that the ISO rule conflicts with or is inconsistent with the regulations made under Part 2.2, in the case of an ISO rule that relates to the capacity market,
- (e) that the ISO rule is not in the public interest, or
- (f) in the case of an ISO rule made under Part 2.2 that is in effect for a fixed period, that
  - (i) there is an urgent concern that the ISO rule is having an adverse effect on the structure and performance of the capacity market,
  - (ii) there is an urgent concern that the ISO rule does not support the fair, efficient and openly competitive operation of the capacity market, or
  - (iii) there is an urgent concern that the ISO rule is not in the public interest.

**(d) by repealing subsection (9) and substituting the following:**

**(9)** If the Commission confirms, in a manner determined by the Commission, that it is satisfied that an ISO rule has been changed in accordance with the directions in an order under subsection (6)(e), the changed ISO rule takes effect on the latest of

- (a) the day on which it is filed,
- (b) the day specified in the ISO rule, and
- (c) the day otherwise ordered by the Commission.

**(21) Section 26(1) is amended by striking out “Any” and substituting “Subject to the regulations under section 41.46, any”.**

(21) Section 26(1) presently reads:

*26(1) Any person may make a written complaint to the Commission about the conduct of the Independent System Operator.*

**(22) Section 30(2)(a) is amended by adding the following after subclause (ii):**

- (ii.1) the costs and expenses of the Independent System Operator associated with the capacity market, including the amounts to be paid by the Independent System Operator for capacity payments,

**(23) Section 32 is amended by adding the following after clause (b):**

- (b.1) pay the capacity payments required under section 41.45;

**(24) Section 34(1) is amended by adding “, subject to the regulations,” after “must”.**



(22) Section 30 presently reads in part:

*(2) The rates to be charged by the Independent System Operator for each class of service must reflect the prudent costs that are reasonably attributable to each class of system access service provided by the Independent System Operator, and the rates must*

*(a) be sufficient to recover*

*(i) the amounts to be paid under the approved tariff of the owner of each transmission facility,*

*(ii) the amounts to be paid to the owner of a generating unit in circumstances in which the Independent System Operator directs that a generating unit must continue to operate, and the costs to make prudent arrangements to manage the financial risk associated with those amounts,*

*(iii) farm transmission costs, and*

*(iv) any other prudent costs and expenses the Commission considers appropriate,*

(23) Section 32 presently reads in part:

*32 The Independent System Operator must*

*(c) pay farm transmission costs;*

(24) Section 34(1) presently reads:

*34(1) When the Independent System Operator determines that an expansion or enhancement of the capability of the transmission system is or may be required to meet the needs of Alberta and is in the public interest, the Independent System Operator must prepare and submit to the Commission for approval a needs identification document that*

*(a) describes the constraint or condition affecting the operation or performance of the transmission system and indicates the means by which or the manner in which the constraint or condition could be alleviated,*

**(25) The following is added after section 34:**

**Approval of cost estimate**

**34.1(1)** In this section, “transmission facility” means a transmission facility for which the Commission is required by the regulations to approve cost estimates.

**(2)** Where construction of a transmission facility is proposed, the transmission facility owner must, in accordance with the regulations, submit an estimate of the project costs to the Commission for approval by the Commission.

**(26) Section 37(2) is repealed and the following is substituted:**

**(2)** Subsection (1) does not apply to the City of Medicine Hat with respect to transmission facilities in the service area of the City.

**(27) The following heading is added before section 41:**

**Division 5  
Regulations**

**(28) Section 41 is amended**

- (a) by renumbering it as section 41(1);**
- (b) in subsection (1)**
  - (i) by renumbering clause (a) as clause (a.2) and adding the following before clause (a.2):**

- (b) describes a need for improved efficiency of the transmission system, including means to reduce losses on the interconnected electric system, or*
- (c) describes a need to respond to requests for system access service.*

(25) Approval of cost estimate.

(26) Section 37(2) presently reads:

- (2) Subsection (1) does not apply to*
  - (a) the City of Medicine Hat with respect to transmission facilities in the service area of the City, or*
  - (b) the owners of transmission facilities to which section 153 applies during the period that the rates referred to in section 153 have effect.*

(27) Adds a heading before section 41.

(28) Section 41 presently reads:

- 41 The Minister may make regulations*
  - (a) adding to, clarifying, limiting or restricting any of the Independent System Operator's powers, duties, responsibilities and functions, or regulating how they are to be exercised;*

- (a) establishing standards, requirements or other controls applicable to the process established by the Independent System Operator under section 20.81, including regulations that determine whether, or that govern the determination as to whether, a person or entity is an interested party for the purpose of the process;
- (a.1) establishing standards, requirements or other controls applicable to Commission rules made under section 20.9, including regulations that determine whether, or that govern the determination as to whether, a person or entity is an interested party for the purpose of the Commission rules;
- (ii) **in clause (a.2) by adding** “under this or any other enactment” **after** “functions”;
- (c) **by adding the following after subsection (1):**
  - (2) If there is a conflict or inconsistency between the process established under section 20.81 or a Commission rule made under section 20.9 and a regulation made under subsection (1), the regulation prevails to the extent of the conflict or inconsistency.

**(29) The following is added after section 41.4:**

## **Part 2.2 Capacity Market**

### **Definitions**

**41.41** In this Part, “obligation period” means the period established by an ISO rule made under section 41.42(2)(b)(iii)(C).

### **Establishment and operation of capacity market**

**41.42(1)** The Independent System Operator shall make rules establishing the capacity market and for the operation of the capacity market.

**(2)** The ISO rules made under subsection (1) may include rules

- (a) respecting capacity auctions, including, without limitation, rules

*(b) respecting exemptions from the requirement set out in section 17(d) or 18(2).*

(29) Adds Part 2.2, Capacity Market.

- (i) respecting the holding of capacity auctions, including, without limitation, rules setting out circumstances under which capacity auctions must be held;
  - (ii) respecting the conduct of capacity auctions;
  - (iii) respecting methodologies for capacity auction parameters and resource qualification;
  - (iv) respecting the eligibility of electricity market participants and other persons to participate in capacity auctions and requiring eligible electricity market participants to participate in capacity auctions in certain circumstances;
  - (v) respecting any matter the Independent System Operator considers necessary to ensure the amount of capacity procured at capacity auctions meets the resource adequacy standard;
- (b) respecting capacity market participants, including, without limitation, rules
  - (i) defining “capacity market participant”;
  - (ii) respecting the persons who may or may not be capacity market participants and providing that persons are or are not capacity market participants in particular circumstances;
  - (iii) respecting capacity market participants’ rights and obligations, including, without limitation, rules
    - (A) respecting the nature of and the duration and termination of capacity market participants’ rights and obligations;
    - (B) respecting the obligations of capacity market participants to make capacity available;
    - (C) establishing the period in which a capacity market participant is required to meet its obligations under this Part;



- (c) respecting how capacity payments are to be calculated and paid, including, without limitation, rules providing for adjustments to capacity payments related to performance;
- (d) amending other ISO rules as the Independent System Operator considers necessary or advisable relating to the establishment or operation of the capacity market;
- (e) respecting any matter or thing the Independent System Operator considers necessary or advisable relating to the establishment or operation of the capacity market.

**(3)** The Independent System Operator shall, as soon as practicable, make the first set of rules under subsection (1) that the Independent System Operator considers are essential

- (a) to establish the capacity market, and
- (b) for the operation of the capacity market.

**(4)** If the Independent System Operator makes an ISO rule under this section that is to be in effect for a fixed period, the fixed period must not exceed 5 years.

**(5)** An ISO rule made under this section does not apply to a capacity market participant that participated in a capacity auction that occurred before the ISO rule took effect with respect to any matter relating to or arising from the capacity market participant's participation in that capacity auction unless the Commission makes an order under section 20.21(3) providing otherwise.

**(6)** Subject to section 20.6(4), an ISO rule made under this section does not take effect unless it is approved by the Commission.

#### **Exempted electric energy may not be used in capacity market**

**41.43** Electric energy that is exempted from the application of this Act under section 2 may not be used by a capacity market participant to meet its obligations under this Part.

#### **Capacity auctions**

**41.44(1)** The Independent System Operator must, in accordance with the ISO rules, conduct capacity auctions to procure the amount of capacity needed to meet the resource adequacy standard.





(2) The Independent System Operator must conduct the capacity auctions under subsection (1) in a manner that is fair, efficient and openly competitive.

(3) The Independent System Operator must, as soon as practicable after a capacity auction is completed, publish on its website

(a) the amount of capacity procured and the price at which it was procured, and

(b) any other information required by the Minister.

(4) The Independent System Operator must, as soon as practicable after each obligation period, publish on its website any information required by the Minister.

(5) The Independent System Operator shall not initiate the public process for the holding of the first capacity auction until 6 months after the day on which the first set of ISO rules made as required by section 41.42(3) are filed.

#### **Capacity payments**

**41.45(1)** The Independent System Operator shall, in accordance with the ISO rules, pay a capacity market participant the capacity payment owing to the capacity market participant to the extent the capacity market participant meets its obligations under this Part.

(2) The Independent System Operator must include its costs for payment of the capacity payments, including adjustments to capacity payments related to performance, in the ISO tariff submitted to the Commission under section 30(2)(a)(ii.1).

#### **Regulations**

**41.46** The Minister may make regulations respecting the capacity market, including, without limitation, regulations

(a) establishing the resource adequacy standard and respecting how the Independent System Operator is to ensure that the resource adequacy standard is met;

(b) respecting the methodology to be used by the Independent System Operator to allocate the cost of capacity payments, including regulations establishing principles that the Independent System Operator must or may have regard for in implementing the methodology;



- (c) setting out the principles and criteria that the Commission must or may have regard for when considering approval of the part of the ISO tariff referred to in section 30(2)(a)(ii.1);
- (d) respecting costs and any other matters relating to the planning, development and operation of the capacity market;
- (e) respecting how an owner of an electric distribution system is to recover from customers any costs associated with the capacity market allocated to the owner through the ISO tariff, and setting out principles and criteria that the Commission must or may have regard for when considering the recovery of those costs by the owner;
- (f) establishing a complaint process to govern complaints to the Commission about specified conduct of the Independent System Operator with respect to the establishment or operation of the capacity market, including, without limitation, regulations providing that there is no appeal from a decision respecting a complaint;
- (g) providing that section 26 does not apply to a complaint respecting conduct specified in a regulation under clause (f);
- (h) respecting reporting by the Independent System Operator regarding the capacity market, including, without limitation, regulations respecting reporting regarding
  - (i) expenditures, costs and expenses of the Independent System Operator associated with the capacity market;
  - (ii) capacity payments and payment adjustments made by the Independent System Operator;
  - (iii) measurements of performance of the Independent System Operator in meeting its duties and obligations in the capacity market;
- (i) respecting the participation of owners of generating units to which power purchase arrangements apply in the capacity market;
- (j) respecting any other matter the Minister considers necessary or advisable with respect to the capacity market.



**(30) Section 93 is repealed.**

**(31) Section 99 is amended by adding the following after clause (b.1):**

- (b.11) respecting small scale generating units, including community generation generating units, including, without limitation, regulations
  - (i) defining “small scale generating unit” and “community generation generating unit”,
  - (ii) respecting the development, connection and operation of small scale generating units,
  - (iii) respecting the environmental, social or economic benefits to be conferred by small scale generating units that are community generation generating units, and
  - (iv) specifying which provisions of this Act and the regulations do not apply to small scale generating units;

**(32) Section 105(1)(n) is repealed and the following is substituted:**

- (n) if the owner is a municipality or a subsidiary of a municipality referred to in section 102(2)(b) or a rural

(30) Section 93 presently reads:

*93(1) No action may be brought against the independent assessment team or any member of it, and the independent assessment team and each member of it are not liable, for any real or perceived loss or damage resulting from any determination made by the independent assessment team or from the implementation of any determination made by the independent assessment team under Part 4.1 of the Electric Utilities Act, SA 1995 cE-5.5, and the Electric Utilities Act, RSA 2000 cE-5.*

*(2) In this section, “independent assessment team” means the independent assessment team established by the Minister under Part 4.1 of the Electric Utilities Act, SA 1995 cE-5.5, and the Electric Utilities Act, RSA 2000 cE-5.*

(31) Adds regulation-making authority.

(32) Section 105(1) presently reads in part:

*105(1) The owner of an electric distribution system has the following duties:*

electrification association referred to in section 102(2)(c), to comply with rules respecting service standards made by the Commission under section 129(1)(f) and (h).

**(33) Section 111(1) is amended by adding the following after clause (e):**

- (f) comply with rules respecting service standards made by the Commission under section 129 that apply to retailers.

**(34) Section 118(3) is amended by adding “and the capacity market” after “transmission system”.**

**(35) Section 119(4) is amended by adding “and the capacity market in accordance with Part 2 and Part 2.2” after “Part 2”.**

**(36) Section 129 is amended**

- (a) in subsection (1) by striking out “each owner of an electric utility” and substituting “owners of electric utilities, regulated rate providers and retailers”;**
- (b) in subsection (2) by adding “, regulated rate provider or retailer” after “utility”;**
- (c) by repealing subsection (3) and substituting the following:**



(n) *if the electric distribution system is not an electric utility, to comply with rules respecting service standards made by the Commission under section 129(1) relating to*

(i) *billing and billing services to be provided to customers, and*

(ii) *the process, procedures and standards for transfer of data relating to distribution tariffs*

*as if the electric distribution system were an electric utility.*

(33) Section 111(1) presently reads in part:

*111(1) Retailers must*

(e) *respond to inquiries and complaints from their customers about retail electricity services.*

(34) Section 118(3) presently reads:

(3) *The Independent System Operator must, with respect to the transmission system, maintain the records and accounts and provide the reports required by the Commission.*

(35) Section 119(4) presently reads:

(4) *The Independent System Operator must prepare a tariff relating to the transmission system in accordance with Part 2 and apply to the Commission for approval of the tariff.*

(36) Section 129 presently reads:

*129(1) The Commission may make rules respecting service standards for each owner of an electric utility, including rules respecting the following:*

(a) *the standard of service to be maintained and how the standard is to be measured;*

(b) *service outages;*

**(3)** If the Commission is of the opinion that the owner of an electric utility, regulated rate provider or retailer has failed or is failing to comply with the rules respecting service quality standards, the Commission may by order do all or any of the following:

- (a) direct the owner, regulated rate provider or retailer to take any action to improve services that the Commission considers just and reasonable;
- (b) direct the owner, regulated rate provider or retailer to provide the customer with a credit, of an amount specified by the Commission, to compensate the customer for the owner's, provider's or retailer's failure to comply with the rules respecting service quality standards;
- (c) prohibit the owner, regulated rate provider or retailer from engaging in any activity or conduct that the Commission considers to be detrimental to customer service;
- (d) impose an administrative penalty under section 63 of the *Alberta Utilities Commission Act*;
- (e) impose a specified penalty under section 63.1 of the *Alberta Utilities Commission Act*.

**(d) by adding the following after subsection (4):**

**(5)** Subsection (1)(a) to (e), (g), (i) and (j) do not apply to a regulated rate provider that is a municipality or subsidiary of a municipality referred to in section 103(3) or to a regulated rate provider that is a rural electrification association referred to in section 103(4).

- (c) *upgrades required to maintain and improve electric distribution systems;*
  - (d) *the regular or periodic maintenance of electric utilities and repairs;*
  - (e) *customer care and call centre services to be provided for customers;*
  - (f) *the billing and billing services to be provided to customers;*
  - (g) *any matter related to public safety;*
  - (h) *the process, procedures and standards for transfer of data relating to distribution tariffs;*
  - (i) *the payment to the Commission of professional and other costs relating to the development, implementation and administration of the rules and by whom the costs are to be paid;*
  - (j) *roles, responsibilities and standards of accuracy with respect to metering and metering services.*
- (2) *On application or on its own initiative, the Commission may investigate to determine whether the owner of an electric utility is complying with the rules respecting service standards.*
- (3) *If the Commission is of the opinion that the owner of an electric utility has failed or is failing to comply with the rules respecting service quality standards, the Commission may by order do all or any of the following:*
- (a) *direct the owner to take any action to improve services that the Commission considers just and reasonable;*
  - (b) *direct the owner to provide the customer with a credit, of an amount specified by the Commission, to compensate the customer for the owner's failure to comply with the rules respecting service quality standards;*
  - (c) *prohibit the owner from engaging in any activity or conduct that the Commission considers to be detrimental to customer service;*
  - (d) *impose an administrative penalty under section 63 of the Alberta Utilities Commission Act.*

**(37) Section 142 is amended**

**(a) in subsection (1)**

**(i) in clause (h) by striking out “, 153(1)”;**

**(ii) by adding the following after clause (l)(v.5):**

- (v.6) respecting the making of rules by the Commission setting out when a needs identification document is not required,
- (v.7) respecting the making of rules and the establishing of practices by the Independent System Operator relating to an abbreviated needs approval process, instead of preparing a needs identification document,
- (v.8) providing for a dispute resolution process respecting decisions made by the Independent System Operator resulting from an abbreviated needs approval process,
- (v.9) respecting the approval of proposals by the Independent System Operator for the construction and temporary operation of a transmission facility by a market participant and the subsequent transfer to a transmission facility owner, including, but not limited to,
  - (A) the types of transmission facilities that are eligible for approval under a regulation made under this subclause,
  - (B) what the Independent System Operator may or must have regard to or not have regard to in approving or refusing to approve the proposal,
  - (C) requiring the market participant and the transmission facility owner to whom the

*(4) Subsections (2) and (3) apply in respect of an owner of an electric distribution system that is required, by section 105(1)(n), to comply with rules made under subsection (1)(f) and (h).*

(37) Section 142 presently reads in part:

*142(1) The Lieutenant Governor in Council may make regulations*

*(h) requiring the City of Medicine Hat or a subsidiary of the City to provide information or statements of compliance to the chair of the Commission, including certifying or confirming the accuracy of information or compliance statements provided, respecting sections 2(1)(a), 37(2)(a), 95, 100, 109, 153(1) or other sections of this Act which apply to the City or a subsidiary of the City or which exempt the City or a subsidiary of the City from this Act;*

*(l) respecting any aspect of the interconnected electric system, including, without limitation, regulations*

*(v.5) respecting*

*(A) the establishment of a committee comprising the Independent System Operator, representatives of customers, and other persons determined by the regulation to provide records to customers in relation to the construction of transmission facilities, including records relating to the costs, scope and construction schedules of proposed transmission facilities, and*

*(B) the records of the Independent System Operator, transmission facility owners and persons directed under section 35 or 41.3 that must be provided to the committee for the purpose of paragraph (A),*

*and*

*(vi) respecting the combining of an application for an approval under the Hydro and Electric Energy Act with an application for approval of a needs identification document described in section 34;*

*(2) The Lieutenant Governor in Council may make regulations*

transmission facility will be transferred to enter into an agreement with respect to the transfer of the transmission facility to the transmission facility owner on the expiry of the temporary period and with respect to the joint operation of the transmission facility by the market participant and the transmission facility owner, or require agreements between them to include other or additional terms,

- (D) providing for who is responsible to pay the costs of liabilities incurred by the transmission facility owner as a result of acts or omissions by the market participant during the design or construction of the transmission facility, and
- (E) providing for the Commission to consider certain costs related to the transmission facility to be prudent for the purposes of making a decision respecting rates for a transmission facility owner,

(v.91) respecting the transmission facilities or classes of transmission facilities for which the Commission is required to approve costs estimates for the purpose of section 34.1, including the making of rules by the Commission for the purpose of section 34.1,

**(b) in subsection (2) by adding the following after clause (c):**

- (c.1) conferring or imposing on any person or class of persons engaged in providing capacity in the capacity market any power, duty, responsibility or function necessary to carry out the purposes of this Act with respect to the capacity market;

**(38) Section 147(1)(a) is amended by striking out “or” at the end of subclause (ii), adding “or” at the end of subclause (iii) and adding the following after subclause (iii):**

- (iv) is a capacity market participant;

- (c) *conferring or imposing on any person or class of persons engaged in the supply, generation, transmission, distribution, trade, exchange, purchase or sale of electricity, electric energy, electricity services or ancillary services any power, duty, responsibility or function necessary to carry out the purposes of this Act;*

(38) Section 147 presently reads in part:

*147(1) In this section, “municipal entity” means*

*(a) each municipality that*

*(i) owns a retailer,*

*(ii) holds a power purchase arrangement, or*

**(39) Sections 149.1, 151 to 154, 156 to 163, 167 and 168(2) are repealed.**

**Transitional**

**(40)** Sections 20.1 to 20.6 of the *Electric Utilities Act* as they read immediately before the coming into force of subsections (12) to (16) of this section continue to apply with respect to ISO rules made or filed before the coming into force of subsections (12) to (16) of this section and nothing in section 20(1.1), 20.2(1), 20.21, 20.22, 20.23 or 20.6 of the *Electric Utilities Act* as they read on the coming into force of subsections (12) to (16) of this section affects the operation of an ISO rule that was in effect, or the taking effect and operation of an ISO rule that was filed, before the coming into force of subsections (12) to (16) of this section.

**Amends SA 2016 cR-16.5**

**(41) The *Renewable Electricity Act* is amended in section 17 by striking out “a market participant for the purposes of”.**

**Gas Utilities Act**

**Amends RSA 2000 cG-5**

**3(1) The *Gas Utilities Act* is amended by this section.**

**(2) Section 28.3 is amended**



(iii) *holds an agreement or arrangement derived from a power purchase arrangement that includes the right to exchange electric energy and ancillary services;*

(39) Repeals sections 149.1, 151 to 154, 156 to 163, 167 and 168(2).

(40) Transitional.

(41) Amends chapter R-16.5 of the Statutes of Alberta, 2016.  
Section 17 presently reads:

*17 A person who*

*(a) participates in a competitive process under this Act, or*

*(b) is a generator*

*is deemed to be an electricity market participant for the purposes of sections 39 and 46 of the Alberta Utilities Commission Act and a market participant for the purposes of section 6 of the Electric Utilities Act.*

### **Gas Utilities Act**

**3(1)** Amends chapter G-5 of the Revised Statutes of Alberta 2000.

(2) Section 28.3 presently reads:

(a) **in subsection (1) by striking out** “each gas distributor and default supply provider” **and substituting** “gas distributors, default supply providers and retailers”;

(b) **in subsection (2) by striking out** “or default supply provider” **and substituting** “, default supply provider or retailer”;

(c) **by repealing subsection (3) and substituting the following:**

(3) If the Commission is of the opinion that the gas distributor, default supply provider or retailer has failed or is failing to meet the service standards rules, the Commission may by order do all or any of the following:

- (a) direct the gas distributor, default supply provider or retailer to take any action to improve services that the Commission considers just and reasonable;
- (b) direct the gas distributor, default supply provider or retailer to provide the customer with a credit, in an amount specified by the Commission, to compensate the customer for the gas distributor’s, default supply provider’s or retailer’s failure to meet the service standards rules;
- (c) prohibit the gas distributor, default supply provider or retailer from engaging in any activity or conduct that the Commission considers to be detrimental to customer service;
- (d) impose an administrative penalty under section 63 of the *Alberta Utilities Commission Act*;
- (e) impose a specified penalty under section 63.1 of the *Alberta Utilities Commission Act*.

*28.3(1) The Commission may make rules respecting service standards for each gas distributor and default supply provider, including rules respecting the following:*

- (a) the standard of service to be maintained and how the standard is to be measured;*
- (b) service outages;*
- (c) upgrades required to maintain and improve gas distribution systems;*
- (d) the regular or periodic maintenance of gas distribution systems and repairs;*
- (e) customer care and call centre services to be provided for customers;*
- (f) the billing and billing services to be provided to customers;*
- (g) any matter related to public safety;*
- (h) the process, procedures and standards for transfer of data relating to distribution tariffs;*
- (i) the payment to the Commission of professional and other costs relating to the development, implementation and administration of*
  - (i) the rules made under this subsection, and*
  - (ii) a settlement system code established under section 28.1(1)(m),*  
*and by whom the costs are to be paid;*
- (j) roles, responsibilities and standards of accuracy with respect to metering and metering services.*

*(2) On application by a person having an interest, or on its own initiative, the Commission may investigate to determine whether a gas distributor or default supply provider is meeting the service standards rules.*

*(3) If the Commission is of the opinion that the gas distributor or default supply provider has failed or is failing to meet the service*

## **Hydro and Electric Energy Act**

**Amends RSA 2000 cH-16**

**4(1) The *Hydro and Electric Energy Act* is amended by this section.**

**(2) Section 3(1) is amended by striking out “and” at the end of clause (c.1) and adding the following after clause (c.1):**

- (c.2) shall not have regard to whether the generating unit is a generating unit that will produce electric energy to meet the obligations of a successful bidder in a capacity auction under Part 2.2 of the *Electric Utilities Act*, and

*standards rules, the Commission may by order do all or any of the following:*

- (a) direct the gas distributor or default supply provider to take any action to improve services that the Commission considers just and reasonable;*
- (b) direct the gas distributor or default supply provider to provide the customer with a credit, in an amount specified by the Commission, to compensate the customer for the gas distributor's or default supply provider's failure to meet the service standards rules;*
- (c) prohibit the gas distributor or default supply provider from engaging in any activity or conduct that the Commission considers to be detrimental to customer service;*
- (d) impose an administrative penalty under section 63 of the Alberta Utilities Commission Act.*

### **Hydro and Electric Energy Act**

**4(1)** Amends chapter H-16 of the Revised Statutes of Alberta 2000.

(2) Section 3(1) presently reads:

*3(1) Where the Commission is considering*

- (a) an application under section 11 for the construction or operation of a generating unit as defined in the Electric Utilities Act, or*
- (b) an application under section 18 for connection of a generating unit as defined in the Electric Utilities Act,*

*the Commission, for the purposes of the consideration required to be given by the Commission under section 17 of the Alberta Utilities Commission Act and in order to determine whether the purposes of this Act will be achieved,*

### **Coming into Force**

**5(1) This Act, except sections 1(1), (2), (4), (11), (12) and (13), 2(1), (2)(a)(viii), (3), (6), (18), (26), (30), (31), (32), (33), (36), (37)(a)(i) and (39) and 3(1) and (2), comes into force on Proclamation.**

**(2) Section 2(18) comes into force on August 1, 2018.**

- (c.1) shall not have regard to whether the generating unit is the subject of a renewable electricity support agreement under the Renewable Electricity Act, and*
- (d) must have regard for the purposes of the Electric Utilities Act.*

### **Coming into Force**

- 5** Coming into force.

# RECORD OF DEBATE

Stage	Date	Member	From	To

		Questions and Comments	From	To

Stage	Date	Member	From	To

		Questions and Comments	From	To

Stage	Date	Member	From	To

		Questions and Comments	From	To

Stage	Date	Member	From	To

		Questions and Comments	From	To