

Appendix B

AESO Recommendation Paper - Operating Reserve Market Redesign Stakeholder Comment Matrix Submitted by: ADC

Section	Subsection	Stakeholder Response
3.1 Market Framework	3.1.1 Create a single trading platform to concentrate liquidity and establish more meaningful OR price indices	We support the overarching principle to encourage participation in the OR market. It is not clear how the redesign makes it easier for load participants to participate vs. the previous ability to offer term products.
	3.1.2 Minimize AESO influence - submit bid volume requirements in auction format	The ADC has a concern about the potential for significant price increases for OR under this model and a potential lack of competition for the required volumes.
	3.1.3 Minimize AESO influence - D-1 auctions	The D-1 auctions make it more administratively burdensome for loads to participate in this market. The OR market is not their primary business and they are not set up with trading desks or experienced personnel to bid daily. Loads will be forced to use agents or sell forward financially, but expect the cost of doing so may make participation of limited value.
3.2 Market Products and Pricing	3.2.1 Add to the suite of D-1 OR products	
	3.2.2 Continue to use On/Off peak products instead of hourly products	To support load participation, on/off peak products fit better with production scheduling and price responsive load. A price responsive load would find it difficult to operate their facility economically and be ready to be armed for hour blocks at a time.
	3.2.3 OR indexed to pool price, marginal pricing for homogenous products and pay as offered for non-homogenous	Agree that pricing should be indexed to pool price.

	products	
	3.2.4 OR market price cap equal to energy market price cap	Concern over potential cost to consumers if adequate competition is not realized. Also, paper describes that generators would be paid the pool price when they are directed to provide spinning or supplemental reserves. Would this apply to load that is also providing supplemental reserves and receives a directive to reduce load – i.e. would they receive a pool price payment to reflect the negawatts they are providing to the system? If not, why the discrimination for providing identical services?
3.3 Procurement Process and Timing	3.3.1 Apply selling logic for profile and non-standard offers	
	3.3.2 A reasonable procurement schedule	
	3.3.3 Fix market closes and create price discovery	
3.4 Market Participation and Obligations	3.4.1 No must offer requirement	
	3.4.2 Remove virtual units	
	3.4.3 Standing offers facilitated by blind offers	The ability to provide standing offers over multiple days would be useful to enable participation in the market. Is this the intent of this section?
	3.4.4 5MW minimum blocks	Is there any consideration for loads that could aggregate to provide this service? I.e., many have quick start back-up generation, but may not meet the 5 MW threshold, if they could aggregate (provided they meet the technical requirements) this could open the market up to more suppliers and therefore more competition.
	3.4.5 No limitations around price/quantity pairs	

	3.4.6 Allow for flexible and inflexible offers in most cases	
	3.4.7 Inter-ties participation unaffected	
	3.4.8 Dealing with conflicting ancillary service obligations	
3.5 Dispatching and Technical Terms	3.5.1 All active OR providers dispatched. Standby providers dispatched as needed	
	3.5.2 Technical Standards process unchanged	The AESO needs to review the technical requirements for spinning reserves and provide technical justification as to why they are currently prohibited from providing this service.
	3.5.3 Testing	
3.6 Multiple Buyers	3.6.1 Facilitate Self Supply by financial arrangements	The DTS tariff needs to include a real-time AS cost component that adequately represents the price for reserves. Today even though a load may have responded to a high priced hour, they can't avoid the cost as it show up in the deferral account rider.
	3.6.2 AESO facilitate third party asset substitution	The ADC agrees with asset substitution.
3.7 Out of Market Actions	3.7.1 Exhaust market solutions prior to conscripting OR providers	
	3.7.2 Process required for conscripting OR providers	
	3.7.3 Consult on market suspension process and rule	
3.8 Compliance	3.8.1 Remove perverse incentives, provide	

and Market Integrity	clarity around acceptable/unacceptable behaviour and potential consequences	
	3.8.2 Continue to use force majeure definition in NGX Agreement	
	3.8.3 Improve transparency of OR providers	Agree with improved transparency.
3.9 OR Market in ISO Rules and Contractual Items	3.9.1 Documentation of OR Rules	
	3.9.2 Amendments to the NGX and Over the Counter (OTC) Agreement	
	3.9.3 OTC Agreement	
4.0 Policy Coherence		
5.0 Consultation and Implementation Process	5.1 Implementation of Administrative Improvements to NGX	
6.0 Post Implementation Process	6.1 Post implementation review	Definitely agree that price trends of OR need to be closely monitored with the AESO prepared to take action if costs increase significantly. Load can't afford continued price increases that they have no means of mitigating.
	6.2 Phase II	

