

Stakeholder Comment Form

AESO Recommendation Paper - Transmission Regulation Section 18

Date of Request for Comment: December 19, 2007
 Period of Consultation: December 20, 2007 to January 16, 2008

Stakeholder: ATCO Power Ltd

Topic	Description	Stakeholder Comments
1.0 Executive Summary	Outlines the four main topics as described in Section 18; Outage Coordination, Reliability Unit Commitment, Directives for Ancillary Services and Load Curtailment	
2.0 Introduction	Reviews Section 18 and indicates that guidance is provided by the Electricity Policy Framework. ISO Rules are required by April 11, 2008.	
3.0 Recommendation regarding Generator Coordination	Introduces the AESO's interpretation of the direction given in section 18.	

Topic	Description	Stakeholder Comments
3.1 Advanced Generator Outage Scheduling (18(1))	Describes the expectation of Section 18 that the AESO give direction to generators to operate under certain conditions. It is expected that with sufficient notice, generators will react to market signals and adjust their outage plans accordingly. If the market does not respond in a manner that alleviates a supply shortfall conditions, the AESO will invoke a pre-determined process.	
a) Procedure	Describes the sequence of events that will be used to ensure sufficient generation is made available.	ATCO Power expects that the AESO will seek to minimize the impacts of its actions on the market. We note that the “acceptable supply cushion” is proposed to include forecast load requirements plus reserves plus the single largest contingency. It is ATCO Power’s view that consideration should be given to: <ul style="list-style-type: none"> a) excluding price sensitive load b) recognizing available import capacity c) recognizing contracted load shed capacity d) contracting for additional load shed capacity if needed.
b) Compensation to Generators	ISO Rules will be developed to keep the generator ‘whole’ for tangible costs associated with moving an outage.	It is ATCO Power’s view that: <ul style="list-style-type: none"> a) Compensation should include all verifiable costs which may include lost opportunity costs. Please identify the basis on which the AESO has chosen to exclude lost opportunity costs. b) Eligible costs should include those incurred by off-takers (such as steam hosts) which may consequently have to reschedule associated outages.

Topic	Description	Stakeholder Comments
		<ul style="list-style-type: none"> c) AESO should assume responsibility for costs (including lost opportunity costs) associated with subsequent unscheduled outages and plant failures that may occur as a result of deferring planned maintenance. d) It is not acceptable to have AESO unilaterally decide which costs are to be compensated. A 3rd party arbitration mechanism is required in the event of disputes.
3.2 Reliability Unit Commitment (RUC)	RUC is a mechanism for the AESO to direct a generator to operate that is otherwise not scheduled near to the delivery hour but may be available to the market, or in other words has the ability to ‘commit’ their unit. The current ISO Rules (e.g. Must Offer Must Comply, T-2, Payments to Suppliers on the Margin) will assist to facilitate the requirements to implement RUC.	<p>In order to minimize the need to direct units ATCO expects that the AESO will first pursue all available alternatives. It is ATCO’s view that recognition should be given to:</p> <ul style="list-style-type: none"> a) excluding price sensitive load b) recognizing available import capacity c) recognizing contracted load shed capacity.
a) Advance Dispatch Limitations	The generators view of the market may differ from that of the System Controller resulting in an advance dispatch ...	<p>ATCO Power does not agree that “advance dispatches” or “directives” are in-market actions. During normal market operation, the decision to start a long lead time unit rests with the owner as do the associated risks. Should the owner’s economic decision to not start be overridden by the AESO’s reliability concerns, it is ATCO’s view that the pool price should not be unduly influenced.</p> <p>While we appreciate AESO’s assurance that reliability and not price</p>

Topic	Description	Stakeholder Comments
		<p>will be the determining factor in their decision, we also take it as acknowledgment that their decision has the potential to significantly impact price during critical peak periods.</p> <p>It is our view that the market price should be determined by transactions between <i>willing</i> (and not <i>directed</i>) buyers and sellers and that distorting that outcome (when it is not necessary to do so) would run counter to FEOC principles (i.e. manipulating an index.)</p> <p>Accordingly, ATCO proposes that:</p> <ul style="list-style-type: none"> a) Directed units should be precluded from participating in the energy market. Must-run volumes should be adjusted for using DDS. Dispatchable volumes should be placed at the price cap. b) Any pool revenues should flow to AESO and AESO should compensate the owner (at a minimum) for all incremental costs incurred. c) In order to enter the energy market, the owner should provide AESO with notice equivalent to the unit start time and forego compensation for start costs.
b) Compensation Option 1	A status quo approach would be used whereby a dispatched generator would receive no additional incentives for an advance dispatch.	For the reasons described above, ATCO Power does not support this approach which relies on the directed plant participating in the energy market. We have provided our preferred approach above.
c) Compensation Option 2	A 'keep whole' approach would be used to ensure dispatched generators are not operating at a financial loss as a result of an advance dispatch.	For the reasons described above, ATCO Power does not support this approach which relies on the directed plant participating in the energy market. We have provided our preferred approach above.

Topic	Description	Stakeholder Comments
3.3 Directives for Ancillary Services (18(1)(a))	The AESO is given the authority to direct units during abnormal conditions for the provision of ancillary services as reflected in the current ISO Rules. ISO Tariff Article 11 negotiations addressed compensation issues. A separate process will address outstanding issues.	
4.0 Load Curtailment Priority Plan	The AESO will undertake to consult with certain non-residential load customers to develop a plan to curtail industrial and large commercial loads in line with the direction set out in the Electricity Policy Framework.	
5.0 Policy Coherence	The AESO has ensured that the recommendations of the Paper are consistent with the requirements of Section 18 (1) of the Transmission Regulation AR 86/2007, the Electricity Policy Framework and the Electric Utilities Act.	As mentioned above, ATCO Power is concerned that the treatment of directed units as currently proposed does not conform to FEOC principles.
6.0 Implementation	The AESO has worked with	

Topic	Description	Stakeholder Comments
	the DOE to ensure that the recommendations in the paper are accurate and reasonable and it welcomes all stakeholder feedback.	