

AESO Recommendation Paper – Supply Surplus Stakeholder Comment Matrix

Comment Due Date: January 14, 2011

Stakeholder: ENMAX Energy Corporation

Section	AESO Recommendation/Feedback Requested	Stakeholder Response
2.0 Purpose 3.0 Introduction/ Background		
4.1.1 Short Term vs. Long Term Solution	The AESO is working on the short term and long term solutions simultaneously.	
4.2.1 No Exemption for Wind Generators	The AESO recommends that wind generators are not exempt from supply surplus procedures	Please see ENMAX's comments on cogeneration in 4.2.2.
4.2.2 No Exemption for Co-generators	The AESO recommends no exemption for co-generators in supply surplus procedures.	ENMAX supports <i>in principle</i> the notion that there should be no exemption for any generator based simply on unit type. However, Alberta's competitive electricity market exists to ensure the security and comfort of its citizens and to provide productive capacity to the provincial economy. Consequently, it is not appropriate to curtail the production of heat simply to keep particular types of generators on line, especially during supply <u>surplus</u> events. Cogenerators' minimum operating levels should therefore be set such that the heat required from their units continues to be provided.
4.2.3 Voluntary Generator Curtailment Request (VGCR)	The AESO recommends the implementation of VGCR.	ENMAX has no objection to a voluntary curtailment program, but notes that there are likely to be challenges to making it work.

<p>4.2.4 Exports Within T-2</p>	<p>The AESO recommends the inclusion of allowing exports within T-2 as part of supply surplus procedures.</p>	<p>ENMAX supports the concept of allowing increased exports during supply surplus events provided loads are not required to pay any more for transmission wires or ancillary services as a result. Export capacity should be paid for by exporters.</p>
<p>4.3.1 Voluntary Generator Curtailment Program (VGCP)</p>	<p>The AESO does not recommend the implementation of the VGCP at this time.</p>	<p>ENMAX supports market-based solutions wherever possible. Appreciating the complexity of VGCP and acknowledging that other, simpler solutions to supply surplus might work, ENMAX agrees that VGCP need not be implemented now. However, this and other options may have to be revisited if the proposed solutions prove to be ineffective.</p>
<p>5.0 Rules and Procedures</p>	<p>The AESO recommends the following procedure during supply surplus conditions when there are multiple \$0 offers in the energy market merit order:</p> <ol style="list-style-type: none"> 1) Curtail current hour import transactions as required. 2) Maximize the posted export ATC limit to allow for exports within the hour. 3) Send out a request to market participants to voluntarily reduce generator output (VGCR). 4) Dispatch flexible blocks of the \$0 offers for partial volumes on a pro-rata basis and direct wind generation on a pro-rata basis. 5) Direct assets with inflexible \$0 offers greater than their declared minimum stable generation levels to their declared minimum stable generation levels (MSG). Assets with the greatest difference will be directed first (please see section 6 of the paper for recommendations on MSG). 6) Assess if an asset, due to its operating characteristics, is running at a higher generation level than its minimum stable level because it is providing regulating reserve (RR), then determine if it should be 	<p>Robust definitions will be required for “flexible blocks,” “inflexible blocks,” and MSG.</p>

	<p>dispatched off for RR. Consider whether another asset has offered and has not been dispatched for RR and will not require running at a generation level higher than its minimum stable level (this step is carried over from the existing procedure).</p>	
<p>6.0 Minimum Stable Generation (MSG) and Minimum Operating Level (MOL)</p>	<p>The AESO recommends that a workgroup be established to outline the requirements for the revised definition of MSG and for updating the application of MSG that would allow the participant to enter changes through the energy trading system (ETS) on a time-ahead basis.</p>	<p>ENMAX supports the creation of the proposed workgroup and is willing to participate.</p> <p>ENMAX believes that the term “minimum operating level” is more appropriate than “minimum stable generation” in the context in which the term will be used, particularly as it relates to cogen output levels required to maintain steam production. However, ENMAX has no objection to the term “minimum stable generation” provided it appropriately reflects cogen requirements.</p>
<p>7.0 Reporting</p>	<p>The AESO recommends the implementation of a supply surplus report that would provide the market with an indication of supply surplus events prior to real time.</p>	
<p>8.0 Next Steps</p>	<p>The AESO is interested in stakeholder comments on next steps.</p>	
<p>Additional Comments</p>		