# MSAREPORT

## Principles for Stakeholder Engagement, and a Common Framework, for MSA Public Projects

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**MARKET SURVEILLANCE**
ADMINISTRATOR

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# 1    INTRODUCTION

## 1.1    Reason for this report

Feedback from stakeholders has identified a need to establish greater clarity and a common understanding and expectations for how the MSA will conduct its projects and engage with stakeholders in projects. The principles around stakeholder engagement and the common project framework set out in this report are intended to provide this common understanding and to guide the MSA's actions on public projects.

## 1.2    Scope of principles and project framework

The scope of this report is limited to the MSA's work on public projects. To be a public project there must be some foreseeable possibility that the outcome will be a new standard of broad application. That standard could be enacted as a MSA guideline, a recommendation from the MSA to the Independent System Operator ("AESO") or to the Alberta Utilities Commission ("AUC") for a rule change or the standard may be best addressed in an alternate manner (for example, left to future regulation). Identification of where best to address the standard may be one subject on which stakeholders are invited to comment during the public project.

Examples of MSA work that would not be classified as a public project are shown below:

- Investigations are not public projects.

- The MSA's annual report is not a public project.

- MSA reports primarily focused on providing information or data analysis to the market do not constitute a public project. These publications are intended to create an information rich environment and include, for example, the MSA's Daily Snapshot, Weekly Market Monitor, Load Outage Report and Quarterly Reports.

- On some issues the MSA may wish to engage stakeholders at a precursor "Filter" stage when it is deciding whether or not an issue should become a public project, but such early stage activities are not, in themselves, a public project.

- Activities primarily concerned with carrying out its mandate for monitoring and surveillance do not constitute a public project. Included in this would be information requests sent to specific participants.

- Applications for exemption pursuant to the *Code of Conduct Regulation* are not public projects.

- The MSA Annual Stakeholder Survey is not a public project.

While the scope of this report is limited to public projects, the MSA recognizes that some of the principles involved, since they represent fundamental beliefs, are indeed applicable more broadly to the MSA's work.

### 1.3 Derivation of the report

The principles and project framework have been created through a public project initiated by the MSA in May 2006, using the evolving framework articulated within the report, and involving extensive consultation across the full spectrum of market stakeholders.

### 1.4 Contents

The report is structured as follows:

- Principles:

    o This paper clarifies what we mean by principles, and how they will be used

    o Some foundational beliefs and themes that underlie the principles are then introduced

    o The paper then outlines a cohesive set of principles, and then expands the rationale and some specific implications for MSA actions of each individual principle, viewed within the context of the set.

- Project Framework

    o Building on the principles, the paper first establishes some required characteristics of the public project framework

    o A model for the overall context of public projects is then introduced, showing standard precursor and successor stages of work around a formal public project

    o The model for the public project is then introduced, highlighting points of communication by the MSA to stakeholders, opportunities for stakeholder contribution, and some protocols for scheduling issues on such projects

    o Finally, the expected application of this framework to production of MSA guidelines is discussed.

## 2 PRINCIPLES FOR STAKEHOLDER ENGAGEMENT ON PUBLIC MSA PROJECTS

### 2.1 What do we mean by principles?

The principles in this document are a cohesive set of statements that represent our fundamental beliefs, consistent with our mandate, about engagement with our stakeholders on public projects. Different organizations could have different principles, reflecting their different belief systems and focus. As such, the principles articulated in this document:

- Should endure over time

- Are not intended to replicate bounds on action that are covered in legislation or regulation

- Need to be treated as a set in interpreting how the MSA should act on public projects, as individual principles may pull in somewhat different directions

- Should not be treated as "golden" rules that can never be broken, as unusual circumstances with specific rationale may, in some cases, justify alternate decisions, but rather as guidance for management decisions.

### 2.2 Foundations for the principles

Our principles must be aligned with the obligations imposed on the MSA by government policy, legislation and regulation. We note the MSA is obligated under section 40 of the *Alberta Utilities Commission Act* ("AUCA") to carry out its mandate in a fair and responsible manner.

In addition, we intend that the principles are supportive of some key desired characteristics for engagement:

- Purposeful – The scope, intent and potential outcomes of the public project should be clearly articulated at each stage

- Inclusive – All stakeholders should have opportunity for their feedback to be considered on its merits

- Transparent – All stakeholders should have access to the project outputs, project timelines and the comments of other stakeholders.

- Meaningful – The process should demonstrate the use made of stakeholder feedback and the reasons for the MSA decisions should be clear

- Timely – The process should balance the need to give participants adequate time to respond and the market's need for expedient remedies to issues. The project should adhere to the articulated timeline. Outcomes of the project should be achievable within the articulated timeline, and the timeline adjusted where appropriate.

### 2.3 Summary of principles

The set of principles for MSA stakeholder engagement around public projects is summarized below. As indicated above, the principles need to be interpreted as a set in identifying appropriate actions, rather than each being taken in isolation. The specific intent of each principle can be better understood by referring to the detailed explanations of the rationale and practical implications in the individual principle subsections following the summary.

## *Principles for stakeholder engagement on public MSA projects*

1. *Public MSA projects proceed through pre-defined consistent stages to a published schedule that allows for considered input*

2. *The MSA's public consultation processes and the rationale for its decisions are transparent, subject to issues around commercially sensitive information*

3. *The MSA uses the experience and expertise of stakeholders to improve the quality of its work*

4. *All stakeholders have the opportunity to have their perspectives on the MSA's work considered*

5. *The MSA ultimately decides what processes it will use in its operation, and whether and how it will respond to issues in the marketplace*

6. *The MSA determines the level of consultation needed throughout a public project, based on the significance for the market and the time available for resolution*

7. *The MSA requires documented communications for engagement on public projects*

### 2.4 Explanation of principles

The rationale for, and some practical implications of, each principle are shown below. The implications translate the principle into specific characteristics for MSA stakeholder engagement processes, taking into account the impacts of other principles within the set.

### 2.4.1 "Public MSA projects proceed through pre-defined consistent stages to a published schedule that allows for considered input."

*Rationale*

- Stakeholders need to understand the process for making decisions and when they can make representations.

- Stakeholders need advance certainty around timelines, and adequate time in order to develop and deliver considered responses to topics the MSA is addressing.

*Implications*

- A clear and consistent high level process framework of stages of work for public projects must be defined, communicated and implemented

- Different types of public projects (e.g. development of guidelines vs. process development) may require specific variations of this stage process

- The standard template for each type of project should include timeframes that allow adequate time for consultation

- The MSA will develop and communicate, in advance of work, a specific engagement plan for each public project that it undertakes involving stakeholder input, which shows the stages of work and their milestone dates, specific approaches to be used, and stakeholders desired to be involved

- Communication of progress on such projects will always be related to the type of project, and this stage framework

- There will be activities, such as market monitoring and early screening of potential issues, which are not public projects and therefore do not have prescribed stages and schedules

- Some MSA projects that are not public (e.g. Investigations), may follow different paths, not involve consultation, nor have published schedules.

### 2.4.2 "The MSA's public consultation processes, and the rationale for its decisions are transparent, subject to issues around commercially sensitive information."

*Rationale*

- An open, transparent process and basis for decisions are required to build trust and demonstrate fairness

- Stakeholders are more likely to support a decision if they understand the rationale behind the decision and if they understand how their perspectives were considered in reaching the decision

- Understanding the different perspectives on an issue will help stakeholders assess the impact on themselves, and better contribute to building a successful solution

- Due to the nature of its work, the MSA may need to have access to information from a market player that is commercially sensitive and may harm that party inappropriately if released publicly.

*Implications*

- When the MSA is addressing a public project, the status of that issue, and identification of the stakeholders who have been involved in providing input, will be readily accessible to all stakeholders

- Given that input will be voluntarily provided to the MSA as part of a public stakeholder consultation, the MSA will treat the input as public (subject only to certain exceptions for commercially sensitive information)

- The MSA will document and make available in a timely manner, the results, and specific and attributed feedback, from formal engagement activities, subject only to non-disclosure of information that is understood to be commercially sensitive

- Where commercially sensitive information has been used to guide MSA work, this fact will be communicated publicly, even though the specific information cannot be disclosed

- Stakeholder comments on other parties' feedback will also be welcomed (and published), if received within the original time window set for consultation

- The MSA will communicate the rationale behind their decisions, with explicit focus on the use of the stakeholder input received, omitting any specifics that are commercially sensitive

- There will be circumstances, such as Investigations of specific participants, or early notification and MSA filtering of potential issues, where the need for MSA access to commercially sensitive information supersedes the general rule of full transparency.

### 2.4.3 "The MSA uses the experience and expertise of stakeholders to improve the quality of its work."

*Rationale*

- The MSA has finite resources

- People who operate on a day-to-day basis in the industry have experience, perspectives and expertise to which the MSA staff are not directly exposed

- Having more knowledge based on practical experience leads to better decisions that will result in more successful change and acceptance by the market.

*Implications*

- The MSA welcomes input from stakeholders to bring potential market issues to the MSA's attention

- At any stage in the execution of an initiative, where the MSA views that stakeholder knowledge or opinions could add to the quality of their work or decision, stakeholder input will be elicited

- While always welcoming broad based public input the MSA will particularly look to engage stakeholders who are most affected by the issue in question

- Where the MSA pro-actively seeks input in a public project from a specific stakeholder or group of stakeholders it will post a notice to all stakeholders indicating that the request has been made and the nature of that request.

**2.4.4 "All stakeholders have the opportunity to have their perspectives on the MSA's work considered."**

*Rationale*

- As an agency serving the public interest, the MSA must be seen to be open to comment from all stakeholders

- An effective consultation process, while focused by the MSA on the views of certain stakeholders, should not exclude comments from other stakeholders (stakeholders will not feel engaged unless there is mechanism to comment)

- Stakeholder feedback and potentially criticism about decisions and actions provides the MSA with an additional source of input that could improve future decisions and would otherwise be missed.

*Implications*

- The MSA must make information on its public projects and decisions available to stakeholders

- The MSA must provide effective mechanisms to accept stakeholder comments that ensure stakeholders can contribute (and communicate the availability of these mechanisms)

- The attention given to stakeholder input will be based on its merit, rather than being dependent on the originator

- The MSA should communicate how it has used the input it receives from any stakeholder.

**2.4.5 "The MSA ultimately decides what processes it will use in its operation, and whether and how it will respond to issues in the marketplace."**

*Rationale*

- While the MSA listens to stakeholders in respect of topics to address and the manner in which it performs its work, ultimately the MSA is charged with certain duties under the AUCA and is accountable for performing these tasks.

*Implications*

- While the MSA will look to the market for input, given its mandate in law, ultimately it must decide where to focus its efforts, and the manner in which it does so

- There will be situations (e.g. Investigations, the day-today business of the MSA, or instances where the primary work is analysis of data) where no public consultation takes place as the MSA does not view this as adding value to that particular activity.

**2.4.6** **"The MSA determines the level of consultation needed throughout a public project, based on the significance for the market, and the time available for resolution."**

*Rationale*

- The MSA is respectful of the many demands placed on stakeholders to contribute to the evolution of the market

- The MSA must also judiciously expend its resources to meet its obligations in a cost-effective manner

- The items that the MSA deals with have different levels of impact on the market, and on different areas and participants in the market

- In-depth stakeholder consultation may not significantly increase the value for every issue, and may at times not even be feasible, given the time available.

*Implications*

- The MSA needs to make a conscious decision about the level of consultation required for each potential change to its processes, or issue that it might address

- The greater the expected significance and impact of an item, the more extensive the MSA's stakeholder consultation will be, subject to acting in a timely manner

- The MSA will take account of stakeholders' views on the importance of a topic, and may revise the originally proposed timeline or scope as a result of such feedback

- The processes that the MSA uses for consultation will be designed to assure adherence to schedule commitments wherever appropriate and avoid the potential for filibustering.

**2.4.7** **"The MSA requires documented communications for engagement on public projects."**

*Rationale*

- In keeping with the transparency of the process, written communications do not require interpretation before being made available for others to view and are therefore more authentic representations of views

- Requiring written responses supports clearer expression and considered understanding of the points being raised, aiding the MSA's and the market's comprehension of positions

- Processes involving written responses make it easier for all parties to stay focused on the issue at hand, and allow flexibility in timing for

stakeholders making contributions or interpreting the comments of others.

*Implications*

- Communications to the MSA that are not documented will not be taken into account when making decisions

- Where on an exceptional basis the MSA considers it is helpful to have verbal input on a specific issue, there must be a mechanism to produce a written summary of the points raised, which may need to be reviewed with the participant(s) involved for accuracy before being made available to the rest of the stakeholders

- The MSA will use the written form as the primary means of communication to the market.  As a specific example, the MSA will provide written decisions which explain the rationale behind its decision, and how stakeholder input that has been received has been taken into account in reaching the decision

- The MSA may provide other mechanisms for commentary that is not aligned with any one particular issue, such as general feedback, or open-ended discussion on the market.

**3      PROCESS FRAMEWORK FOR PUBLIC MSA PROJECTS**

**3.1      Framework characteristics**

The complete set of 7 principles for stakeholder engagement contributes to the foundation for the process framework for public MSA projects.  The impact of two principles, in particular, bears highlighting, specifically:

- **Principle 1:** *"Public MSA projects proceed through pre-defined consistent stages to a published schedule that allows for considered input."*

- **Principle 7:** *"The MSA requires documented communications for engagement on public projects."*

Implied characteristics from these principles of the process framework and its use by the MSA are that:

- The framework must have basic standardized stages, and be well understood by the stakeholder community

- Specific public projects will always use this framework, and a customized planned schedule for each will be published that allows for effective engagement

- Variations in the approach for each specific project within the framework will need to be communicated in writing to all (for example, the engagement approach to be used and the number of expected iterations of engagement stages)

- The project plans may need to evolve as the project progresses, after considering stakeholder feedback on the need for further input

-  MSA communication at project stages will always be written, distributed via the website (though these communications may be supplemented by other means where the MSA believes it necessary to improve understanding)

- Stakeholder input to the process will be based primarily on written submissions, and those delivered verbally will (if to be taken account of in a public project) be transcribed and made available to all
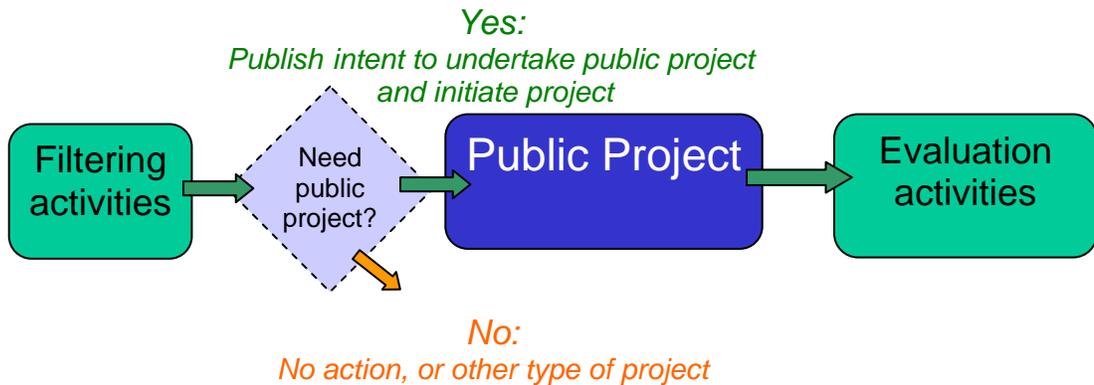
The framework, in adhering to the principles as a whole, must also support the desired characteristics highlighted earlier in this report, namely that engagement be:

- Purposeful

- Inclusive

- Transparent

- Meaningful, and

- Timely.

### 3.2 Model for overall context of public projects

The following diagram represents an overall context model for MSA public projects.

**Figure 1: Public Project Overall Context**

*Yes:*
*Publish intent to undertake public project*
*and initiate project*

Filtering activities → Need public project? → Public Project → Evaluation activities

*No:*
*No action, or other type of project*

Each public project will be preceded by "Filtering" activities, and followed, after an appropriate interval, by "Evaluation" activities.

"Filtering" is where ideas for projects arise, either from the MSA itself or externally, and where these ideas are vetted by the MSA for action. There is no standard process that the MSA can articulate for "Filtering", since the nature of the activities will vary greatly and often relate to the day-to-day work of the MSA.

If the result of the "Filtering" work indicates that there does not need to be a public project, the MSA will only advise the party who prompted the filtering activities.

If the MSA determines a public project is required to address an issue, it will publish its intent and the schedule for the first stage of the project, and the standard project process will be initiated.

Once the project is completed and sufficient time has elapsed for the result to have taken effect in the market, the MSA will conduct "Evaluation" activities to assess the impact of the project, and learn lessons that may be applied to future projects. Such evaluations will be scheduled and the expected timing communicated at the conclusion of the public project process. There will be no standard process for "Evaluation" activities since they will vary according to the nature of the project result.

### 3.3 Public Project Process Framework

The diagram below summarizes the standard process framework for public MSA projects, highlighting the communication from the MSA at each stage related to the issue itself, and to provide transparency of process, together with the expected points and nature of inputs from stakeholders through the process.
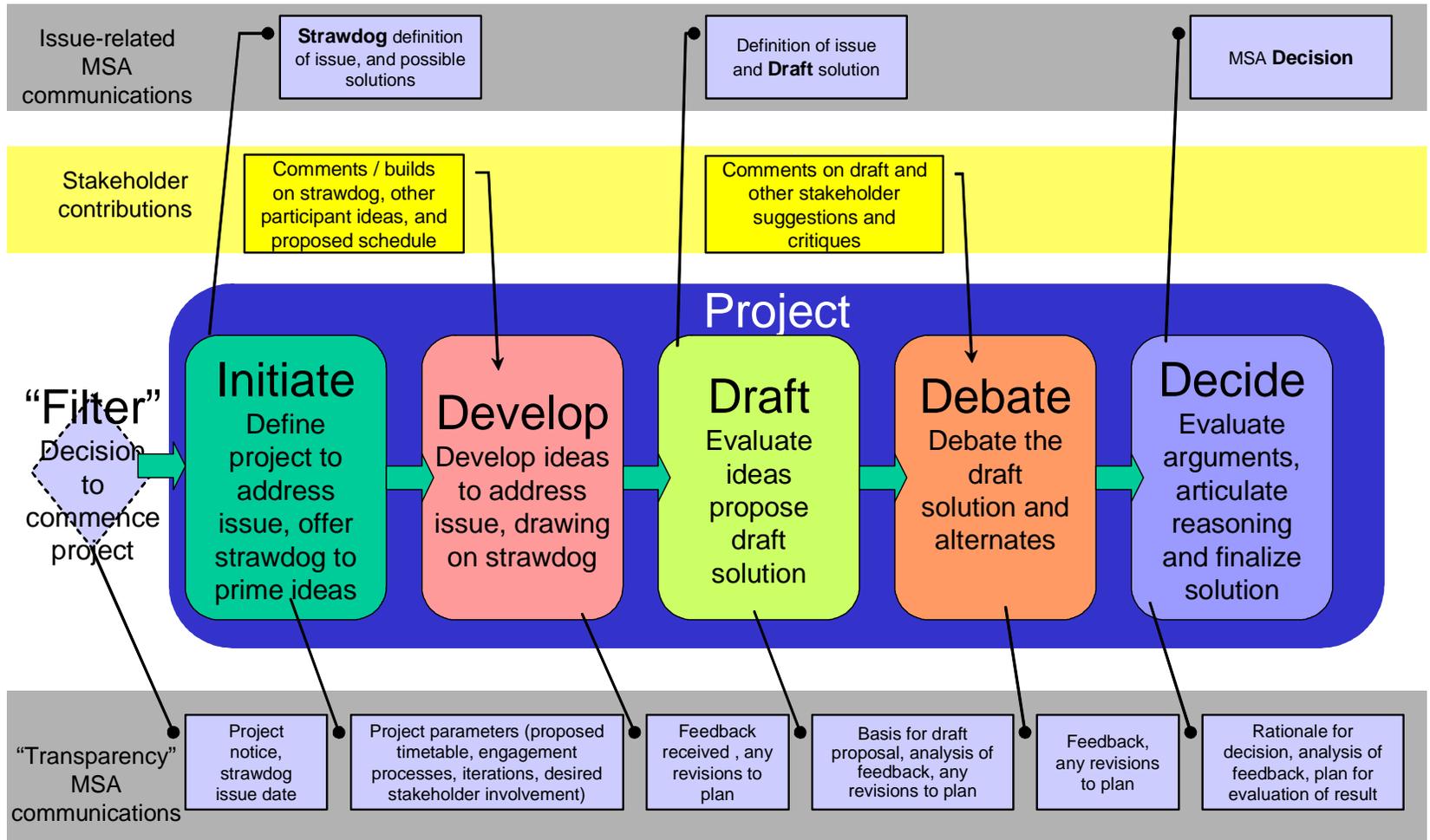
#### 3.3.1 MSA communications

At the end of each stage, the MSA will issue, via its website, information intended to provide stakeholders with transparency on the process. The specific information published at each stage is indicated in the diagram below, but will address any new information around:

- The projected timetable and stage dates

- The engagement approach to be used on this project, and stakeholder communities to whom the MSA believes that the issue will be of particular relevance

- Attributed feedback received by stakeholders on both the MSA's publications and comments from other stakeholders

- The rationale for any MSA decision, together with the use that the MSA has made of all input received from stakeholders.

At the end of three of the stages, the MSA will publish issue related reports, as follows:

- At the end of an "Initiate" stage, the MSA will produce a "**Strawdog**" report, which will document the issue that the MSA believes needs to be addressed, and provide ideas for its resolution, including identifying possible mechanisms for implementing any changes that arise from the project (e.g. MSA guidelines). The ideas and concepts articulated in this 'Strawdog' may be changed significantly as the project progresses, depending on the feedback and alternate ideas submitted by stakeholders in the "Develop" stage

- At the end of a "Draft" stage, the MSA will publish a "**Draft**" report on the issue and any proposed remediation. The contents of the document will be open to change as a result of stakeholder feedback.

- At the end of the "Decide" stage, the MSA will publish its final **Decision** on the issue.

# Figure 2: Public Project Process Framework



**Issue-related MSA communications**

- **Strawdog** definition of issue, and possible solutions
- Definition of issue and **Draft** solution
- MSA **Decision**

**Stakeholder contributions**

- Comments / builds on strawdog, other participant ideas, and proposed schedule
- Comments on draft and other stakeholder suggestions and critiques

**Project**

"Filter"
Decision to commence project

**Initiate**
Define project to address issue, offer strawdog to prime ideas

**Develop**
Develop ideas to address issue, drawing on strawdog

**Draft**
Evaluate ideas propose draft solution

**Debate**
Debate the draft solution and alternates

**Decide**
Evaluate arguments, articulate reasoning and finalize solution

**"Transparency" MSA communications**

- Project notice, strawdog issue date
- Project parameters (proposed timetable, engagement processes, iterations, desired stakeholder involvement)
- Feedback received , any revisions to plan
- Basis for draft proposal, analysis of feedback, any revisions to plan
- Feedback, any revisions to plan
- Rationale for decision, analysis of feedback, plan for evaluation of result

### 3.3.2 Stakeholder input

Stakeholders will have the opportunity to provide their feedback on the MSA's ideas and proposed schedules during the "Develop" and "Debate" stages. In the former stage, the MSA will be looking both for critique and, if appropriate, alternate ideas on the nature of the issue raised by the MSA and mitigation approaches. At the "Debate" stage, the focus will be more on critique of the specific ideas proposed by the MSA.

There may be more than one iteration of the "Develop" or "Debate" stages, resulting in a revised "Strawdog" or "Draft" paper respectively, should the expected or actual stakeholder input define a need for more consultation and evolution of ideas. The initial plan for the project announced at the end of the "Initiate" stage will propose the number of iterations of these stages, and this plan may be modified as a result of stakeholder feedback on the plan, and on the issue at hand.

### 3.3.3 Project schedule protocols

The MSA will use the framework described above for all public projects. Within this framework, there are some protocols around schedules that will be followed, in order to ensure alignment with the principles. These are articulated below, by topic:

- Time for stakeholder input:
    - o The MSA will allow at least two weeks for each "Develop" and "Debate" stage, in order to allow considered input. Where the topic is expected to require more in depth analysis by stakeholders, more time may be scheduled.

- Update to the timeline
    - o If it becomes apparent that the MSA is unable to meet the existing timeline it will provide a notice to Stakeholders providing an updated timeline.

- Posting stakeholder input on the MSA website:
    - o Stakeholder input will be posted as it is received, and completed no later than three business days after the close of each iteration of a "Develop" or "Debate" stage

- Extensions to deadlines for stakeholder input:
    - o In order to establish a fair and transparent process, where a stakeholder wants to extend the time defined for submissions:
        - ▪ Requests for an extension to the comment deadline must be received at least two days prior to the deadline.

- Requests must be in writing (e.g. email) and submitted to the same person to which comments are directed. Requests should include reasons for requiring an extension.

- Prior to the expiration of the deadline the MSA will post to its website a notice indicating if an extension has been granted, which may include the requests received from stakeholders.

- Any comments received after the expiration of the deadline (or extended deadline) will only be considered at the MSA's discretion. If comments are considered they will be posted to the MSA website. If comments are not considered they will be returned.

## 3.4 Application of framework to MSA Guideline Development Process

The MSA has developed this framework for stakeholder consultation to seek input into development of, among other matters, MSA guidelines. For so long as MSA guidelines have the same legal standing as has been in the past (specifically that they are not 'rules', nor carry any defined legal status), the MSA will use the process framework described in this paper to develop such guidelines. If the standing of guidelines changes, the MSA commits to review the process for developing MSA guidelines.