

NOTICE OF SPECIFIED PENALTY

Date of Issue: October 14, 2016

Payment Due Date: November 14, 2016

MSA File Number:	RS2016-072	Specified Penalty Amount:	\$ 2,250
Registered Entity Name:	Shell Canada Limited		
Reliability Standard :	VAR-002-WECC-AB-1	Self Report	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Requirement:	R1	Accepted Mitigation Plan:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Date of Referral/Self Report:	August 12, 2016	Date of Contravention:	April 1, 2013 to March 31, 2016

EVENT DETAILS

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Pursuant to the Alberta Electric System Operator (AESO) Alberta Reliability Standards 2016 – 2018 Audit schedule, the AESO conducted a scheduled Q2 2016 compliance monitoring audit of Shell Canada Limited. The applicable audit period with respect to VAR-002-WECC extended from April 1, 2013 to March 31, 2016. Based upon AESO audit findings, VAR-002-WECC was contravened in the following instances:

1. VAR-002-WECC-AB-1 R1. From April 1, 2013 to March 31, 2016, there is no evidence to demonstrate that the Caroline generating unit had the automatic voltage regulator in service and in voltage control mode for 98% of all operating hours.
R1 of the standard states:
Each operator of a **generating unit**, operator of an **aggregated generating facility** and operator of a **transmission facility** that operates a synchronous condenser, must have the **automatic voltage regulator** or **voltage regulating system** in service and in automatic voltage control mode for ninety-eight percent (98%) of all operating hours except that the operating hours determined in accordance with requirements R1.1 through R1.12 inclusive may be extended to achieve the ninety-eight percent (98%) requirement.
R1.1 The operating hours during which the generating unit, aggregated generating facility or synchronous condenser operates for less than five percent (5%) of all hours during any calendar quarter;
R1.2 The operating hours during which maintenance or testing on any of the foregoing was performed, up to a maximum of seven (7) calendar days per calendar quarter;
R1.3 The operating hours during which the automatic voltage regulator or voltage regulating system exhibits instability due to an abnormal system configuration;
R1.4 The operating hours, up to a maximum of sixty (60) consecutive days per incident, during which the automatic voltage regulator or voltage regulating system is out of service for repair due to component failure;
R1.5 The operating hours, up to a maximum of twelve (12) consecutive months, during which the automatic voltage regulator or voltage regulating system had a component failure, provided the operator of a generating unit, operator of an aggregated generating facility or operator of a transmission facility submitted documentation to the ISO identifying the need for time to obtain replacement parts and, if required, to schedule an outage;
R1.6 The operating hours, up to a maximum of twenty-four (24) consecutive months during which the automatic voltage regulator or voltage regulating system had a component failure, provided the operator of a generating unit, operator of an aggregated generating facility or operator of a transmission facility submitted documentation to the ISO identifying the need for time for replacement of the excitation system including replacing the automatic voltage regulator or voltage regulating system, limiters, and controls but not necessarily the power source and power bridge, and to schedule an outage;
R1.7 The operating hours during which the synchronous generating unit, aggregated generating facility or synchronous condenser is not in commercial operation;
R1.8 The operating hours for which the ISO has issued a directive to the operator of a generating unit to operate the generating unit when the automatic voltage regulator is unavailable for service;
R1.9 The operating hours for which the ISO has issued a directive to the operator of an aggregated generating facility to operate the aggregated generating facility when the voltage regulating system is unavailable for service;
R1.10 The operating hours for which the ISO has issued a directive to an operator of a transmission facility to operate a synchronous condenser when the automatic voltage regulator is unavailable for service;
R1.11 The operating hours during which an automatic voltage regulator exhibits instability due to operation of an on-load tap changer transformer in the area when the ISO has authorized the operator of a generating unit or operator of a transmission facility to operate the excitation system in modes other than automatic voltage control until the transmission system configuration changes; and
R1.12 The operating hours during which a voltage regulating system exhibits instability due to operation of an on-load tap changer transformer in the area when the ISO has authorized the operator of an aggregated generating facility to operate the voltage regulating system in modes other than automatic voltage control until the transmission system configuration changes.

MR1 Evidence of having the **automatic voltage regulator** or **voltage regulating system** in service and in automatic voltage control mode as required in requirement R1 exists. Evidence may include documentation that summarizes for each calendar quarter:
(a) the number of hours the **automatic voltage regulator** or **voltage regulating system** was in service and in automatic voltage control mode while the **generating unit**, the **aggregated generating facility** or synchronous condenser was operating;
(b) the number of hours the **automatic voltage regulator** or **voltage regulating system** was out of service while the **generating unit**, the **aggregated generating facility** or synchronous condenser was operating;
(c) the number of operating hours excluded in accordance with requirements R1.1 through R1.12; and (d) the percentage of operating hours that the **automatic voltage regulator** or **voltage regulating system** was in service, excluding the number of operating hours determined in accordance with requirements R1.1 through R1.12.

FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the event was a contravention of Reliability Standard VAR-002-WECC-AB-1 requirement R1.

MATERIAL FACTS

The material facts relied upon by the MSA include the following:

1. AESO Alberta Reliability Standards Compliance Monitoring Audit Report dated August 12, 2016 based upon findings of the AESO Q2/2016 reliability compliance audit of Shell Canada Limited.
2. Mitigation plan from Shell Canada Limited dated October 12, 2016.

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DELIVERY OF PAYMENT

Payment by cheque or certified funds is to be made out to the "General Revenue Fund c/o Minister of Finance", and delivered to the Alberta Utilities Commission (AUC) at: 4th Floor, 425 - 1st Street S.W., Calgary, Alberta, T2P 3L8. Questions in respect of delivery of payment should be addressed to the Director of Finance, AUC. The payment should reference this notice and related MSA File #. Delivery of payment should also be confirmed by email to compliance@albertamsa.ca, with copy to the following AUC personnel: Sabi Ghavami (Director, Finance) sabi.ghavami@auc.ab.ca, and Andrew Davison (Senior Market Analyst) andrew.davison@auc.ab.ca.

NOTICE

The Market Surveillance Administrator (MSA) is granted the power and authority under s. 52 of the *Alberta Utilities Commission Act* to issue a Notice of Specified Penalty where the MSA is satisfied that a person has contravened a reliability standard. Specified penalties are set out in AUC Rule 027.

In accordance with the relevant enactments and rules, a dispute regarding the issuance of a Notice of Specified Penalty or failure to pay the specified penalty in accordance with this notice will result in a hearing or other proceeding before the AUC.

In accordance with s. 5(1) of AUC Rule 027 this Notice of Specified Penalty will be made public no earlier than the receipt of confirmation of payment from the Commission and no later than 45 days after issuance. The MSA will, if applicable, also post on its website the link to any decision of the AUC respecting the specified penalty.

If your organization disputes the issuance of this Notice of Specified Penalty, or if you have any other questions or comments regarding this matter, please contact the MSA compliance team at compliance@albertamsa.ca.

SIGNATURE

Signature:	"Original Signed"	Signature Date:	October 14, 2016
Name:	Doug Doll	Title:	Director Corporate Services and Compliance