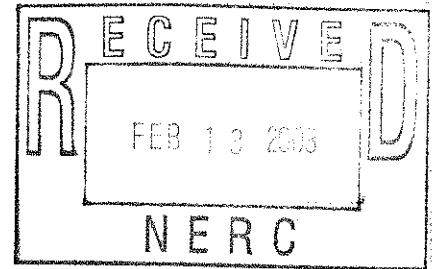


ALBERTA
ENERGY

*Office of the Minister
MLA, Grande Prairie - Smoky*



January 28, 2008

00-13109-05 ELEC

Mr. Richard P. Sergel
President and Chief Executive Officer
North American Electric Reliability Corporation
Princeton Forrestal Village
116 390 Village Boulevard
Princeton New Jersey 08540-5731 USA

Dear Mr. Sergel:

I have recently signed a Ministerial Order that grants recognition to the North American Reliability Corporation as the Electric Reliability Organization. A copy of Ministerial Order 79/2007 is attached for your information.

The Transmission Regulation AR86/2007 (consolidated up to 255/2007) defines the process for implementing mandatory reliability standards (MRS) in Alberta. In particular s.19 to s.23 of this regulation apply to MRS. I have also attached a copy of the regulation for your convenience.

By copy of this letter, the Alberta Utilities Commission and the Alberta Electric System Operator are directed to work cooperatively with you and the regional entities to implement MRS in the province.

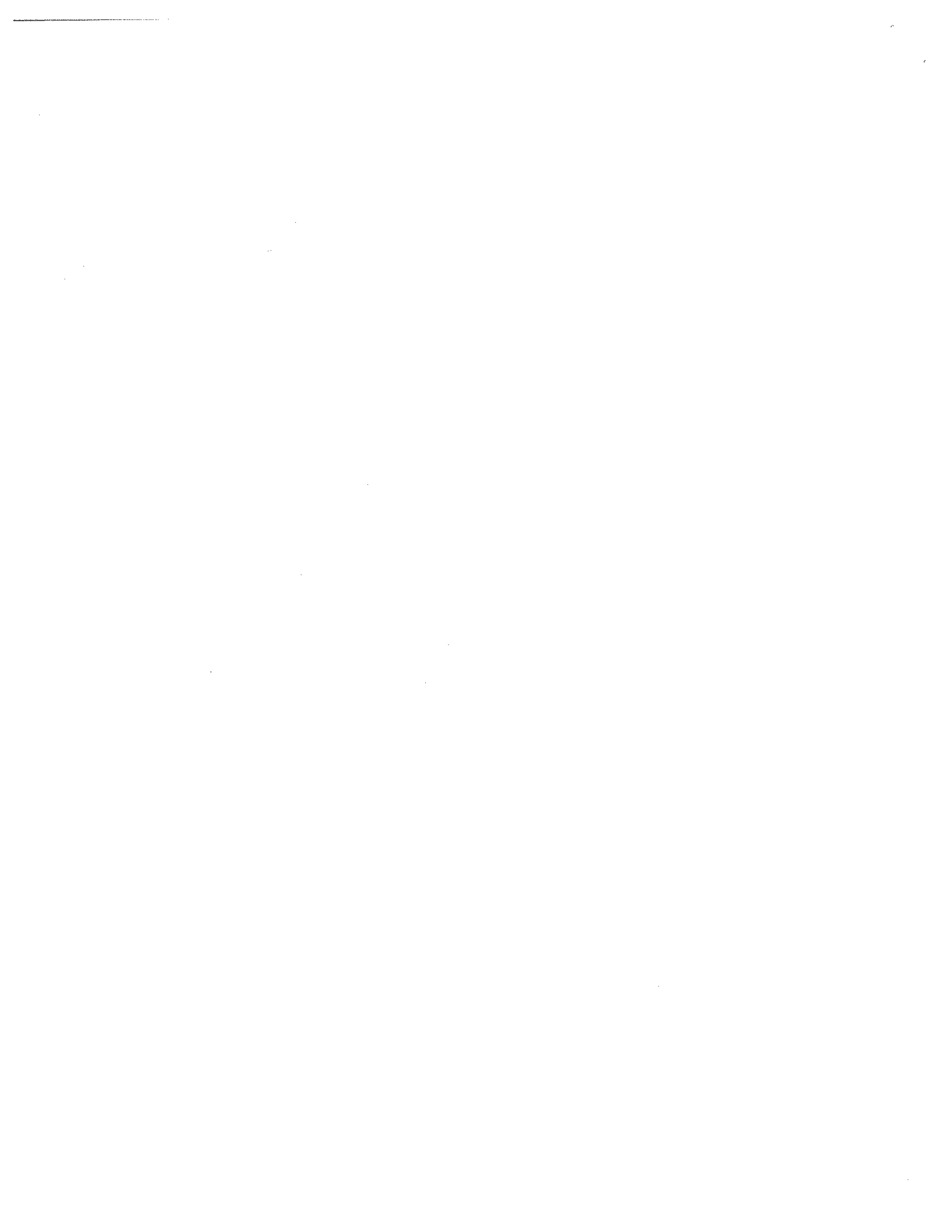
Sincerely yours,

Mel R. Knight
Minister

Enclosures

cc: Willie Grieve, Chairman
Alberta Utilities Commission

Harry Hobbs, Chair
Alberta Electric System Operator Board



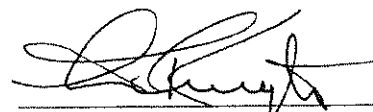
GOVERNMENT OF ALBERTA

DEPARTMENT OF ENERGY

MINISTERIAL ORDER 79/2007

I, MEL KNIGHT, Minister of Energy, pursuant to section 20 of the *Transmission Regulation* (AR 86/2007) hereby grant recognition, subject to further order otherwise, to the North American Electricity Reliability Corporation as the Electric Reliability Organization, for the purposes of the *Electric Utilities Act*, that Regulation and any other enactment.

Dated the 28th day of December, 2007



Minister of Energy

(Consolidated up to 255/2007)

ALBERTA REGULATION 86/2007

Electric Utilities Act

TRANSMISSION REGULATION

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Interpretation

1(I) In this Regulation,

- (a) "abnormal operating conditions" includes conditions where transmission facilities are out of service, emergency conditions exist, construction or commissioning of transmission facilities occurs or transmission facility maintenance cannot be coordinated with generating unit outages;
- (b) "Act" means the *Electric Utilities Act*;
- (c) "DFO" means the owner of an electric distribution system;
- (c.1) "geographic separation" means the physical separation of transmission lines to the extent necessary to ensure the reliability of the transmission system;
- (d) "intertie" means a transmission facility, including its associated components, that links one or more electric systems outside Alberta to one or more points on the interconnected electric system;
- (e) "ISO" means the Independent System Operator as defined in the Act;
- (f) "ISO members" means the members of the ISO appointed under section 8 of the Act;
- (g) "ISO's own administrative costs" means

- (i) the transmission-related costs and expenses of the ISO respecting the administration, operation and management of the ISO,
 - (ii) the transmission-related costs and expenses of the ISO respecting reliability standards and reliability management systems, and
 - (iii) the transmission-related costs and expenses required to be paid, or otherwise appropriately paid, by the ISO, except for the following:
 - (A) costs for the provision of ancillary services;
 - (B) costs of transmission line losses;
 - (C) amounts payable under TFO transmission tariffs;
 - (h) “long term transmission system outlook document” means the long term transmission system outlook document under section 9;
 - (i) “path rating” means the rating of capacity to transfer electric energy assigned to a transmission facility when it was placed in service and rated in accordance with reliability standards in effect at that time;
 - (j) “reliability standards” means the reliability standards under section 19;
 - (k) “TFO” means the owner of a transmission facility;
 - (l) “transmission system plan” means the transmission system plan under section 10.
- (2)** In this Regulation, the following words and phrases have the meaning given to them by the Act:
- (a) ancillary services;
 - (b) Commission;
 - (c) customer;
 - (d) dispatch;
 - (e) electric distribution system;
 - (f) electric energy;
 - (g) electricity;

- (h) generating unit;
- (i) industrial system;
- (j) interconnected electric system;
- (k) ISO tariff;
- (l) market;
- (m) market participant;
- (n) owner;
- (o) person;
- (p) rates;
- (q) system access service;
- (r) tariff;
- (s) terms and conditions;
- (t) transmission facility;
- (u) transmission system.

AR 86/2007 s1;255/2007

Part 1

ISO's Consultation Obligations and Additional Duties

Consultation with market participants generally

2(1) Subject to subsection (2), if the ISO decides to engage in consultation with market participants, the ISO may do any of the following:

- (a) give notice of the matters to be the subject of consultation;
- (b) give notice of the purpose of the consultation;
- (c) give notice of the nature of the consultation process, including
 - (i) the manner of obtaining the views of market participants,
 - (ii) the manner in which market participants will become aware or be made aware of the views expressed by other market participants, and

- (iii) describing what opportunity market participants will have to respond to the views expressed by other market participants;
 - (d) explain the manner in which the ISO will demonstrate that it has considered the views of market participants;
 - (e) prepare a document explaining the outcome of the consultation.
- (2) When this Regulation requires the ISO to consult with market participants, the ISO may have regard for subsection (1) but may consult with those market participants the ISO is required to consult with in any manner that the ISO considers appropriate.

Consultation with market participants on particular matters

3(1) The ISO must consult with those market participants that the ISO considers are likely to be directly affected by

- (a) the ISO's approval of an abbreviated needs identification under section 12, or
 - (b) the approval by ISO members of the ISO's own administrative costs, costs for provision of ancillary services or the costs of transmission line losses.
- (2) The ISO must, not later than one year after this Regulation comes into force, make rules or establish practices respecting the approval referred to in subsection (1)(b).

Consultation on dispute resolution processes

4(1) The ISO must consult with those market participants that the ISO considers

- (a) are likely to be directly affected by dispute resolution practices and procedures of the ISO, including the resolution of disputes arising under or in respect of ISO rules and standards, and
 - (b) are persons who have a direct interest in the appointment of persons or entities to assist in the resolution of or to resolve disputes.
- (2) Nothing in this section or in the ISO rules affects the right of a person to make a complaint to the Commission under section 25 of the Act.
- (3) The ISO must, not later than one year after this Regulation comes into force,

- (a) complete the consultation required by subsection (1), and
- (b) make rules respecting dispute resolution practices and procedures described in subsection (1).

AR 86/2007 s4;255/2007

Standards and standards committees

5(1) The ISO may make standards, having common application, respecting either or both of the following:

- (a) transmission facilities or interconnection to transmission facilities, or both, including
 - (i) maintenance standards and criteria,
 - (ii) performance standards, and
 - (iii) reliability standards,that apply with respect to a category or type of transmission facility;
- (b) the operation and security of transmission facilities, including
 - (i) emergency and security standards and procedures,
 - (ii) reciprocal restoration agreements,
 - (iii) policies on sharing spares,
 - (iv) a common spares policy, and
 - (v) respecting issues of security and public safety.

(2) The ISO must, in accordance with section 13 of the Act, establish one or more committees to advise the ISO in addressing the ISO's need for standards or rules respecting the matters referred to in subsection (1).

(3) Every committee established under this section must include

- (a) a representative of each TFO, and
- (b) a representative of the Commission if the Commission nominates a representative to that committee.

(4) If the ISO considers that a proposed standard or rule may be directly relevant to

- (a) DFOs,

- (b) owners of generating units,
- (c) customers who are industrial systems, or
- (d) persons who have made an arrangement under section 101(2) of the Act,

the ISO must include on the committee established under this section one or more representatives from the category of persons directly affected or must consult with those representatives in another manner the ISO considers appropriate.

(5) The ISO must, not later than one year after this Regulation comes into force,

- (a) complete the consultation for the purpose of establishing committees under this section, and
- (b) establish one or more committees under this section.

AR 86/2007 s5;255/2007

ISO business practices and performance targets

6(1) The ISO must establish and make available to the public

- (a) practices for the efficient and effective processing and making decisions about system access service applications, and
- (b) performance targets and timeframes with respect to processing and making decisions about system access service applications.

(2) The ISO must periodically make available to the public reports on meeting the performance targets and timeframes established under subsection (1).

(3) The ISO must establish the practices, performance targets and timeframes described in subsection (1) not later than one year after this Regulation comes into force.

Rules for standards, practices, policy, procedures, criteria and processes

7 The ISO may make rules respecting any standard, practice, policy, procedure, criteria or process referred to in this Regulation, or may adopt any standard, practice, policy, procedure, criteria or process as a rule.

Part 2 Transmission System Planning

Transmission planning - forecasting need

8 In forecasting the needs of Alberta under section 33 of the Act, the ISO

- (a) must anticipate future demand for electricity, generation capacity and appropriate reserves required to meet the forecast load so that transmission facilities can be planned to be available in a timely manner to accommodate the forecast load and new generation capacity,
- (b) must make assumptions about future load growth, the timing and location of future generation additions and other related assumptions to support transmission system planning,
- (c) must make an assessment of the transmission facilities required to provide for the efficient and reliable access to jurisdictions outside Alberta, and
- (d) may, if the ISO considers it necessary to do so, make an assessment of the contribution of a proposed transmission facility to any of the following:
 - (i) improving transmission system reliability;
 - (ii) a robust competitive market;
 - (iii) improving transmission system efficiency;
 - (iv) improving operational flexibility;
 - (v) maintaining options for long term development of the transmission system.

AR 86/2007 s8;255/2007

Long term planning - 20-year plan

9 As part of its duties under section 17 of the Act, the ISO must

- (a) prepare and maintain a long term transmission system outlook document that projects, for at least the next 20 years,
 - (i) the forecast load on the interconnected electric system, including exports of electricity,

- (ii) the anticipated generation capacity, including appropriate reserves and imports of electricity required to meet the forecast load,
 - (iii) the timing and location of future generation additions,
 - (iv) the transmission facilities required to meet the forecast load, imports and exports of electricity and anticipated generation capacity, including appropriate reserves, in a timely and efficient way,
 - (v) the transmission facilities required to provide for the efficient and reliable access to jurisdictions outside Alberta, and
 - (vi) other matters related to the items described in subclauses (i) to (v) that the ISO considers appropriate,
- (b) update the long term transmission system outlook document periodically as required, but at least every 4 years, and
 - (c) make the long term transmission system outlook document, and the updates made to it, available to the public, and file copies of them with the Commission for information.

AR 86/2007 s9;255/2007

Long term planning - 10-year plan

10(1) As part of its duties under section 17 of the Act, the ISO must

- (a) prepare and maintain a transmission system plan in greater detail than the long term transmission system outlook document, that projects, for at least the next 10 years,
 - (i) the forecast load on the interconnected electric system, including exports of electricity,
 - (ii) the anticipated generation capacity, including appropriate reserves and imports of electricity required to meet the forecast load,
- (iii) the timing and location of future generation additions,

- (iv) the transmission facilities required to meet the forecast load, imports and exports of electricity and anticipated generation capacity, including appropriate reserves, in a timely and efficient way,
 - (v) the transmission facilities required to provide for the efficient and reliable access to jurisdictions outside Alberta, and
 - (vi) other matters related to the items described in subclauses (i) to (v) that the ISO considers appropriate,
- (b) update the transmission system plan periodically as required, but at least every 2 years, including updating the plan to restore the interties referred to in section 16, and
 - (c) make the transmission system plan, including the assumptions and supporting data on which the plan is based, and the updates made to the plan, available to the public, and file copies of them with the Commission for information.
- (2) The transmission system plan must
- (a) identify the transmission facility projects the ISO proposes to initiate by a needs identification document within 5 years of the date of the plan and within 5 years of each update of the plan, and
 - (b) provide an anticipated implementation schedule for each transmission facility project identified.

AR 86/2007 s10;255/2007

Needs identification document

11(1) When the ISO prepares a needs identification document under section 34(1) of the Act, the ISO may

- (a) rely on the forecasts referred to in the long term transmission system outlook document and the transmission system plan, and
 - (b) indicate how the needs identification document relates to the long term transmission system outlook document and the transmission system plan.
- (2) The ISO may include in a single needs identification document a description of the need for more than one transmission facility.

(3) In addition to the requirements set out in section 34(1) of the Act, the needs identification document must describe the timing and nature of the need, constraint or condition affecting or that will affect the operation, efficiency and reliability of the transmission system, including the following:

- (a) an assessment of current transmission system capability;
- (b) the planning criteria used for the assessment of transmission system capability;
- (c) a 10-year forecast of the load on the interconnected electric system;
- (d) a 10-year forecast of generation capacity and appropriate reserves required to meet the forecast load;
- (e) the studies and analysis performed in identifying the timing and nature of the need affecting or that will affect the identified constraint or condition;
- (f) the options considered for alleviating the constraint or condition;
- (g) the technical and economic comparison of the options considered, including the following:
 - (i) the impact on generation must-run requirements described in section 30(2)(a)(ii) of the Act;
 - (ii) how the options relate to the transmission system plan and the long term transmission system outlook document prepared by the ISO;
 - (iii) the evaluation of operational efficiency and reliability and the improvements provided by each option;
 - (iv) an evaluation of each option with respect to reliability standards and the planning criteria used for the assessment of transmission system capability;
 - (v) the proposed transmission substation and line configurations for each option;
 - (vi) the evaluation of factors respecting implementation of each option, including the timing and risks during construction;
 - (vii) environmental and other considerations;

- (h) the ISO's recommendation of a preferred option, including
 - (i) the rationale for selecting the option, and
 - (ii) the implementation schedule for the option;
- (i) if appropriate,
 - (i) a description of any operations preparatory to construction of a transmission facility, including engineering, purchase of materials, purchase of land or options to purchase land for future use or acquire a right or interest in land for future use as a right of way, as may be necessary, and
 - (ii) a description of the rationale, including the assumptions and supporting data on which the rationale is based, supporting the nature of the preparatory operations and estimating the cost of the operations referred to in subclause (i).

(4) If the ISO's preferred option under subsection (3)(h) is to construct a transmission facility at a future date, the ISO must

- (a) be reasonably certain that, in the future, a transmission facility is needed, and for the purpose of determining the certainty of the need, the ISO may specify milestones, including
 - (i) load growth,
 - (ii) generation addition,
 - (iii) commitments by the prospective owners of generating units to construct a unit,
 - (iv) the receipt of payment of local interconnection costs under Part 5,
 - (v) the issue of permits or approvals, or meeting other legal requirements, for the construction of a generating unit, and
 - (vi) any other indicators prescribed by the ISO determining the certainty of the need for the construction of a transmission facility,

and

- (b) identify the process by which the ISO will monitor and determine whether the milestones identified under clause (a) are met.
- (5) When the milestones described in accordance with subsection (4)(a) are met, in full or in part, the ISO may make a direction to a TFO under section 35(1)(a) of the Act.
- (6) Despite section 34(1) of the Act, a needs identification document is not required for maintenance upgrades, enhancements or other modifications to a transmission facility proposed by a TFO if the maintenance upgrade, enhancement or other modification improves the efficiency or operation of the transmission facility but does not materially affect transmission facility capacity.

Abbreviated needs identification approval process

12(1) The ISO must make rules or establish practices for an abbreviated needs identification approval process for

- (a) each system access service interconnection, and
 - (b) each transmission facility project
- of a nature, size and cost determined by the ISO rules.
- (2) In making rules or establishing practices under subsection (1), the ISO
- (a) must consult with the Commission,
 - (b) must comply with any Commission directives or orders respecting an abbreviated needs identification approval process, and the nature, size and cost of an interconnection or project referred to in subsection (1), and
 - (c) may omit or modify any requirement of this Regulation respecting a needs identification document that, in the ISO's opinion, is not required for an abbreviated needs identification approval process.
- (3) The ISO and the Commission must each periodically review the nature, size and cost provisions of the rules made under this section.
- (4) The ISO must, not later than one year after this Regulation comes into force,
- (a) complete the consultation required by this section, and

- (b) make the rules or establish the practices required by this section.

AR 86/2007 s12;255/2007

Delegation of responsibility

13(1) Under section 9(2) of the Act, the ISO may, by agreement with a TFO or a DFO, delegate the preparation of any or all of

- (a) the transmission system plan, or any aspect of it,
- (b) the long term transmission system outlook document, or any aspect of it, or
- (c) a needs identification document, or any aspect of it,

to one or more TFOs or DFOs, subject to any conditions that the ISO considers appropriate, but the ISO is responsible for reviewing and approving any plan or document prepared under the delegation.

(2) After consultation with the Commission, market participants, TFOs and DFOs, the ISO must establish a practice to determine

- (a) the extent to which the preparation of the transmission system plan, the long term transmission system outlook document or a needs identification document may be delegated under subsection (1),
- (b) how and to whom a delegation may be made, and
- (c) the terms and conditions that may be included in a delegation agreement.

(3) The ISO must, not later than one year after this Regulation comes into force,

- (a) complete the consultation required by this section, and
- (b) establish the practice required by this section.

AR 86/2007 s13;255/2007

Assistance to the ISO

14(1) As part of the duties of a TFO under section 39 of the Act, the TFO must, as directed by the ISO, assist the ISO in

- (a) preparing and updating forecasts,
- (b) preparing, maintaining and updating the long term transmission system outlook document and the transmission system plan, and

- (c) preparing and updating needs identification documents.
- (2) In addition to the duties of a DFO under the Act, the DFO must, as directed by the ISO, assist the ISO in
- (a) preparing and updating forecasts,
 - (b) preparing, maintaining and updating the long term transmission system outlook document and the transmission system plan,
 - (c) evaluating the relative merits of transmission and distribution options, and
 - (d) preparing and updating needs identification documents.
- (3) In providing assistance to the ISO, the TFO and DFO must, in accordance with the directions of the ISO, respect the confidentiality of information of market participants.

Part 3 Transmission System Criteria and Reliability Standards

Matters taken into account

- 15(1)** In making rules under section 20 of the Act, and in exercising its duties under section 17 of the Act, the ISO must
- (a) plan a transmission system that satisfies reliability standards,
 - (b) ensure that transmission facilities adhere to reliability standards,
 - (c) monitor and ensure overall reliability of the interconnected electric system,
 - (d) comply with directives of the Commission,
 - (e) taking into consideration the characteristics and expected availability of generating units, plan a transmission system that
 - (i) is sufficiently robust so that 100% of the time, transmission of all anticipated in-merit electric energy referred to in section 17(c) of the Act can occur when all transmission facilities are in service, and

- (ii) is adequate so that, on an annual basis, and at least 95% of the time, transmission of all anticipated in-merit electric energy referred to in section 17(c) of the Act can occur when operating under abnormal operating conditions,
 - (f) make arrangements for the expansion or enhancement of the transmission system so that, under normal operating conditions, all anticipated in-merit electricity referred to in clause (e)(i) and (ii) can be dispatched without constraint, and
 - (g) make rules respecting the preparation of needs identification documents for, and the planning and processing of, enhancements or upgrades to transmission facilities that existed on August 12, 2004 for the purpose of providing transmission capacity to import or export electricity to or from Alberta in excess of the path ratings that existed on August 12, 2004 for those transmission facilities.
- (2) In planning and arranging for enhancements or upgrades to the transmission system, the ISO may make or provide for specific and limited exceptions to the matters described in subsection (1)(e) and (f) and in section 16(1), or any of them, and if it does so, must
- (a) file the exceptions with the Commission for approval, and
 - (b) specify the periods of time the exceptions apply.
- (3) In considering the design and planning of the transmission system, the ISO may make or provide for specific and limited exceptions to the requirements of subsection (1) and propose a non-wires solution
- (a) in areas where there is limited potential for growth of load, and the cost of the non-wires solution is materially less than the life-cycle cost of the transmission wires solution, compared over an equivalent study period, or
 - (b) if the non-wires solution is required to ensure reliable service due to the shorter lead time of the non-wires solution, for a specified limited period of time.

AR 86/2007 s15:255/2007

Requirement for siting transmission lines

15.1(1) In preparing plans and making arrangements for new transmission facilities or for enhancements or upgrades to existing transmission facilities, the ISO must take into consideration

geographic separation for the purposes of ensuring reliability of the transmission system.

(2) When considering the location of new transmission facilities or of enhancements or upgrades to existing transmission facilities, the ISO must consider

- (a) wires solutions that reduce or mitigate the right of way, corridor or other route required, and
- (b) maximizing the efficient use of rights of way, corridors or other routes that already contain or provide for utility or energy infrastructure.

(3) The ISO must consider the measures described in subsections (1) and (2) notwithstanding that those measures may result in additional costs.

(4) In subsection (2)(a), “wires solutions” includes, without limitation,

- (a) providing new, higher capacity transmission facilities in combination with the salvage of lower capacity transmission facilities, or
- (b) providing staged transmission capacity increases that reduce the need to access rights of way for subsequent capacity increases.

AR 255/2007 s7

**Restoring interties existing on August 12, 2004
to their path rating**

16(1) In making rules under section 20 of the Act, and in exercising its duties under section 17 of the Act, the ISO must prepare a plan and make arrangements to restore each intertie that existed on August 12, 2004 to, or near to, its path rating.

(2) The plan to restore interties to their path ratings must specify how the ISO intends to restore and maintain each intertie to, or near to, its path rating without the mandatory operation of generating units.

(3) The plan to restore and maintain interties must be incorporated into and form part of the transmission system plan as soon as practicable.

Managing transmission constraints

17 The ISO must make rules and establish practices respecting the operation of the transmission system and the management of transmission constraints that may occur from time to time.

Generating unit emergency operating requirements

18(1) The ISO must, not later than one year after this Regulation comes into force, make rules respecting directions it may give to the owner of a generating unit that is not operating or scheduled to operate for any reason, including as a result of a planned or forced outage, requiring that the generating unit operate, exchange electric energy or provide ancillary services, or be made available to operate, exchange electric energy or provide ancillary services,

- (a) during abnormal operating conditions, or
- (b) if the ISO determines that there is an immediate or unexpected need on a short term basis for services provided by a generating unit to maintain a level of generation supply that provides Albertans with a level of service that is safe, adequate and reliable.

(2) The ISO must, not later than one year after this Regulation comes into force, make rules to implement a load curtailment priority plan which, in the event of a generation supply shortfall, will provide for the interruption of service to customers in a priority ranking.

(3) Before the ISO makes or changes the rules under subsections (1) and (2), the ISO must consult with those market participants that it considers are likely to be directly affected by the rules.

(4) The owner of a generating unit must comply with a direction from the ISO under subsection (1) unless the owner gives written notice to the ISO, giving reasons, that

- (a) a real and substantial risk of damage to its generating unit could result if the direction were complied with,
- (b) a real and substantial risk to the safety of its employees or the public could result if the direction were complied with, or
- (c) a real and substantial risk of undue injury to the environment could result if the direction were complied with.

AR 86/2007 s18;255/2007

Reliability standards

19(1) Subject to this section, the following are the reliability standards that apply in Alberta:

- (a) the reliability standards, agreements, criteria and directives of
 - (i) the Western Electric Coordinating Council or its successor organization,
 - (ii) the North American Electric Reliability Council or its successor organization, or
 - (iii) any entity similar to an entity referred to in subclause (i) or (ii) that is recognized by the ISO,to the extent that those reliability standards, agreements, criteria and directives are adopted by the ISO in accordance with subsections (4) and (5);
- (b) any other reliability standards that are made or adopted by the ISO in accordance with subsections (4) and (5) to amend, supplement or replace the reliability standards, agreements, criteria and directives referred to in clause (a).

(2) The following are the reliability standards that apply in Alberta if the Minister recognizes an Electric Reliability Organization under section 20:

- (a) the reliability standards, agreements, criteria and directives of the Electric Reliability Organization or its successor organization, to the extent that those reliability standards, agreements, criteria and directives are adopted by the ISO in accordance with subsections (4) and (5);
- (b) any other reliability standards that are made or adopted by the ISO in accordance with subsections (4) and (5) to amend, supplement or replace the reliability standards, agreements, criteria and directives referred to in clause (a).

(3) The reliability standards under subsection (2) replace the reliability standards under subsection (1).

(4) Before adopting or making reliability standards, agreements, criteria or directives under this section, the ISO must

- (a) consult with those market participants that it considers are likely to be directly affected, and

(b) forward the proposed reliability standards, agreements, criteria or directives to the Commission for review, with the ISO's recommendation that the Commission approve or reject them.

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

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

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

AR 86/2007 s19;255/2007

Recognition of Electric Reliability Organization

20(1) The Minister may enter into any arrangement or agreement or grant any approval that the Minister considers necessary or advisable for the purposes of granting recognition to an Electric Reliability Organization that is or has applied to be certified by the Federal Energy Regulatory Commission under the *Energy Policy Act of 2005* of the United States or to its successor organization.

(2) The Minister may issue any directive to the ISO or the Commission respecting the exercise of its authority that the Minister considers necessary or advisable respecting or for the purposes of implementing an arrangement or agreement entered into or an approval granted by the Minister under subsection (1).

(3) An arrangement or agreement entered into, an approval granted or a directive given by the Minister under this section

- (a) may be made subject to terms and conditions, and
- (b) may be amended, revoked or cancelled at any time by the Minister without prior notice.

(4) When entering into an arrangement or agreement or granting an approval under subsection (1) or issuing a directive under subsection (2), the Minister must

- (a) consider whether the arrangement, agreement, approval or directive is capable of applying in Alberta,

- (b) consider the impact of the arrangement, agreement, approval or directive on Alberta's competitive wholesale market, and
- (c) ensure, to the extent reasonable, that any new or modified arrangement, agreement, approval or directive that will apply in Alberta will not require a material change in the framework for the market for electric energy.

AR 86/2007 s20;255/2007

Reliability standards adoption, publication and modification

21(1) The ISO must not, without the consent of the Commission,

- (a) enter into an arrangement or agreement under section 9(5) of the Act respecting reliability standards, or
- (b) amend or change an arrangement or agreement referred to in clause (a) except where the amendment or change is clearly of a routine operational or detailed technical nature.

(2) Arrangements and agreements entered into under section 9(5) of the Act and reliability standards developed, adopted or modified by the ISO pursuant to section 19 or 20 of this Regulation must be made available to the public except when the ISO considers it not to be in the public interest to do so, in which case an explanation for the non-disclosure must be provided.

(3) When the ISO participates in the development, adoption or modification of reliability standards, the ISO must

- (a) consider whether the standards are capable of applying in Alberta, and
- (b) ensure, to the extent reasonable, that any new or modified standard that will apply in Alberta will not require a material change in the framework for the market for electric energy.

AR 86/2007 s21;255/2007

Alberta autonomy

22(1) The ISO shall not, without the consent of the Minister, delegate any of its powers, duties, responsibilities or functions respecting reliability standards to a person outside Alberta or enter into any agreement or arrangement that has that effect.

(2) The ISO shall not

- (a) transfer any money outside of Alberta, or make a payment in Alberta that may result in the transfer outside of Alberta of any money, in respect of a fine, administrative penalty or other monetary sanction imposed on the ISO for non-compliance by it with a reliability standard, or
 - (b) enter into any agreement or arrangement that requires or has the effect of requiring the ISO to do anything prohibited under clause (a).
- (3) If the ISO enters into any agreement or arrangement that results in the payment of any money in respect of a fine, administrative penalty or other monetary sanction imposed on the ISO for non-compliance by it with a reliability standard, the money paid must be directed to the benefit of customers in Alberta.
- (4) The ISO may recover from a market participant any money in respect of a fine, administrative penalty or other monetary sanction imposed on the ISO for non-compliance by it with a reliability standard if the ISO has paid the money in respect of the fine, administrative penalty or monetary sanction and can demonstrate that a market participant was the cause of the non-compliance.
- (5) Any dispute with respect to subsection (4) must be settled by the Commission.

AR 86/2007 s22;255/2007

Compliance monitoring and reporting

23(1) The ISO must make rules respecting its practices and procedures for monitoring compliance with and enforcement of

- (a) reliability standards, and
 - (b) the standards and rules made under section 5.
- (2) The ISO must make annual reports to the Commission respecting
- (a) compliance by the ISO, TFOs, DFOs and other market participants with reliability standards and standards and rules made under section 5, and
 - (b) any action taken by the ISO to enforce reliability standards and standards and rules made under section 5.
- (3) TFOs, DFOs and other relevant market participants must assist the ISO in preparing reports under subsection (2).

AR 86/2007 s23;255/2007

Part 4 Transmission Facility Projects

General rules for constructing transmission facilities

24(1) Subject to subsections (2) and (3), when making rules under section 20 of the Act and in exercising its duties under section 17 of the Act, the ISO must

- (a) determine, on the basis of geographic areas under sections 28 and 29 of the *Hydro and Electric Energy Act*, who is eligible to apply for the construction or operation, or both, of transmission facilities in those areas after August 12, 2004, based on which TFO is operating in those areas, and
- (b) with respect to a transmission facility that existed on August 12, 2004, provide that the owner of that transmission facility, or any successor of the owner of that transmission facility, continues to be responsible for upgrades and enhancement to the transmission facility.

(2) The ISO may grant or provide for exceptions to subsection (1), including authorizing alternative arrangements or agreements between TFOs, if

- (a) those arrangements or agreements result in the safe, reliable and efficient operation of the transmission system, and
- (b) those arrangements or agreements are filed with the Commission for information.

(3) Subsection (1) does not apply in respect of a transmission facility to which section 27 applies.

AR 86/2007 s24;255/2007

Transmission facility project cost reporting

25(1) For those transmission facility projects that the ISO directs or may direct the owner to submit for Commission approval a transmission facility proposal under section 35(1)(a) of the Act, the ISO must make rules or establish practices respecting the preparation of cost estimates, project scope documents and schedule documents for projects to ensure that

- (a) cost estimates prepared by TFOs under this section are reasonable for the purpose of making transmission system planning decisions,
- (b) cost estimates are prepared by TFOs in a consistent manner and to an appropriate level of detail,

- (c) scope change, schedule change and cost variance reports are prepared and retained showing changes to the original scope and original schedules prepared by the ISO in its specification or needs identification document, and
- (d) a project cost summary is prepared that identifies the original cost estimate, original scope and original schedule and a summary of any changes or cost variances that occurred.

(2) The ISO may satisfy itself that the cost estimates prepared by a TFO under this section are reasonable, but in doing so may only examine issues that are relevant to the intended use of the cost estimates.

(3) Nothing in the ISO rules or practices relieves a TFO from the burden of proof required by section 121(4) of the Act to show that its tariff is just and reasonable.

(4) Nothing in this section or the ISO rules or practices affects

- (a) the responsibility of the Commission to determine a TFO's prudence in managing its activities, or
- (b) the authority of the Commission to establish its own reporting requirements.

(5) In addition to its duties under section 17 of the Act, the ISO may do either or both of the following:

- (a) certify to the Commission that a cost was incurred to meet a need identified by the ISO;
- (b) notify the Commission of any concern or issue the ISO has with respect to the costs of a transmission facility project referred to in subsection (1),

but the Commission must not require the ISO to make any statement with respect to the TFO's prudence in managing a transmission facility project.

(6) Despite section 126 of the Act, within a reasonable period after rules are made under subsection (1), a TFO must apply to the Commission to make its tariff consistent with those rules.

AR 86/2007 s25;255/2007

ISO direction to TFO

25.1 At any time after the ISO gives a direction under section 35(1)(a) of the Act, the ISO may direct the TFO to acquire

equipment and materials whose lengthy delivery time may adversely affect the reliability of the transmission system.

AR 255/2007 s9

Competitive tenders by TFOs

26(1) In making rules under section 20 of the Act, and in exercising its duties under section 17 of the Act, the ISO

- (a) must provide for the competitive tender of construction costs, including materials and equipment, for the construction of a transmission facility by a TFO who is the applicant for construction of a transmission facility referred to in section 24(1), and
- (b) may exempt or provide for exemptions from the competitive tender when the circumstances warrant.

(2) When considering a tariff application by the TFO, the Commission must judge the prudence of the TFO in managing the costs incurred under an exemption provided by or under the rules referred to in subsection (1).

(3) Despite section 126 of the Act, within a reasonable period after rules are made under subsection (1), a TFO must apply to the Commission to make its tariff consistent with those rules.

AR 86/2007 s26;255/2007

Intertie projects

27(1) This section applies to the following:

- (a) an intertie proposed to be constructed;
- (b) an upgrade or enhancement to an intertie that proposes, or would result in, an increase to the path rating of the intertie.

(2) When the ISO prepares a needs identification document under section 34(1) of the Act for an intertie described in subsection (1), the needs identification document must

- (a) contain the information required by section 11(3), unless the ISO determines that any of those matters are not required,
- (b) describe the extent to which the ISO will make use of the proposed intertie to provide system access service,
- (c) contain proposed agreements, arrangements, rates and terms and conditions for the ISO's use of the intertie, and

- (d) contain any other information that the ISO considers necessary in view of the nature of the proposed intertie.
- (3) A person proposing an intertie to which this section applies must assist the ISO in preparing the needs identification document.
- (4) The cost of planning, designing, constructing, operating and interconnecting an intertie to which this section applies must be paid by
 - (a) the person proposing the intertie, and
 - (b) other persons to the extent that they directly benefit from the intertie, based on the use described in the needs identification document approved by the Commission, and then only to the extent permitted by the ISO tariff.
- (5) A person proposing an intertie to which this section applies, in accordance with the ISO rules, must
 - (a) provide open access to market participants by auction or other transparent process, and file the terms and conditions respecting open access with the Commission for information, and
 - (b) provide that the intertie be available in an open and non-discriminatory manner, similar to the access available to other transmission facilities.
- (6) The ISO must include in the ISO tariff, rates and terms and conditions that include costs for use of the interconnected electric system, appropriate for the class of service provided to persons who use the intertie referred to in this section for import or export of electricity to or from Alberta.

AR 86/2007 s27;255/2007

Part 5

Local Interconnection Costs and Transmission Contribution Costs

Local interconnection costs

28(1) The ISO must include in the ISO tariff

- (a) local interconnection costs, as defined by the ISO, payable by an owner of a generating unit for connecting to the transmission system,
- (b) the terms and conditions, and

- (c) provisions for the recovery of local interconnection costs from owners of generating units.
- (2) The ISO must make reasonable efforts to ensure that the interconnection of a generating unit to the transmission system is undertaken in a timely manner.
- (3) The owner of a generating unit that interconnects with the transmission system, and who has paid local interconnection costs, may not prohibit interconnection or access to the interconnection facilities by other market participants.
- (4) If another person makes use of the facilities for which a local interconnection cost has been paid,
 - (a) the cost of the use of those facilities by that other person or persons must be allocated to all users in accordance with the ISO tariff, and
 - (b) the original local interconnection cost, or a portion of it, must be refunded to the person who paid it in accordance with the ISO tariff.

Generating unit owner's contribution

- 29(1) The ISO must include in the ISO tariff
 - (a) the amount, determined under subsections (2) and (3), payable by an owner of a generating unit to the ISO, and
 - (b) terms and conditions related to clause (a).
- (2) The amount payable by owners of generating units is the sum of the following:
 - (a) for upgrades to existing transmission facilities, a charge of \$10 000/MW;
 - (b) a charge of not more than \$40 000/MW, as provided in the ISO tariff, payable by owners of generating units that locate in an area of the transmission system where generation exceeds load, and the amount of the charge is to be determined based on the location of the generating unit relative to load.
- (3) A charge under subsection (2)(b) may be revised from time to time, but must
 - (a) be stable and predictable,
 - (b) be calculated in a simple and transparent manner,

- (c) be based on generating unit size,
 - (d) vary based on the generation location relative to load in Alberta,
 - (e) be determined and payable in accordance with the ISO rules and the ISO tariff, be paid before commencement of construction of the local interconnection facility and be paid once only for that specific location and generating unit, and
 - (f) not affect charges determined and paid by owners of generating units or owners of prospective generating units before the revisions.
- (4) The ISO tariff must include terms and conditions providing for the following:
- (a) the refund of money paid under this section, to the owner who paid it, over a period of not more than 10 years from the date the generating unit begins to generate electric energy for the purpose of exchange but not for the purpose of testing or commissioning the unit, subject to satisfactory operation of the generating unit determined under rules made under subsection (5), where satisfactory operation may vary by generation type;
 - (b) forfeiture to the ISO of money paid under this section, or suspension of the refunds, if the generating unit is not operated satisfactorily;
 - (c) the means and times at which the refunds are to be made;
 - (d) the prudent administration, management and investment of money held by the ISO under this section and for the accounting for those funds;
 - (e) the disbursement of money earned on investments.
- (5) The ISO must make rules to be used to assess the satisfactory performance of a generating unit by generating unit type.

Non-application of sections 28 and 29

30 Sections 28 and 29 do not apply to a generating unit connected to the transmission system before January 1, 2006 or to a generating unit that has a capacity of 1 MW or less.

Part 6
**Transmission System Losses,
Charges and Credits**

Transmission system loss factors

31(1) The ISO must make rules to

- (a) reasonably recover the cost of transmission line losses on the interconnected electric system by establishing and maintaining loss factors
 - (i) for each generating unit,
 - (ii) for each export path or group of export paths, as those terms are defined in the ISO rules respecting line losses,
 - (iii) for each import path or group of import paths, as those terms are defined in the ISO rules respecting line losses, and
 - (iv) for any other opportunity service customer in respect of whom the ISO determines a loss factor is to apply, based on their respective locations and their respective contributions, if at all, to transmission line losses,
- (b) determine the anticipated transmission line losses for a specified period of time and determine the average transmission system loss factor for that specified period,
- (c) establish a means of determining, for each location on the transmission system, loss factors and associated charges and credits, which are anticipated to result in the reasonable recovery of transmission line losses,
- (d) provide a means by which, annually, a determination will be made of the difference between the anticipated transmission line losses and the actual transmission line losses, and
- (e) subject to section 33, provide a means through the application of a single calibration factor to adjust the amounts paid by the application of the loss factor described in clause (c) so that
 - (i) owners of generating units,
 - (ii) importers and the exporters of electricity, and

- (iii) any other opportunity service customers referred to in clause (a)(iv),

are charged or receive a credit so that they pay the actual cost of transmission line losses.

(2) In accordance with the rules made under subsection (1), the ISO must determine loss factors having regard to the following:

- (a) loss factors must apply for a period of at least one year but not more than 5 years, subject to clause (b);
- (b) a loss factor applied under clause (a) may not be changed during the period it applies unless, in the opinion of the ISO,
 - (i) a change has occurred to any type of facility, including generation, load or transmission facility, that is connected to, or is part of, the interconnected electric system, and
 - (ii) the change materially affects transmission line losses;
- (c) loss factors must be determined for each location on the transmission system as if no abnormal operating conditions exist;
- (d) the loss factor in each location must be representative of the impact on average system losses by each respective generating unit or group of generating units relative to load;
- (e) the loss factor must be one number at each location that does not vary, except as a result of revisions referred to in clause (b) or the reapplication of loss factors under clause (a);
- (f) subject to clause (g), after determining which loss factors result in a charge or credit, every loss factor must be adjusted by a common method in order to limit the loss factors as follows:
 - (i) loss factors associated with a charge must not exceed 2 times the average transmission system loss factor;
 - (ii) loss factors associated with a credit must not exceed one times the average transmission system loss factor;
- (g) on and after January 1, 2009, and in place of clause (f), after determining which loss factors result in a charge or

credit, every loss factor must be adjusted by a common method in order to limit the loss factors as follows:

- (i) the loss factors associated with a charge must not exceed 12%;
- (ii) the loss factors associated with a credit must not exceed 12%.

(3) For greater certainty, abnormal operating conditions referred to in subsection (2)(c) do not include generation from transmission must-run generating units if the ISO includes those units in its transmission loss forecasts.

AR 86/2007 s31;255/2007

Loss factors to be publicly available

32(1) The ISO must make rules with respect to the designation of loss factors in any place in Alberta where a generating unit is not located, and on request, determine a loss factor with respect to a generating unit that a person proposes to construct.

(2) Loss factors determined under section 31 and subsection (1) of this section must be made available to the public for each location on the transmission system.

Adjustment of loss factors

33(1) In accordance with the ISO rules, loss factors may be adjusted by a calibration factor to ensure that the actual cost of losses is reasonably recovered through charges and credits under the ISO tariff on an annual basis.

(2) If the actual cost of losses is over-recovered or under-recovered in one year, the over-recovery or under-recovery must be refunded or collected in the next year or subsequent years.

Recovery of transmission losses

34 In accordance with the ISO rules, the cost of transmission line losses must be reasonably recovered using the loss factors determined under section 35 or 36 as those loss factors are charged or credited to the persons referred to in section 31(1)(e) under the ISO tariff.

Determination of transmission loss factors until December 31, 2008

35(1) Up to and including December 31, 2008, the loss factors under this Part must be determined so that

- (a) the owner of a generating unit must pay location-based loss charges or receive credits, and
 - (b) importers of electricity under a firm service arrangement must pay location-based loss charges or receive credits.
- (2) A person receiving transmission service under an interruptible service arrangement for load, import or export must pay location-based loss charges or receive credits that recover the full cost of losses required to provide this service.

AR 86/2007 s35;255/2007

Determination of transmission loss factors on and after January 1, 2009

36 On and after January 1, 2009, the loss factors under this Part must be determined so that

- (a) the owner of a generating unit must pay location-based loss charges or receive credits,
- (b) importers of electricity must pay location-based loss charges or receive credits
 - (i) determined in the same manner as for generating units, and
 - (ii) determined at the point where the import path, referred to in section 31(1)(a)(iii), connects to the remainder of the interconnected electric system,
- (c) importers and exporters of electricity must pay transmission line loss charges representing the average level of losses incurred in transporting electricity on an import path or export path referred to in section 31(1)(a)(ii) and (iii), and
- (d) a person that receives opportunity service where the ISO determines that a line loss factor applies under section 31(1)(a)(iv) must pay losses or receive credits that are determined in a similar manner as the losses and credits determined for owners of a generating unit.

AR 86/2007 s36;255/2007

Part 7
Commission Responsibilities

Application to Commission for preparatory operations

37(1) In anticipation of future expansions of the transmission system, the ISO may apply to the Commission for approval of any

operations preparatory to construction of a transmission facility referred to in section 11(3)(i) prior to submitting a needs identification document under section 34(1) of the Act.

(2) An application under this section must contain the information set out in section 11(3)(i) and any other information the ISO considers appropriate or the Commission requests.

(3) When considering an application under this section, the Commission may, in addition to the factors set out in section 38, have regard for the costs and benefits that the Commission considers are likely to result from the proposed preparatory operations.

(4) An approval of an application under this section is not to be considered an approval of the need for the transmission facility or an approval to construct the transmission facility, and shall not be used for the purpose of an application to the Surface Rights Commission for the acquisition of an interest in land for a right of way.

AR 86/2007 s37:255/2007

Applications to the Commission under section 34(1) of Act

38 When considering whether to approve a needs identification document under section 34(3) of the Act, the Commission must

- (a) have regard for the principle that it is in the public interest to foster
 - (i) an efficient and competitive generation market,
 - (ii) a transmission system that is flexible, reliable and efficient and preserves options for future growth, and
 - (iii) geographic separation for the purposes of ensuring reliability of the transmission system and efficient use of land, including the use of rights of way, corridors or other routes that already contain or provide for utility or energy infrastructure or the use of new rights of way, corridors or other routes, notwithstanding that geographic separation for the purposes of ensuring reliability of the transmission system or efficient use of land may result in additional costs,
- (b) have regard for the following matters when it considers an application for a transmission facility upgrade or expansion, or operations preparatory to the construction of a transmission facility, namely, the contribution of the proposed transmission facility:

- (i) to improving transmission system reliability;
 - (ii) to a robust competitive market;
 - (iii) to improvements in transmission system efficiency;
 - (iv) to improvements in operational flexibility;
 - (v) to maintaining options for long term development of the transmission system;
 - (vi) to a project to which section 27 applies to provide system access service,
- (c) take into account the long term transmission system outlook document and the transmission system plan filed with the Commission,
 - (d) take into account the ISO's responsibilities under the Act and regulations, and
 - (e) consider the ISO's assessment of the need to be correct unless an interested person satisfies the Commission that
 - (i) the ISO's assessment of the need is technically deficient, or
 - (ii) to approve the needs identification document would not be in the public interest.

AR 86/2007 s38;255/2007

Recovery of pre-construction costs

39 If an application under section 37 has been approved by the Commission under that section or if a needs identification document has been approved by the Commission under section 34 of the Act, a TFO may include in its tariff pre-construction costs incurred by the TFO, including

- (a) feasibility studies,
- (b) engineering,
- (c) purchase of equipment and materials, and
- (d) purchase of land or options to purchase land for future use or acquire a right or interest in land for future use as a right of way, as may be necessary, for long lead-time projects.

AR 86/2007 s39;255/2007

Recovery of assistance costs

40(1) A TFO may include in its transmission tariff

- (a) costs and expenses incurred by the owner in assisting the ISO in preparing forecasts, the long term transmission system outlook document, the transmission system plan, needs identification documents and updates to any or all of them, and
- (b) the costs incurred by the owner to assist the ISO in preparing reports made under section 23(2).

(2) A DFO may include in its distribution tariff

- (a) costs and expenses incurred by the owner in assisting the ISO in preparing forecasts, the long term transmission system outlook document, the transmission system plan, needs identification documents and updates to any or all of them,
- (b) the cost of evaluating the relative merits of transmission facility and distribution options, and
- (c) the costs incurred by the owner to assist the ISO in preparing reports made under section 23(2).

Recovery of other secondary costs

41(1) A TFO or DFO may include in its tariff any one or more of the following, as applicable:

- (a) costs or expenses incurred as a consequence of a direction given by the ISO under this Regulation or any other enactment;
- (b) costs and expenses
 - (i) of a maintenance upgrade, enhancement or other modification to a transmission facility referred to in section 11(6),
 - (ii) incurred in implementing an expansion or enhancement to the transmission system access service interconnection or a transmission facility project referred to in section 12,
 - (iii) incurred in order to implement the standards and rules under section 5, or
 - (iv) incurred in order to implement the reliability standards.

(2) In addition to its duties under section 17 of the Act, the ISO may do either or both of the following:

- (a) certify to the Commission that a cost was incurred under subsection (1);
- (b) notify the Commission of any concern the ISO has with respect to a cost referred to in subsection (1),

but the Commission must not require the ISO to make any statement with respect to the prudence of a TFO or a DFO in incurring a cost under subsection (1).

AR 86/2007 s41;255/2007

Additional criteria for the Commission for TFO tariffs

42 In addition to the matters taken into account by the Commission under section 122 of the Act, when considering an application for approval of a TFO tariff, the Commission must consider that it is also in the public interest to provide consumers the benefit of unconstrained transmission access to the competitive generation market

- (a) by providing sufficient investment to ensure the timely upgrade, enhancement or expansion of transmission facilities, and
- (b) by fostering a stable investment climate and a continued stream of capital investment for the transmission system.

AR 86/2007 s42;255/2007

Decisions under s34(3) of Act

43(1) The Commission shall make a decision under section 34(3) of the Act as to whether to approve a needs identification document in a timely manner and, if possible, within a period of 180 days after receipt of the complete needs identification document.

(2) If the Commission cannot make a decision within the 180-day period referred to in subsection (1), the Commission shall

- (a) before the 180-day period expires
 - (i) notify the ISO of the reasons why it has not made or will not be able to make a decision,
 - (ii) state its best estimate as to when it reasonably expects to make a decision, and
 - (iii) make the reasons and estimate public,

and

- (b) make its decision within 90 days after the expiry of the 180-day period.

AR 86/2007 s43;255/2007

Commission rules about transmission facilities

44 The Commission must ensure that any rules made by it under section 129(1) of the Act respecting transmission facilities are consistent with the standards and rules under section 5.

AR 86/2007 s44;255/2007

45 Repealed AR 255/2007 s20.

Prudence of activities and costs

46(1) The Commission must consider that

- (a) the costs and expenses referred to in sections 39, 40 and 41 that are included in a TFO's tariff or a DFO's tariff, and
- (b) the ISO's own administrative costs that have been approved by the ISO members

are prudent unless an interested person satisfies the Commission that those costs or expenses are unreasonable.

(2) The Commission must consider that payments that are included in a TFO's tariff made by a TFO to an owner or occupant of land pursuant to any agreement between the TFO and the owner or occupant that

- (a) grants the TFO the right of entry in respect of the surface of the land, or
- (b) provides for compensation resulting from or related to the use of the land for the purposes of locating transmission facilities on it,

are prudent unless an interested person satisfies the Commission that the payments are unreasonable.

AR 86/2007 s46;255/2007

ISO tariff - transmission system considerations

47 When considering an application for approval of the ISO tariff under sections 121 and 122 of the Act, the Commission must

- (a) ensure

- (i) the just and reasonable costs of the transmission system are wholly charged to DFOs, customers who are industrial systems and persons who have made an arrangement under section 101(2) of the Act, and exporters, to the extent required by the ISO tariff, and
 - (ii) the amount payable by a DFO is recoverable in the DFO's tariff,
- (b) ensure owners of generating units are charged local interconnection costs to connect their generating units to the transmission system, and are charged a financial contribution toward transmission system upgrades and for location-based cost of losses, and
- (c) consider all just and reasonable costs related to arrangements and agreements described in section 9(5) of the Act.

AR 86/2007 s47;255/2007

ISO tariff - approval of ISO's costs

48(1) A reference in the Act to "prudent" or "appropriate" in relation to the ISO's costs for the provision of ancillary services and costs of transmission line losses means the amounts of those costs that have been approved by the ISO members.

(2) When considering the ISO's own administrative costs under section 46 and the ISO's costs for the provision of ancillary services, the Commission must allocate to customer classes those amounts that are set out in the ISO's application to the Commission for approval of the ISO tariff.

AR 86/2007 s48;255/2007

Part 8 Time Period Extension, Paramountcy, Recovery of Must-run Costs, Transition, Repeal and Expiry

Extension and effect of time periods

49(1) The Minister may, by order, extend any date or time period specified in this Regulation whether or not that date has passed or that time period has expired.

(2) The authority of the ISO under this Regulation continues even if a date or time period prescribed for taking an action has passed or expired.

- (3) The ISO may amend, repeal or replace a rule, standard, practice, policy, procedure, criteria or process whether or not the date or time period, or the extended date or time period, for enacting or establishing it has passed or expired.

Paramountcy

50 This Regulation prevails to the extent of any inconsistency, conflict or uncertainty between this Regulation and any agreement relating to reliability standards, irrespective of whether the agreement is entered into before or after the coming into force of this Regulation.

Recovery of must-run costs

51(1) For the purpose of section 30(2)(a)(ii) of the Act, the compensation must be no greater than an amount that would result in the recovery of fixed, operating and maintenance costs, including a reasonable rate of return, using a methodology described in the ISO tariff.

(2) The ISO must include in the ISO tariff a cost determination methodology and related terms and conditions of service for the purposes of subsection (1).

(3) Costs associated with subsection (1) must be included and recovered under the ISO tariff in the same manner as transmission costs under section 47(a)(i).

Transition

52(1) This Regulation does not apply to an application for approval of a needs identification document under section 34 of the Act or to an application for an approval, permit or licence under Part 2 of the *Hydro and Electric Energy Act* in respect of a transmission facility or part of a transmission facility if that application was considered complete by the Commission before the coming into force of this Regulation.

(2) Where this Regulation does not apply to an application referred to in subsection (1) as a result of the operation of subsection (1), the *Transmission Regulation* (AR 174/2004) as it existed immediately before the coming into force of this Regulation continues to apply to that application as if that Regulation had not been repealed.

AR 86/2007 s52;255/2007

Repeal of AR 174/2004

53 Subject to section 52, the *Transmission Regulation* (AR 174/2004) is repealed.

AR 86/2007 s53;121/2007

Expiry

54 For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on December 31, 2018.

AR 86/2007 s54;255/2007

