

**Stakeholder Comment Form**

**TCM: Rule 9.4 AUC Re-Filing Proposal Paper**

Date of Request for Comment: December 3, 2009  
Period of Consultation: December 3, 2009- January 15, 2010

Stakeholder: \_\_Alberta Direct Connect Consumers Association “ADC”\_\_\_\_\_

| <b>Section of Paper</b>                                   | <b>Description</b>   | <b>Stakeholder Comments</b>  |
|---|--|--|
| <b>1 Executive Summary</b>                                | An overview of the key discussion points and proposals contained in the paper. | This proposal has the potential to be very costly to consumers through higher pool prices. The ADC requests a formal review on a quarterly basis by a third party such as the MSA of the outcome of implementing the rule and changes to bidding behavior in response to anticipated constraints. If it is determined that the cost of this practice becomes consistently greater than what is currently in place would yield, then the AESO needs an off ramp to suspend the rule and return to current practice. |
| <b>2 Introduction</b>                                     | A brief history of Quick Hits rule development and reason for the paper.       | No comment   |
| <b>3 Background</b>                                       | A brief history of TCM Rule 9.4 development and reason for the paper.          | No comment   |
| <b>4 Recap of Commission Findings in the TCM Decision</b> | A review Commission FEOC and public interest findings.                         | The ADC agrees that this rule should only be applicable to real-time events and that generators should receive no payments for being constrained down. Further, if the constraint is a North-South constraint, all exports should be constrained offline before any merit order action is taken. It seems entirely inappropriate to let the pool price rise to facilitate exports because of a transmission constraint.  |

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| <b>4.1 i) Economic Dispatch</b>  | AESO use of merit order for dispatch is discussed.    | Any anticipated constraint should be managed with TMR. The circumstance to use this rule should be infrequent. The AESO should report on the frequency of using this rule provision and the resulting cost impact to the market.  |
| <b>4.1 ii) Pool Price Impact</b> | Transmission constraint impact on market is discussed | <p>By allowing the market price to rise in this event, the signal to load is to interrupt. If the interruptible load is physically located upstream of the constraint, the generators upstream of the constraint will be more severely impacted as there will be less local load to serve. For example in the event of a North-South constraint:</p> <ul style="list-style-type: none"> <li>• northern generators are constrained down, southern generators are dispatched on and the market price rises to the downstream offer price.</li> <li>• With the rising price, northern Alberta load responds by curtailing production (up to 200 MW).</li> <li>• Reduced northern load results in a further constraint of northern generators.</li> <li>• Instead of the pool price responding to the load reduction, it continues to rise as the real time constraint problem increases.</li> </ul> <p>A solution in this circumstance would be to pay northern Alberta price responsive load to stay running.</p> <p>In response to increased imports, this is only possible with a functioning LSSi product. The timing for rule implementation should be consistent with the intertie operating at full capacity.</p> <p>Further, if TCM is implemented as described in the absence of LSSi, it is logical that anytime imports are constrained down, that the pool price should clear at the marginal unit that would be dispatched if there were no import constraint. i.e. at a lower price.</p> |
| <b>4.1 iii) Compensation</b>     | A review of the requirement for                       | The ADC agrees that there should be no constrained down   |

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|  | compensation for being constrained down   | compensation for generators.   |
| <b>4.1 iv) Transmission “rights”</b>                             | Generator’s “right” to access the AIES is discussed   | The ADC agrees with the AESO’s interpretation of no transmission rights for generators. Load contracts for DTS firm capacity and pays for transmission access and is still not guaranteed 100% uptime of service. If transmission service is unavailable, load is not compensated for their production loss.   |
| <b>4.1 v) Use of TMR/DDS</b>                                     | AESO use of TMR/DDS is discussed.   | <p>The AESO needs to review the impact of this rule on frequent intervals to ensure that the lowest cost solution is meeting the requirements. If the events are more frequent than anticipated, then TMR should be used to manage the constraint.</p> <p>The AESO should also look at the possibility of a demand response product as an alternative solution. The cost to load of a rising pool price is significant. Paying a downstream load to get off the system ensures that the right load responds and gets compensated for the value they provide to the system.</p> |
| <b>4.2 i) Long term investment impact</b>                        | TCM impact on long term investment decisions is reviewed.   | No comment   |
| <b>4.2 ii) Use of business practices</b>                         | AESO use of business practices for constraint management is discussed   | No Comment   |
| <b>5 Discussion of Commission Directions in the TCM Decision</b> | This section introduces the discussion of and the AESO proposals regarding each of the Commission directions.       | No Comment   |
| <b>5.1 Clarify the Scope of the TCM Rule</b>                     | A proposal on whether the TCM rule should be limited to real time or expanded to include planning stage elements is | The rule should be restricted to real time as it creates an opportunity for gaming. The MSA should also be monitoring down stream bidding behavior to determine if it increases in anticipation of a “real time” constraint.   |

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|  | presented.   |  |
| <b>5.2 Clarify the TCM/TMR Rule relationship</b> | A review of how the AESO would move from the use of the TCM Rule to the use of TMR is presented.                       |  |
| <b>5.3 Consider ENMAX Pay as Bid Approach</b>    | The merit of using the ENMAX pay as bid proposal within the TCM protocol is discussed                                  |  |
| <b>5.4 Define Key TCM Rule Terms</b>             | A proposal regarding specific TCM rule key terms is presented  |  |
| <b>5.5 Clarify TCM Rule Process Steps</b>        | Specific TCM rule process steps are discussed together with proposals to provide additional clarity where appropriate. |  |
| <b>6 Next Steps</b>                              | Stakeholder feedback on the TCM paper discussion and proposals is requested.   | There are clearly unintended consequences of this or any other solution. It may be time to revisit the transmission policy to determine if the market objectives and fairness issues originally contemplated are being achieved. |