

August 13, 2026

MSA comments regarding the proposed amended definition of “inflexible block”

The MSA provides the following comments on the AESO’s proposed amended definition of “inflexible block” in the ISO Rules, as outlined in a stakeholder engagement session on July 29, 2026.¹

The MSA continues to support Option 1: that the use of inflexible blocks be limited to the management of physical or operational constraints. This option is consistent with the MSA’s recommendation in the Wholesale Market Report for Q1 2025.²

Inappropriate use of inflexible blocks is inconsistent with the statutory framework

Section 2 of the *Fair, Efficient and Open Competition Regulation* (FEOC Regulation) sets out conduct that does not support the fair, efficient and openly competitive operation of the electricity market. The use of inflexible blocks for an asset that is capable of operating flexibly conflicts with section 2(e) of the FEOC Regulation, which prohibits misrepresenting the capability or operating status of an asset.

Further, the use of inflexible blocks to circumvent the curtailment procedures approved by the Alberta Utilities Commission in section 202.5 of the ISO Rules, *Supply Surplus*, is at odds with section 2(l) of the FEOC Regulation, which prohibits carrying out actions to circumvent an ISO rule.³

The AESO’s proposed definition presents enforcement challenges

The AESO’s recommended definition, Option 3, limits the use of inflexible blocks to when “the pool participant is operating the pool asset to avoid continual energy production at levels within the MW range of the operating block.” This definition presents enforcement challenges.

In particular, the term “continual” is ambiguous. As set out in the stakeholder materials, assets will still operate within an inflexible block while ramping to a new dispatch level. Assets may also deviate in and out of an inflexible block while dispatched at a production level adjacent to the block, while within their allowable dispatch variance. An asset could also experience production within an inflexible block due to an operational deviation. It is unclear what threshold must be met

¹ [Proposed Amended Definition of "inflexible block" in the ISO Rules](#), AESO stakeholder presentation, July 29, 2026.

² [MSA Wholesale Market Report: Q1 2025](#), section 1.6.

³ [Fair, Efficient and Open Competition Regulation](#), AR 159/2009, section 2.

for production within the inflexible range to be deemed continual and what this implies for compliance with section 203.1 of the ISO Rules, *Offers and Bids for Energy*.

Inappropriate use of inflexible blocks may distort market outcomes

The AESO has highlighted the impact of inflexible blocks on curtailment outcomes during supply surplus events. The MSA acknowledges this issue, as outlined by the MSA in the aforementioned quarterly report. Further, the MSA stresses that accurate physical parameters are of critical importance to the effective operation of the power system in general, and that this will only increase under the Restructured Energy Market (REM).

Unlike the simple merit order dispatch in the current market, the dispatch algorithm under the REM will evaluate all possible solutions to find the overall lowest cost. Inflexible blocks limit the ability of the algorithm to access certain solutions, which may reduce the efficiency of the dispatch. Further, inflexible blocks cannot be dispatched up and down to serve a small increment of demand and, as a result, are typically not eligible to set the locational marginal price, distorting efficient price signals. This issue has been well established in electricity markets in the United States.⁴

Offers can accommodate legitimate commercial strategies without inflexibility

Some participants raised concerns that limiting the declaration of inflexible blocks will restrict their ability to reflect legitimate commercial strategies.⁵ The MSA disagrees and is of the view that reasons related to physical and operational constraints are sufficient to capture the flexibility characteristics of an asset that are consistent with good electric industry practice and with the clear language of the FEOC Regulation.

If a commercial strategy depends on the asset not receiving a partial dispatch but is unrelated to the operations of the asset, that strategy undermines efficiency and effective operations and need not be accommodated within the rule framework. Offer prices remain a viable tool for managing commercial considerations that are not related to physical or operational constraints.

Andrew Wilkins, Executive Director, Market Assessment, would be happy to make himself available to address any questions that the AESO may have regarding the comments above.

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⁴ See, for example, orders of the United States Federal Energy Regulatory Commission in respect of “fixed block” or “block-loaded” resources within NYISO ([161 FERC ¶ 61,294](#)), PJM ([161 FERC ¶ 61,295](#)), and SPP ([161 FERC ¶ 61,296](#)).

⁵ [Stakeholder Comments and AESO Response on the Development of Proposed Amendment to the Definition of “inflexible block” in the ISO Rules](#), posted May 29, 2026.