



Compliance Review 2011

February 9, 2012

The Market Surveillance Administrator is an independent enforcement agency that protects and promotes the fair, efficient and openly competitive operation of Alberta's wholesale electricity markets and its retail electricity and natural gas markets. The MSA also works to ensure that market participants comply with the Alberta Reliability Standards and the Independent System Operator's rules.

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Executive Summary

- Continued growth in self reporting significantly increased ISO rules matters addressed from 141 in 2010 to 248 in 2011. The MSA attributes the increase to vigilance on behalf of participants in proactively identifying and reporting suspected contraventions through self-monitoring.
- Despite another substantial year over year increase in files reviewed, average time to resolution of compliance matters remained comparable to 2010 levels.
- The MSA issued 35 notices of specified penalty totaling \$69,750 as compared to 46 notices of specified penalty totaling \$75,000 in 2010¹.
- Of the 35 notices of penalty issued in 2011, none were disputed or remained unpaid.
- One MSA application was filed before the AUC for approval of a negotiated settlement during 2011. The negotiated settlement for \$2,000 received AUC approval.
- The MSA addressed an additional 51 Alberta Reliability Standards matters in 2011.
- The MSA received the first referrals from AESO of reliability standards matters in Q4/11. These matters remained under review at the end of 2011.
- WECC on behalf of the MSA carried out a reliability audit of the AESO during Q4/11 revealing no material concerns.

1 Introduction

The mandate of the Market Surveillance Administrator (“MSA”) includes enforcement with respect to both ISO rules and Alberta Reliability Standards (“ARS”). The MSA administers part of an interrelated process which includes the involvement of the Alberta Electric System Operator (“AESO”), and the Alberta Utilities Commission (“AUC or Commission”). The AESO has a mandate to monitor the market. Suspected non-compliance discovered through monitoring activities is referred to the MSA for possible enforcement action. Participants can also self disclose events of non-compliance. Finally the AUC is the adjudicator to approve the final resolution of compliance matters. AUC Rules facilitate the ability of the MSA to issue notices of specified penalty without further adjudication; however, participants have the ability to dispute such penalties before the AUC. Together this joint process promotes compliance with market rules and standards toward a well functioning market.

This report is prepared as part of the MSA’s commitment to transparency and to assist market participants and stakeholders in achieving a culture of compliance. The report summarizes MSA compliance related activities during 2011 including various metrics readers should find informative regarding the range of compliance matters addressed and their outcomes. Through the year, interim compliance reporting and commentary appears in the MSA quarterly reports.

This report is organized as follows:

Section 2 provides an overview of key developments affecting compliance enforcement during 2011.

Section 3 provides a description of ISO rules compliance matters dealt with in 2011.

¹ A set of 332 notices of specified penalty totaling \$655,000 was also issued to a single participant during 2010. These have been excluded due to their unique circumstances and to allow meaningful comparability.

Section 4 provides a description of Alberta Reliability Standards matters dealt with in 2011.

Section 5 provides an outlook for 2012 MSA compliance priorities.

2 Statutory Developments

After a busy year for compliance in 2010 implementing and adapting to various procedural changes, 2011 saw fewer statutory developments affecting ISO rules and reliability standards compliance enforcement. In July 2011, the AUC released Bulletin 2011-17 inviting comments from market participants and interested parties regarding proposed changes to AUC Rule 019. The MSA made a submission in this consultation process in support of broadening the applicability of the specified penalties framework to additional ISO rules on the basis of regulatory efficiency. In December 2011, the AUC released Bulletin 2011-28 approving amendments to Rule 019. Changes to the penalty tables are as follows:

Category 1

Additions: 6.5.3 (moved from category 2), 9.1.2, 9.1.3, 9.1.5, 303.1, 502.4, OPP 601

Deletions: 4.2, 4.3, 4.4, 4.5, 4.6 (net settlement rules), OPP 003.3 (rule withdrawn)

Category 2

Additions: 3.6.2, 3.6.3, 5.2

Deletions: 6.5.3 (moved to category 1), 10.10

Category 3

No changes

In November 2010, the AUC released Bulletin 2010-33 to initiate a consultation process regarding MSA settlement agreements filed with the AUC for approval under s. 51(1)(b) of the AUCA. The scope of this consultation was to review issues arising from prior settlement agreement filings by the MSA where the MSA and the participant sought to protect confidentiality of the settlement agreement until the Commission approved the settlement and if not, to withdraw the application. In these cases, the basis of the request for confidentiality was that the applications contained commercially sensitive or privileged information.

In October 2011, the AUC released Bulletin 2011-22 which provided the Commission's policy views on a range of issues relating to the confidentiality of settlement agreements. Bulletin 2011-22 also introduced an optional expedited process for settlement approvals in which the Commission would hold an oral hearing to hear the application within two business days of monthly specified dates for expedited applications.

At its discretion, the MSA can file a settlement agreement in the normal manner or choose to file as an expedited matter.

3 ISO rules Enforcement

3.1 ACTIVITY LEVELS – ISO RULES ENFORCEMENT

As shown in Figure 1, the MSA addressed a total of 248 files in 2011, either through non administrative or administrative means. An additional 14 files remained under review at the end of 2011. Of the 244 files dealt with through non administrative means during 2011, 35 resulted in a notice of specified penalty² and 209 files resulted in forbearance. The issuance of fewer specified penalties in 2011 relative to files reviewed can be attributed to the substantial increase in self reported matters³. Two of the remaining files were addressed through administrative means resulting in 1 AUC approved administrative settlement in respect of ISO rules compliance. The other 2 files which potentially contained numerous contraventions of ISO Rule 3.5.3 were initially flagged for administrative penalty. Ultimately these two files were resolved by the participant offering the asset as a long lead time asset during overnight hours. Due to the unique nature of these two files, they are excluded from the statistical reporting unless noted otherwise. As in 2010, no participants disputed or failed to pay a notice of specified penalty in 2011.

For comparison purposes, in 2010, 141 files were addressed with 46 files resulting in a notice of specified penalty. In addition, 79 files resulted in forbearance, 13 remained under review and 10 were addressed through administrative means resulting in 7 AUC approved administrative settlements. Six additional files were resolved with the issuance of 332 notices of specified penalty. 2010 also saw a substantial year over year file increase with 101 files addressed in 2009 resulting in 57 notices of specified penalty, 35 matters receiving forbearance, 16 files pursued for administrative penalties, and 16 files under review at year end. Figure 1 also demonstrates efficiency of the compliance process in 2011 in addressing 107 more files without carrying forward a growing inventory of unresolved matters.

² For purposes of this document specified penalties are distinguished from administrative penalties issued by the AUC.

³ The MSA compliance process assures forbearance where self reported matters satisfy stated criteria.

Figure 1 – Comparison of Addressed ISO Rule Files

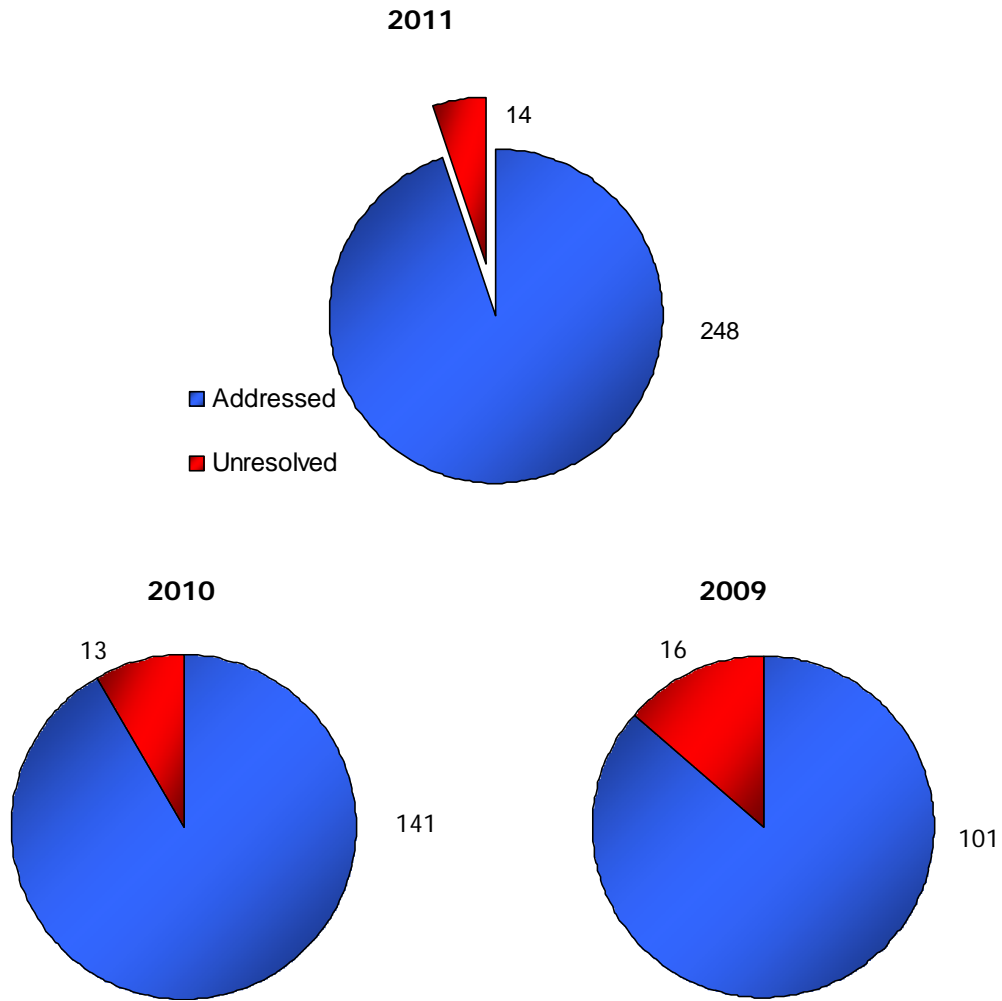
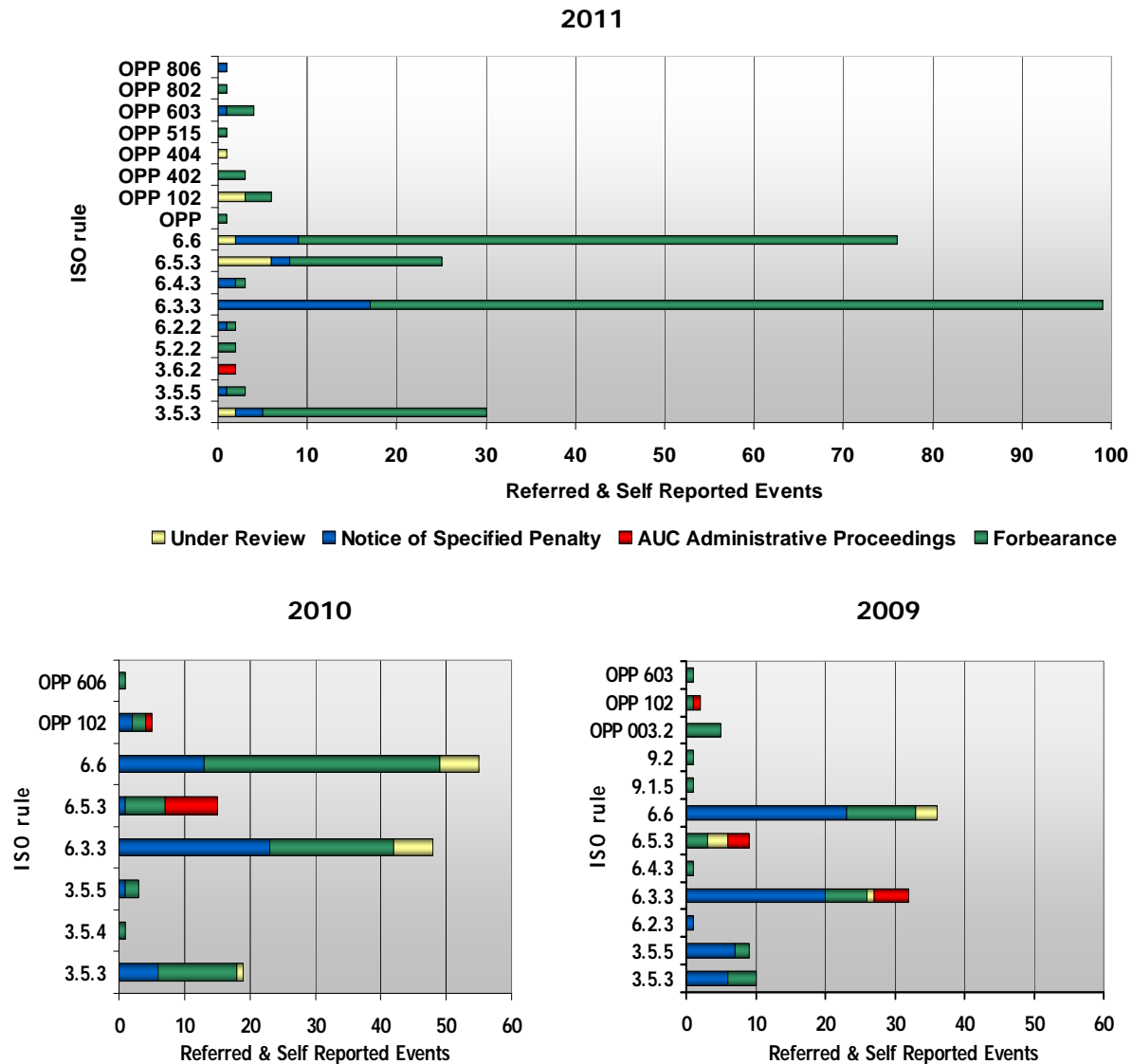


Figure 2 provides a break down by rule of the MSA’s ISO rules compliance activities during 2009, 2010 and 2011. In 2011, 17 different ISO rules were addressed either through referral or self-report as compared to 8 in 2010 and 12 in 2009. The MSA believes this increase can be attributed to the greater comfort of market participants with self reporting along with the AESO broadening the scope of rules currently monitored. Figure 2 also demonstrates the significant increase in ISO Rule 6.3.3 related matters which doubled compared to the previous year.

Figure 2 – Compliance Files addressed by ISO rule



The monitoring of ISO rules continues to be a collaborative process between the AESO, the MSA, and market participants through their efforts to self monitor and report. Historically, the majority of suspected ISO rule contraventions were referrals to the MSA from the AESO. However through the last two years the majority of contraventions have been self reported by market participants; a trend prompted by self reporting incentives implemented by the MSA during 2010. The MSA may also identify and pursue rule contraventions from its own internal market monitoring activities and co-ordinate with AESO compliance monitoring in any such cases to avoid duplication of effort.

Market participants should be aware that discrepancies will result from the different ways in which the AESO and MSA track compliance matters and construct compliance metrics that are not solely due to the existence of self reports. When the MSA receives a referral or a self report the MSA assigns a file number. A single referral or self report may include a number of suspected contraventions. Should a referral / self

proceeding (financial penalties totaling \$ 2,000) during 2011. The low number of administrative penalties associated with MSA settlement agreements is indicative of two factors – in 2011 no self reported or referred rules compliance matters were found by the MSA to warrant the pursuit of a substantial administrative penalty, and secondly, there were fewer circumstances in which the MSA needed to pursue a settlement agreement only because the ISO rule at issue was not eligible for a specified penalty. The MSA believes this is a demonstration of process efficiency insofar as rule additions to the specified penalties matrix have expanded the scope to expedite compliance matters where the MSA does not believe a more involved process is warranted.

Table 2 - Notices of Specified Penalty and Administrative Penalties Issued in 2011 for Contravention of ISO Rules

Market Participant	Rule	Number of Breaches	Total Specified Penalties	Total Administrative Penalties
Air Liquide Canada Inc.	6.6	1	\$ 2,500	
Air Liquide Canada Inc.	3.5.5	1	\$ 500	
AltaGas Ltd	3.5.3	1	\$ 500	
ATCO Power (Poplar/Rainbow)	6.4.3	2	\$ 1,000	
Capital Power Energy Marketing	6.3.3	5	\$ 12,750	
Cenovus FCCL Ltd.	6.6	2	\$ 4,000	
Encana Power and Processing ULC	6.5.3	1	\$ 250	
MEG Energy Corp.	6.6	1	\$ 1,500	
Milner Power Limited Partnership by its General Partner Milner Power Inc.	3.5.3	1	\$ 500	
Milner Power Limited Partnership by its General Partner Milner Power Inc.(Decision 2011-430)	3.6.2	2		\$ 2,000
Morgan Stanley Capital Group	6.3.3	6	\$ 22,000	
Nexen Inc	6.6	1	\$ 1,500	
Nexen Inc/Encana Corp	OPP 603	1	\$ 500	
Powerex Corp.	6.3.3	3	\$ 7,000	
Shell Energy North America	6.3.3	2	\$ 1,000	
Suncor Energy Inc	6.6	1	\$ 750	
Syncrude Canada Ltd.	6.6	1	\$ 10,000	
TransAlta Corporation	6.2.2	1	\$ 500	
TransAlta Corporation	OPP 806	1	\$ 500	
TransAlta Generation Partnership	6.5.3	1	\$ 500	
TransCanada Energy Ltd	3.5.3	1	\$ 500	
TransCanada Energy Sales Ltd	6.3.3	1	\$ 1,500	
Totals		35	\$ 69,750	\$ 2,000
		2		

3.2 PERFORMANCE MEASURES - 2011 COMPLIANCE ACTIVITIES

Suspected contraventions of ISO rules typically follow the MSA's expedited process provided that the ISO rule at issue is eligible for a specified penalty in AUC Rule 019. In cases where the ISO rule at issue is not eligible for a specified penalty or when the MSA believes a matter is more appropriately addressed through an administrative process, an extended review process is applied leading either to a negotiated

settlement or to an application for hearing before the AUC. In either circumstance, the outcome is at the discretion of the AUC.

During 2011, for matters following the expedited process for specified penalties, the processing of a suspected contravention concluded on average within 58 days of the event (event date to the date of letter issuance of either a specified penalty or a forbearance letter). That total is broken down into an average of approximately 33 days from the date of the event to the date of referral by the AESO (or date of self report) (vs. 52 days in 2010 and 83 days in 2009) and 25 days from the time the MSA received a referral from the AESO (or self report) to the date of issuance (vs. 24 days in 2010 and 50 days in 2009).

On average, compliance matters resulting in the issuance of a notice of specified penalty (139 days) took approximately 14 weeks longer than matters concluding with a notification of forbearance (44 days). Most of this difference is attributable to the turn around time of self reports

The difference between the average (mean) and median time for addressing a file was smaller in 2011 compared to 2010, (58 days vs. 44 days, compared to 76 days vs. 42 days in 2010). This change can be attributed to the MSA's efforts to ensure the majority of self reported events reached completion within 30 days of receipt and also due to the substantial increase in the number of matters self reported. Overall, in 2011, 83% of matters were resolved by the MSA within 30 days of receipt. While, 91% of self reported matters were concluded within 30 days of receipt as compared to 78% in 2010 and 24% in 2009 resulting in a substantial improvement in timeliness. Time taken to bring a matter to resolution is a function of the complexity of the suspected contravention, how the matter is received, and the applicable process.

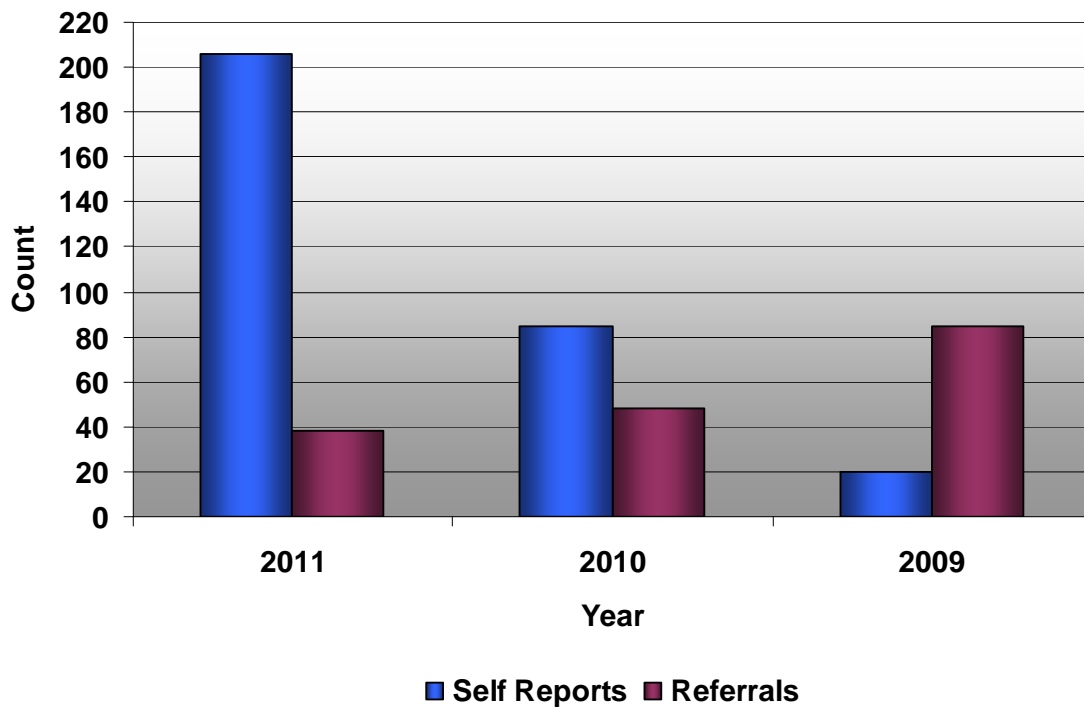
Table 3 provides a more detailed segmentation of 2011 processing metrics by ISO rule. Given the small number of compliance matters associated with some rules during 2011, relative differences should be interpreted with caution. The MSA believes learning economies for more frequently contravened rules has contributed to greater process efficiency (i.e. the typical processing time for the MSA diminishes the more breaches we see of a given type) but this is not obvious even in the disaggregated statistics presented below. The metrics shown in Table 3 include both referrals from the AESO and self reports received directly from market participants.

Table 3 – 2011 Timeliness of Compliance Event Resolution (Average Days)

	Event Date to Referral Date [A]			Referral Date to Issuance Date [B]			Event Date to Issuance Date [C] = [A] + [B]		
	NSP	Forbearance	All files	NSP	Forbearance	All files	NSP	Forbearance	All files
3.5.3	60.3	29.5	32.8	47.3	28.2	30.3	107.7	57.7	63.1
3.5.5	109.0	11.5	44.0	35.0	28.0	30.3	144.0	39.5	74.3
3.6.2	15.0	19.0	17.7	28.0	25.5	26.3	43.0	44.5	44.0
5.2.2	N/A	30.0	30.0	N/A	23.0	23.0	N/A	53.0	53.0
6.2.2	67.0	8.0	37.5	53.0	25.0	39.0	120.0	33.0	76.5
6.3.3	116.8	18.6	35.5	28.5	21.6	22.8	145.4	40.1	58.2
6.4.3	121.0	30.0	90.7	30.0	23.0	27.7	151.0	53.0	118.3
6.5.3	94.5	16.9	25.1	37.0	24.8	26.1	131.5	41.6	51.1
6.6	81.6	22.8	28.4	43.0	21.8	23.8	124.6	44.6	52.2
OPP 003.2	N/A	4.0	4.0	N/A	23.0	23.0	N/A	27.0	27.0
OPP 102	N/A	13.7	13.7	N/A	29.0	29.0	N/A	42.7	13.7
OPP 402	N/A	28.0	28.0	N/A	24.7	24.7	N/A	52.7	52.7
OPP 515	N/A	44.0	44.0	N/A	27.0	27.0	N/A	71.0	71.0
OPP 603	146.0	28.0	57.5	49.0	14.0	22.8	195.0	42.0	80.3
OPP 802	N/A	43.0	43.0	N/A	23.0	23.0	N/A	66.0	66.0
OPP 806	124.0	N/A	124.0	35.0	N/A	35.0	159.0	N/A	159.0
Average	103.3	21.4	33.2	35.3	22.8	24.7	138.5	44.2	57.9

Figure 3 presents the number of self reported compliance matters as compared to the number of AESO referrals in 2009, 2010 and 2011. 2011 witnessed a dramatic increase in self reported contraventions which jumped from 85 self reported matters in 2010 to 206 self reported matters in 2011.

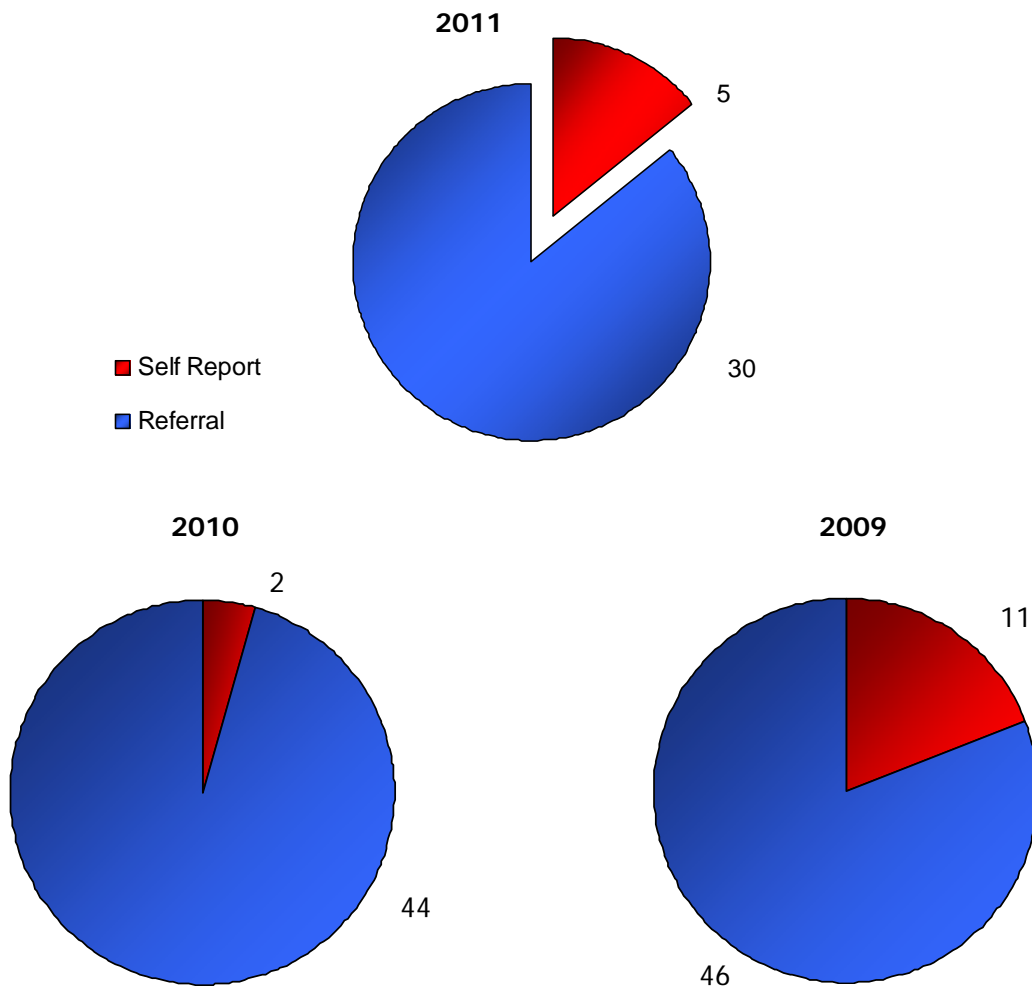
Figure 3 - Self reports vs. AESO referrals by year



Of the 206 self reports processed in 2011, 201 resulted in a forbearance letter and 5 resulted in notices of specified penalty. The five self reported matters receiving a specified penalty, were either deemed to be more serious in nature or indicative of a recurring problem. Self reports of rules compliance matters were distributed across 34 market participants⁴. Figure 4 shows notices of specified penalty issued in each of the last three years, by method of reporting.

⁴ For purposes of this calculation, self reports were aggregated by market participant name.

Figure 4 – Notices of Specified Penalty by method of reporting



3.3 2011 COMPLIANCE TRENDS

As has been the case in the last two years, the majority of the notices of specified penalty issued in 2011 concerned two ISO rules: rule 6.6, and rule 6.3.3. Forty-nine percent of the notices of specified penalty and 39 percent of self reported files concerned ISO rule 6.3.3. Additionally, 20 percent of the notices of specified penalty and 33 percent of self reported files concerned ISO rule 6.6.

3.3.1 ISO rule 6.3.3

Rule 6.3.3 - Interconnection Dispatching, describes the conduct expected of importers and exporters when scheduling and offering (bidding) an import (export). As can be seen in Figure 2, the overall number of 6.3.3 related matters increased substantially in 2011, however, fewer matters were referred by the AESO in 2011 as compared to 2010 and all of the increase was attributed to self reporting. The MSA issued 17 notices of specified penalty for contraventions of ISO rule 6.3.3 in 2011. Of these 17 notices of specified penalty, 7 were issued for contraventions where the sum of e-tag quantities did not correspond to the Available Capability (AC) declared at T-2 for the import or export asset. The remaining 10 notices of specified penalty were issued for contraventions where the AC was restated up or down within the T-2 window.

Non-compliance with this rule often stems from transmission curtailment along the intended path. Participants schedule an intended import or export and submit an associated energy market offer to the AESO. Subsequently, near to real time or within the delivery hour, one or more electronic tags representing the intended flow for the intended hour, is curtailed due to a transmission constraint. Operationally, the curtailed intertie schedule will proceed based upon approved e-tags, however, participants may miss restating energy market offers in order to align offers with the sum of e-tag quantities for the curtailed schedule or due to human error, a participant may make an error by restating an adjacent settlement interval having the same intended schedule. The frequency of transmission curtailments in recent years appears to be a contributing factor to more frequent contraventions of this rule. The MSA recommends that the AESO consider whether e-tag curtailments could automatically adjust participant offers.

3.3.2 ISO rule 6.6

Given the quantity of dispatches issued to market participants in every hour of every day, it is not surprising that rule 6.6 would contribute a significant weighting of ISO rules compliance matters addressed by the MSA. While the number of rule 6.6 related compliance matters has grown in each of the last two years, this growth has been driven by self reporting and is not necessarily indicative of greater non-compliance concerns in this area. In fact, the MSA issued just 7 notices of specified penalty for ISO rule 6.6 contraventions in 2011 which was down from 13 issued in 2010 and 24 notices of specified penalty issued in 2009. Of the 7 matters addressed through notices of specified penalty, 2 contraventions occurred from generating outside the allowable dispatch variance (ADV) in steady state (rule 6.6.2); 4 contraventions occurred from failure to move toward the new dispatch level within 10 minutes (rule 6.6.3); and the remaining contravention was due to a failure to ramp within the required parameters (rule 6.6.3). The MSA observes that participants are conservatively self reporting even marginal non-compliance to assure forbearance.

3.3.3 Increase in the Variety of Rules Contravened

As noted previously, 17 different ISO rules were either referred or self-reported in 2011 compared to 8 in 2010 and 12 in 2009. The MSA believes this increase is due to market participants greater comfort with self reporting along with the AESO broadening the scope of rules currently monitored. Contraventions referred by the AESO included: OPP 803, OPP 603, OPP 102, ISO Rules, 6.6, 6.4.3, 6.3.3, 6.2.2, 3.6.3, 3.5.5, and 3.5.3.

3.4 ADMINISTRATIVE PROCEEDINGS

During 2011 the AUC rendered one decision approving a negotiated settlement between the MSA and a market participant regarding an ISO rules compliance matter. This application was filed as per s. 44 of the *Alberta Utilities Commission Act* (“AUCA”).

The above noted matter related to ISO rule 3.6.2 and was dealt with through administrative means solely because a specified penalty was not defined for this rule. In 2010, 6 out of the 7 AUC approved settlement agreements related to ISO rule 6.5.3 – Ancillary Service Expectations. ISO rule 6.5.3 was included in the AUC rule 019 penalty tables effective May 1, 2010 and accordingly, the MSA has had the ability to issue notices of specified penalty in relation to contraventions of this rule.

4 Alberta Reliability Standards Enforcement

AESO efforts continued during 2011 to review and evaluate additional NERC standards for applicability in Alberta and to file such standards with the AUC for approval as applicable or not applicable in Alberta. As at the end of 2011, the AUC had approved 40 reliability standards as applicable in Alberta - 10 of which are applicable to registered entities other than the AESO and 39 of which are applicable to the AESO itself. No new standards came into effect during 2011. The 6 standards approved during 2011 become effective later in 2012 and are applicable only to the AESO.

4.1 MONITORING AND ENFORCEMENT FOR REGISTERED ENTITIES

In Alberta, the AESO Functional Model describes the various recognized entity types based upon a set of functional entity definitions. The functional entity type then relates to which Alberta Reliability Standards the entity will be monitored against. The AESO is the compliance monitor with respect to registered entities and carries out its compliance monitoring mandate via ISO rule 12 and the AESO Compliance Monitoring Plan (CMP). As described in the AESO CMP, suspected contraventions of reliability standards are referred to the MSA per s. 52(1) of the *Alberta Utilities Commission Act* (AUCA).

4.2 MONITORING AND ENFORCEMENT FOR AESO

The MSA is responsible for enforcement regarding compliance with Alberta Reliability Standards by the AESO and all other Alberta Registered Entities. While compliance monitoring of non-AESO Registered Entities is conducted by the AESO through its functional model and related processes, compliance monitoring of the AESO itself is carried out by the MSA with assistance of WECC⁵

In 2010, the MSA and WECC jointly developed an implementation plan for reliability standards monitoring of the AESO effective for compliance monitoring during 2011. The implementation plan directed the AESO to self certify compliance to the ARS it is subject to in accordance with Cycle 2 of the self certification calendar contained in the AESO CMP. The implementation plan also prescribed a reliability standards audit of the AESO conducted by WECC during 2011. In accordance with the

⁵ The MSA and WECC formalized this arrangement in a Services Agreement dated April, 2010.

implementation plan, WECC audit staff carried out on-site audit procedures at the AESO during October. Audit results were reported by WECC to the MSA in December 2011 and revealed a high level of preparedness and cooperation by the AESO with only one open compliance matter (self reported) having an associated mitigation plan in progress which has subsequently been completed.

The implementation plan was recently amended for effect in 2012 and issued to the AESO. Based upon the compliance audit carried out in 2011, the next AESO reliability audit is tentatively scheduled for 2014. In 2012, the AESO will continue to self certify compliance with all standards applicable to itself in Cycle 2 of the AESO self certification calendar.

4.3 ACTIVITY LEVELS - ARS

Matters concerning Alberta Reliability Standards (ARS) continued to grow in 2011 with 51 files which was nearly double the number of files from 2010 (27). The increase in the number of matters can be attributed to an increase in self reports and the commencement of the AESO's audit program. 48 of the matters were self reported and 3 new contraventions were referred by the AESO. In addition to the 3 new suspected contraventions the AESO also referred other previously self reported matters where audit findings validated the self reported facts and revealed no new non-compliance. To avoid double counting of the same contraventions, the MSA will add the AESO's audit report findings to previously self reported matters. If the AESO's findings are different from the previously self reported facts, the MSA may re-open a previously self reported contravention. The matters referred by the AESO remained under review at 2011 year end.

As shown in Table 4, 19 of the 51 ARS matters concerned CIP-001-AB-1: Sabotage Reporting and an additional 19 matters involved PRC-001-AB-1: Protection System Coordination. As in 2010, the majority of the CIP-001-AB-1 related matters involved existing written procedures requiring revision in order to be fully compliant with the standard. Many entities had pieces of the relevant procedures in place. The PRC-001-AB-1 contraventions included matters involving failure to satisfy training requirements or failure to notify the AESO in the required time as per R2.1 and R3.1.

Of the 6 PRC-004-AB-1 related self reports, 5 were determined not to be a contravention of this standard. The other matter remains under review at this time. Each of the 6 self reports indicated a suspected contravention on the basis that there were no internal procedures in place for this standard. PRC-004-AB-1 is an event based standard and does not explicitly require supporting procedures. Thus, the MSA believes not having a procedure in this case does not constitute a contravention, however, should an event occur, a registered entity runs an elevated risk of a contravention if no related procedure exists. The MSA believes registered entities are well served to develop supporting procedures for event based standards however self reporting the absence of such procedures is not required.

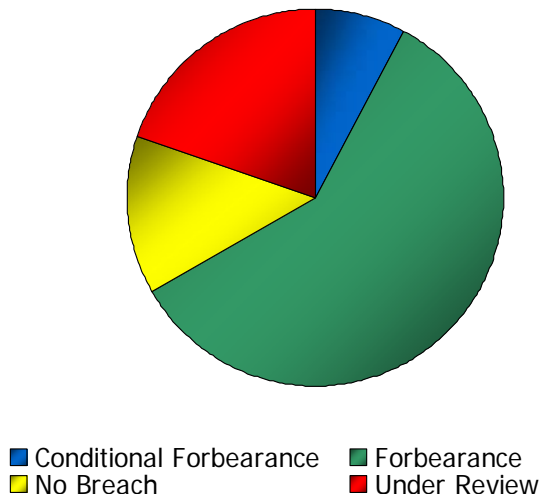
Table 4: Alberta Reliability Standard Self Reports by Standard as of the end of 2011

Alberta Reliability Standard	Count
CIP-001-AB-1	19
EOP-003-AB-1	1
EOP-004-AB-1	1
FAC-003-AB-1	2
INT-003-AB-2	1
PRC-001-AB-1	19
PRC-004-AB-1	6
TOP-005-AB-1	1
TPL-003-AB-0	1
Total	51

All ARS events in 2011 had one of three outcomes:

- Conditional forbearance pending completion of an a mitigation plan accepted by the MSA
- Forbearance
- Finding of no breach

Figure 5: Alberta Reliability Standard Self Report Outcomes



Four of the 51 events received conditional forbearance pending the completion of a mitigation plan. In addition, 30 matters received forbearance with no conditions while 7 matters received a finding of no breach and 10 matters remained under review. The quality of mitigation plans submitted to the MSA ranged from exceptional to inadequate but was considered high on average. In the small number of cases where a submitted plan was considered inadequate, the MSA provided feedback to the party and in each case, a revised plan was accepted.

In certain cases reviewed in 2011, it was apparent that the registered entity had delegated compliance responsibility to individual facilities. The MSA is of the view that such decentralized compliance oversight is less consistent and effective than a compliance program implemented at the corporate level.

5 Outlook

In its 2010 Compliance Review, the MSA introduced an initiative to develop a strategic enforcement plan. The dramatic increase in the compliance work flow through 2011, challenged the achievement of this initiative; however, through the course of 2011, the MSA has developed some views regarding strategic enforcement and wishes to test them with stakeholders during Q1/12 through a consultative process. Any material changes arising from this process will be noted in MSA quarterly reporting.

References

AESO

ISO rules

<http://www.aeso.ca/rulesprocedures/9050.html>

Alberta Reliability Standards

<http://www.aeso.ca/rulesprocedures/17004.html>

Alberta Reliability Standards Compliance Monitoring Program

http://www.aeso.ca/downloads/ARS_CMP_Final_v1.1.pdf

Alberta Utilities Commission

AUC Consultation on Market Surveillance Administrator Settlement Agreements

<http://www.auc.ab.ca/news-room/bulletins/Bulletins/2011/Bulletin%202011-22.pdf>

AUC Rules

<http://www.auc.ab.ca/acts-regulations-and-auc-rules/rules/Pages/default.aspx>

Legislation

Alberta Utilities Commission Act

http://www.qp.alberta.ca/574.cfm?page=A37P2.cfm&leg_type=Acts&isbncln=9780779751396

Electric Statutes Amendment Act (2009)

http://www.qp.alberta.ca/546.cfm?page=CH44_09.CFM&leg_type=fall

MSA

MSA Compliance Process

<http://albertamsa.ca/uploads/pdf/Compliance/Compliance%20Process%20102510.pdf>

MSA Compliance Review 2010

<http://albertamsa.ca/uploads/pdf/Compliance/2011/Reports/Compliance%20Review%202010%2020411.pdf>

MSA WECC Services Agreement

<http://albertamsa.ca/index.php?page=notice-re-msa-wecc-services-agreement---monitoring---reliability-standards-compliance>

MSA Quarterly Reports

<http://albertamsa.ca/index.php?page=quarterly-reports>



The Market Surveillance Administrator is an independent enforcement agency that protects and promotes the fair, efficient and openly competitive operation of Alberta's wholesale electricity markets and its retail electricity and natural gas markets. The MSA also works to ensure that market participants comply with the Alberta Reliability Standards and the Independent System Operator's rules.