

# ▶ Alberta – US Comparator

Standard-Making and Enforcement Functions

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## CURRENT RELIABILITY STANDARDS

Below is a link to current reliability standards in Alberta:

<http://www.aeso.ca/rulesprocedures/17006.html>

## KEY ORGANIZATIONS IN ALBERTA'S ELECTRICITY SECTOR

### MINISTRY OF AFFORDABILITY AND UTILITIES

The Ministry of Affordability and Utilities (“MAU”) is responsible for setting the policy and legislative framework for Alberta’s electricity system. The MAU develops solutions and advises on all aspects of utilities sector policy for Alberta, including electricity and natural gas.

### ALBERTA UTILITIES COMMISSION

The Alberta Utilities Commission (“AUC”) is an independent, quasi-judicial agency that is responsible for ensuring that the delivery of utility service in Alberta takes place in a manner that is fair, responsible and in the public interest.

The Alberta Electric System Operator (“AESO”) forwards Alberta reliability standards to the AUC, with the AESO’s recommendation that the AUC approve or reject them. The AUC must follow the AESO’s recommendation unless an interested person satisfies the AUC that the recommendation is either “technically deficient” or “not in the public interest”. The AUC is also the adjudicative body for compliance enforcement in respect of both ISO rules and Alberta reliability standards.

### ALBERTA ELECTRIC SYSTEM OPERATOR

The Independent System Operator (“ISO”) in the Province of Alberta is the AESO, a statutory corporation pursuant to the *Electric Utilities Act*. The AESO has a duty to provide for the safe, reliable and economic operation of the interconnected electric system and to promote a fair, efficient, economic and openly competitive market for electricity.

As set out in the Alberta *Transmission Regulation*, the reliability standards that apply in Alberta are the reliability standards adopted by the AESO after consulting with those market participants that it considers likely to be directly affected by the Alberta reliability standards, forwarding the proposed reliability standards to the AUC and receiving AUC approval. The AESO is required by legislation to monitor market participant compliance with ISO rules, the Alberta reliability standards and the AUC rules respecting load settlement.

### MARKET SURVEILLANCE ADMINISTRATOR

The Market Surveillance Administrator (“MSA”) is a statutory corporation established under the *Electric Utilities Act* and continued under the *Alberta Utilities Commission Act*. The mandate of the MSA is to carry out surveillance in respect of the Alberta electricity markets and the Alberta retail gas market to ensure they operate in a fair, efficient, and openly competitive manner. The scope of the MSA’s legislative mandate includes the enforcement of ISO rules and reliability standards effective in Alberta. Under rules established by the AUC, the MSA may issue specified penalties for contravention of ISO rules

or reliability standards or may request a hearing or other proceeding before the AUC to seek an administrative penalty or other relief. The MSA's mandate of enforcement for both ISO rules and Alberta reliability standards extends to Alberta market participants and the AESO.

The following table identifies the provincial organizations responsible for each of the functions that underpin the framework for monitoring and enforcing compliance with reliability standards in the province, and the U.S. organizations that support this framework. It also identifies the U.S. organizations that are involved in standards development, monitoring and enforcing compliance with reliability standards in the U.S.

FUNCTIONS		PROVINCIAL ORGANIZATION	RELEVANT US ORGANIZATION	US COMPARATOR
STANDARDS MAKING	Standards Approval	AUC <sup>(1)</sup>	Not Applicable	FERC
	Standards Development	AESO <sup>(1)</sup>	NERC (1)	NERC, WECC
	Entity Registration	AESO <sup>(2)</sup>	Not Applicable	NERC and WECC in their respective roles
COMPLIANCE MONITORING	Compliance Monitoring and Violation Detection	AESO/MSA <sup>(3)(5)(6)</sup>	WECC (3)	NERC and WECC in their respective roles, FERC
ENFORCEMENT PROCESSES	Execution of Investigations	AESO/MSA <sup>(7)</sup>	Not Applicable	NERC and WECC in their respective roles, FERC
	Violation Determination and Sanction Imposition	MSA <sup>(8)(9)(10)</sup>	Not Applicable	NERC, WECC, FERC
VIOLATION PREVENTION AND OUTREACH	Violation Prevention, Outreach, including education	AESO/MSA <sup>(4)</sup>	NERC and WECC	NERC, WECC, FERC
APPEALS	First Right of Appeal	AUC <sup>(11)</sup>	Not Applicable	NERC
	Second Right of Appeal	Review and Variance application to the AUC <sup>(12)</sup>	Not Applicable	FERC

FUNCTIONS		PROVINCIAL ORGANIZATION	RELEVANT US ORGANIZATION	US COMPARATOR
	Third Right of Appeal	Court of Appeal of Alberta <sup>(13)</sup>	Not Applicable	US Court of Appeals
OVERSIGHT	Approval of Alberta's Rules of Procedure	Not Applicable	Not Applicable	FERC
	Approval of Alberta's Compliance Monitoring Plan	AESO <sup>(5)</sup> /MSA <sup>(6)</sup>	Not Applicable	NERC and WECC
	Performance Oversight of CMP	AESO <sup>(5)</sup> /MSA <sup>(6)</sup>	Not Applicable	NERC BOT CC
	Violation Prevention and Outreach	AESO/MSA	NERC and WECC	NERC and WECC in their respective roles, FERC

## TABLE DEFINITIONS

### PROVINCIAL ORGANIZATION

The Alberta organization accountable and responsible for performing the function according to provincial legislation for matters concerning Alberta entities.

### RELEVANT US ORGANIZATION

The US organization engaged to perform the function according to an executed Memorandum of Understanding for matters concerning Alberta entities.

### US COMPARATOR

The US organization that is responsible for performing the functions according to US law.

## TABLE NOTES

### (1) ELECTRIC RELIABILITY ORGANIZATION

Pursuant to section 20 of the Alberta *Transmission Regulation*, NERC is recognized as the Electricity Reliability Organization (“ERO”) in Alberta. NERC reliability standards are assessed by the AESO to

determine whether they are capable of applying in Alberta and to 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 electricity market or capacity market.

## (2) ENTITY REGISTRATION

Market participants have a duty to comply with Alberta reliability standards that are applicable to them under the Electric Utilities Act. The AESO maintains a registry that is used to administer the compliance monitoring program, including scoping and scheduling of monitoring activities. However, even a market participant that is not registered must comply with the applicable Alberta reliability standards. The AESO bases registration on the Alberta Reliability Standards Functional Model and Criteria for Registration which maps Alberta market participant roles to the AESO functional model roles.

## (3) COMPLIANCE ACCOUNTABILITY

The Alberta Transmission Regulation mandates that the AESO monitor the compliance by market participants with Alberta reliability standards. Further to the MSA's mandate under the Alberta Utilities Commission Act, the MSA oversees compliance of the AESO in respect of Alberta reliability standards applicable to the AESO. The MSA has entered into a services agreement with WECC such that WECC conducts compliance monitoring of the AESO under the auspices of the MSA.

## (4) PREVENTION AND OUTREACH

The AESO conducts periodic stakeholder meetings for the purpose of updating entities on Alberta reliability standard development activities and changes to the compliance monitoring program. In addition, the MSA provides guidance on compliance trends and expectations via its compliance reporting activities.

## (5) MONITORING

The AESO has established the Alberta Reliability Standards Compliance Monitoring Program ("CMP") and associated processes and procedures for monitoring Alberta market participants. The AESO oversees performance of the CMP.

## (6) MONITORING

The MSA is the compliance monitor with respect to the AESO. In this regard, the MSA has entered into a service agreement with WECC to conduct compliance monitoring of the AESO under the auspices of the MSA including self-certification and compliance audits. Under the services agreement, WECC assists the MSA in the development of an Implementation Plan annually. The Implementation Plan is applicable solely to the AESO and is subject to MSA approval and oversight.

## (7) INVESTIGATIONS

The AESO and WECC (as applicable) are required to refer suspected contraventions of Alberta reliability standards to the MSA for disposition. The MSA may also investigate and make its own independent conclusions for violation determinations and sanctions for all Alberta entities, including the AESO.

#### (8) VIOLATION DETERMINATION AND SANCTION IMPOSITION

MSA makes violation and sanction determinations for all Alberta entities and the AESO. In accordance with AUC rules, the MSA may issue a notice of specified penalty for contravention of an Alberta reliability standard. Alternatively, the MSA may seek an administrative penalty before the AUC or other relief. The maximum administrative penalty amount is \$1,000,000 per day on which the contravention occurs or continues.

#### (9) VIOLATION DETERMINATION AND SANCTION IMPOSITION

NERC and WECC have no authority to impose sanctions on Alberta entities or the AESO.

#### (10) PUBLIC DISCLOSURE

In the event that the MSA issues a notice of specified penalty for contravention of a reliability standard, the name of the responsible entity is made public on the MSA website in accordance with AUC rules. A copy of the notice of specified penalty issued to the entity is typically the form of disclosure. In the event of an administrative proceeding before the AUC, the outcome of the proceeding is made public in an AUC decision.

#### (11) APPEALS TO MSA DETERMINATIONS

If a registered entity or the AESO fails to pay or disputes a specified penalty issued by the MSA, the MSA is required to notify the AUC and request a hearing. The AUC may confirm or rescind the notice of specified penalty or may impose an administrative penalty.

#### (12) REVIEW OF AUC DECISIONS

A registered entity or the AESO may seek application to review and vary a decision of the AUC.

#### (13) APPEAL OF AUC DECISIONS

A registered entity or the AESO may seek leave to appeal a decision of the AUC with the Court of Appeal of Alberta.