

**Revised AESO Recommendation Paper - Operating Reserve
 Market Redesign
 Stakeholder Comment Matrix
 April 1, 2010**

The AESO has released a revised Operating Reserves Market Redesign Recommendation Paper in response to feedback received on the January 2009 Recommendation Paper. Given the changes made to the recommendations, the AESO is soliciting stakeholder feedback on the revisions by April 16th, 2010. The changes from the previous paper are highlighted in the matrix below.

Section	Subsection	Stakeholder Response
3.2 Market Framework	3.2.1 Add to the Suite of D-1 OR Products Hourly products are the revised recommendation for both Active and Standby instead of a shaped product with selling logic.	<p>ATCO Power acknowledges the AESO's response to continued use of on/off peak products for baseload requirements. Procuring the entire volume hourly on a day ahead basis would be a more efficient solution. An hourly operating reserves market best mirrors the energy market and allows all the volumes for each individual hour to clear based on supply and demand fundamentals. While the more economic solution is for all products to clear hourly, we're pleased the AESO has recommended an hourly product for the shaped requirements as this simplifies the market and offers additional flexibility to participants.</p> <p>ATCO Power supports the inclusion of an in-market solution as a backstop mechanism to protect against the possibility of conscription.</p>
	3.2.3 Standby Baseload On and Off Peak Premium is set based on a clearing model rather than pay as bid. Premium establishes a merit order for	

	activation.	
3.3 Procurement Process and Timing	<p>3.3.2 A reasonable procurement schedule</p> <p>The trading schedule has been revised. The revised schedule has 10 minutes between closes for baseload markets and 20 minutes between closes for hourly markets.</p>	<p>ATCO Power suggests the timeline for market closes be revisited in conjunction with the tools being provided through NGX. Under certain circumstances, 10 minutes is not enough time to transact. The schedule should accommodate all providers with sufficient time to participate on a daily basis including weekends and holidays. The timeline needs to be further examined prior to the first phase of market changes being implemented, and then again through a post implementation review.</p>
3.4 Market Framework	<p>3.4.4 5 MW minimum blocks</p> <p>The AESO will consider assets less than 5 MW for participation in the Supplemental market. Aggregators will also be considered. The ISO Rules consultation will further develop these concepts and standards.</p>	
3.6 Multiple Buyers	<p>3.6.2 AESO facilitate third party asset substitution</p> <p>There are issues concerning confidentiality of sellers that must be resolved prior to enabling third party asset substitution. The AESO is committed to finding a practical solution for third party asset substitution and will continue to pursue this issue.</p>	<p>We appreciate the AESO continuing to find a solution to third party asset substitution as we believe this in an important feature for the competitiveness of the operating reserves market.</p>
5.0 Consultation and Implementation	<p>5.0 Phased Implementation</p> <p>Following the comment period, the</p>	<p>ATCO Power looks forward to being involved in the next stages of the consultation on the redesign of the operating reserves market. We believe there are some fundamental issues that still need to</p>

<p>Process</p>	<p>AESO plans to initiate changes to the OR market design in a phased manner. It is expected this will facilitate a smoother transition to the revised market design.</p>	<p>be resolved through the consultation process. A key issue we would like to see included in the next stage of consultation which was not listed by the AESO is dealing with conflicting ancillary services obligations. It is not appropriate to treat non-delivery of an OR product due to a contracted TMR obligation as a breach of an ISO rule. We look forward to working with the AESO to find a solution to this issue.</p>
	<p>5.1 Changes to Current Practices</p> <p>The first step in the OR Redesign is to move all procurement to D-1 within the current market design. In addition, the AESO will begin improving the transparency of the OTC market by providing pricing information after the close of the OTC market.</p>	

