

NOTICE OF SPECIFIED PENALTY

Date of Issue: October 14, 2016

Payment Due Date: November 14, 2016

MSA File Number:	RS2016-073	Specified Penalty Amount:	\$ 2,250
Registered Entity Name:	Shell Canada Limited		
Reliability Standard :	VAR-501-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:	October 1, 2013 to March 31, 2016

EVENT DETAILS

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-501-WECC extended from October 1, 2013 to March 31, 2016. Based upon AESO audit findings, VAR-501-WECC was contravened as follows:

1. VAR-501-WECC-AB-1 R1. From October 1, 2013 to March 31, 2016, the Caroline generating unit was operated with the power system stabilizer out-of-service. **R1** of the standard states:
Each **operator** of a **generating unit** equipped with a **power system stabilizer** must have the **power system stabilizer** in service ninety-eight (98%) of all operating hours except that the operating hours determined in accordance with requirements R 1.1 through 1.12 inclusive may be excluded to achieve the ninety-eight percent (98%) requirement.
 - R1.1** The operating hours during which the **generating unit** 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 the **power system stabilizer** was performed, up to a maximum of seven (7) **days** per calendar quarter.
 - R1.3** The operating hours during which the **power system stabilizer** exhibits instability due to abnormal system configuration.
 - R1.4** The operating hours during which the **generating unit** is operating in the synchronous condenser mode and the **generating unit** is very near or at a zero (0) **real power** level.
 - R1.5** The operating hours during which the **generating unit** is generating less **real power** than its design limit for effective **power system stabilizer** operation.
 - R1.6** The operating hours during which the **generating unit** is passing through a range of output that is a known "rough zone" being a range in which a **generating unit** is experiencing excessive vibration.
 - R1.7** The operating hours during which the **automatic voltage regulator** of the **generating unit** is not in service.
 - R1.8** The operating hours, up to a maximum of sixty (60) consecutive **days** per incident, during which the **power system stabilizer** is out of service for repair due to a component failure.
 - R1.9** The operating hours, up to a maximum of twelve (12) consecutive **months**, during which the **power system stabilizer** had a component failure, but only if the **operator** of a **generating unit** submitted documentation to the **ISO** identifying the need for time to obtain replacement parts and identifying a scheduled **outage**, if required.
 - R1.10** The operating hours, up to a maximum of twenty-four (24) consecutive **months**, during which the **power system stabilizer** had a component failure, but only if the **operator** of a **generating unit** submitted documentation to the **ISO** identifying the need for time to replace the **power system stabilizer** and to schedule an **outage**.
 - R1.11** The operating hours during which the **generating unit** is not in **commercial operation**.
 - R1.12** 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 **power system stabilizer** is unavailable for service.

MR1 Evidence of having the **power system stabilizer** in service as required in requirement R1 exists. Evidence may include documentation that summarizes for each calendar quarter:

 - (a) the number of hours the **power system stabilizer** was in service while the **generating unit** was operating;
 - (b) the number of hours the **power system stabilizer** was out of service while the **generating unit** 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 **power system stabilizer** 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-501-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