

AESO Discussion Paper – Intertie Framework
Stakeholder Comment Matrix

Section	Feedback Requested	Stakeholder Response
<p>4.0 Policy Coherence</p>	<p>The AESO is interested in feedback on the principles for alignment of interties into the Alberta market and larger interconnected marketplace. The AESO is also interested in the order priority that should be given to the principles given there would be likely tradeoffs between principles.</p> <ol style="list-style-type: none"> 1. Intertie market design should facilitate competition by reducing barriers while maintaining reliability. 2. Intertie market design should facilitate restoration and expansion of intertie capacity that proves sustainable over the long term and supports efficient market processes. 	<p>Section 17(b) of the Electric Utilities Act (EUA) requires the ISO to “...give all market participants wishing to participate in those markets...a reasonable opportunity to do so” (emphasis added). Therefore, rate based intertie expansions should be consistent with other ISO priorities. The ISO is mandated to provide for the safe, reliable and economic operation of the Alberta Interconnected Electric System (AIES) and the efficient use and expansion of intertie capacity should be considered in this context. As stated in the Transmission Development Policy (TDP), expansion of intertie capacity is premised in the transmission policy as facilitating open access to larger markets while ensuring Alberta’s needs are met. Therefore, expansion initiatives must always be considered in the context of other provincial policies such as resource adequacy and self sufficiency or supply security objectives. The TDP also recognized that there were a number of compatibility issues with its neighboring jurisdictions and indicated that these issues need to be addressed to ensure Alberta would realize the same benefits it would from pursuing intertie expansions to jurisdictions with open and transparent markets. Finally, intertie expansions whether they are rate based or merchant should increase total transfer capability.</p> <p>We recommend that the ISO develop a stand alone principle to capture the reliable operation of the interconnected system; Intertie market design must not interfere with the safe, reliable operation of the interconnected electric system.</p>

	<p>3. Intertie market design should support a level playing field for generation, imports, exports, and load where possible.</p> <p>4. Intertie market design should ensure product development is consistent with AB legislation and policy.</p> <p>5. Intertie market design should manage seams between neighboring jurisdictions and access to regulated and deregulated markets.</p> <p>6. Intertie market design should support system dispatch through the energy market merit order.</p>	<p>Furthermore, the integrity of the energy-only market must be a key consideration when looking to expand interties to regulated and deregulated markets. Generators build to meet the needs of Albertans. To the extent that imports and exports support efficient market processes and improve price fidelity, there may be benefits to market participants in enabling access and reducing barriers; however, long term impacts to the energy-only market design must be clearly understood.</p> <p>The integrity of the energy only market is compromised whenever generation, imports, exports and load do not compete on a level playing field. If same rules and obligations for generation, imports, exports and load are not applied, then their participation in the market should also reflect the lesser value that they provide the system. The level playing field extends to the uniform and symmetrical requirements and obligations of generation, imports, exports and load. Capital Power recommends that: Intertie market design must support a level playing field for generation, imports, exports and load.</p>
5.0 Intertie	The AESO is interested in feedback on the intertie	

Framework	framework and the decisions identified.	

	<p>dynamic schedules, intra-hour scheduling every 5 minutes or by using the existing scheduling process in real-time?</p> <ul style="list-style-type: none"> • Should the AESO again explore a dispatch up/down service or system market product on the interties as a substitute to real time dispatch and what are the suggested designs? • Do stakeholders interpret policy to permit for a bi-lateral market? 	<p>this option. It is unclear if this option would also require that importers have firm generation in source markets. It also appears that there would be significant costs associated with entering into operational relationships with multiple transmission operators.</p> <p>We request that the ISO provide more detail regarding how the options would be implemented and the associated implications. In addition, the ISO should consult with WECC to determine the likelihood of entering into operational relationships with other transmission operators as this will in part drive the options available to Alberta. It appears that all options have the potential to restrict access to interties and reduce competition if only a subset of market participants with firm generation in source markets would be able to be willing to submit priced offers and bids while all other market participants may have reduced incentives to trade or to remain price takers. Ultimately, the mechanism chosen to enable interties to set price must; clearly provide a benefit to Alberta and promote an openly competitive market, ensure the integrity of the energy only market is not compromised, ensure that there are symmetrical rules for interties and intra-Alberta generators and that it does not interfere with the safe and reliable operation of the AIES.</p> <p>It is not clear that such a product would be required if the ISO implemented dynamic scheduling. We do not agree that the development of a market for firming service (that could be used to better integrate both wind generation and imports/exports) would be counter to the legislative requirements of Section 17(c). We fail to see how a market for such a product is any different than the market for Ancillary Services or DDS.</p>
--	---	--

5.2 Transmission Rights - Policy	<p>The AESO is interested in stakeholder comment as to whether current policy permits the assignment of transmission rights to ATC and whether interties should be treated by the same rules as internal generators and loads.</p>	<p>The ISO stated its views that a new line should not negatively impact the physical capacity of an existing line and that a remedial action scheme (RAS) will be added to the new line if required to ensure that there is no negative impact. Capital Power requests that the ISO provide more details around the RAS that MATL will be required to install and how it will ensure there is no negative impact to AB-BC intertie. It is unclear how the application of a RAS to MATL is different from awarding transmission rights to the existing capacity (AB-BC).</p> <p>Section 17(i) or the EUA requires that the ISO plan the capability of the transmission system to meet the current and future needs of market participants. We agree that it is not practical or reasonable for the ISO to plan for uncongested interties. Therefore, we believe it is appropriate to treat interties differently than the intra-Alberta transmission system. We do not interpret the current policy to preclude the assignment of transmission rights to interties, rather it applies specifically to the Alberta transmission system.</p>
5.3 Product Priority	<p>The AESO is interested to stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> • What would be objectives of a new product on top of an opportunity transmission product to import and export customers? 	<p>Capital Power does not agree that the lack of a firm transmission product creates an un-level playing field between intertie participants and internal generators or loads. It must be recognized that until such time dynamic scheduling is successfully implemented, import power, unlike power provided by intra-</p>

	<ul style="list-style-type: none"> • What would be the design options of a new product (see appendix A for assistance)? • Should ATC priority be assigned by tariff/commercial product? • Would an auction to different products be preferred and what would be the design of that auction methodology? 	<p>Alberta generators, is not controllable and is not subject to the same must offer/must comply requirements. If importers are subject to a must offer/must comply obligation then it follows that they should be entitled to participate in the market in the same manner. Many ISO process already recognize the inherent difference between interties and intra-AB generators such as the current supply surplus protocol. If symmetrical requirements, rules and obligations for generation, imports, exports and load are not applied, then their participation in the market should also reflect the lesser value that they provide the system.</p> <p>We agree that the ISO should develop differentiated products on the interties as a form of priority to reduce seams issues with other jurisdictions. Capital Power is supportive of the development of a firm intertie product that reflects the higher value of firm transportation given its priority over that of the opportunity service product. We caution the ISO against developing a product that does not actually increase ATC utilization.</p> <p>It is premature to opine on design options and auction formats before it has been determined that a firm product is needed. Furthermore, it is not clear how the ISO could establish a firm transmission product without the ability to assign transmission rights. The ISO should endeavor to further consult about design options once it has been determined that it is appropriate to assign firm transmission rights and that a firm transmission product is required.</p> <p>In addition, the ISO indicated that the concerns raised in the ISO's 2007 tariff proceeding with respect to firm export transmission service still remain today. Could the ISO clarify why it would expect to receive a different decision from the Alberta Utilities</p>
--	--	--

		Commission given that the proposed firm export rate from 2007 was denied by the Energy and Utilities Board?
5.4 ATC Allocation Tiebreaker	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> • Should the AESO adopt a pro-rata solution instead of LIFO as a tie breaker? • If pro-rata is used, how should it be calculated? • If LIFO is used, should the AESO use LIFO at xx:yy or only approve up to the system ATC? • What time xx:yy should be used in curtailment to maximize utilization of the ATC and provide maximum flexibility to participants and transmission operators? • What differences in application may be required for import as opposed to export transactions? • What other design options are there for considering ATC allocation tiebreakers? 	<p>Pro-rata allocation is most consistent with internal transmission congestion and constraint management protocol. It also does not create incentives for market participants to submit e-tags for volume that they do not necessarily intend to flow. When calculating the pro-rata curtailments the denominator should be total system import ATC shared between the interties.</p>
7.0 Next Steps	<p>The AESO is interested in stakeholder comment on the AESO's next steps.</p>	<p>As indicated above, it is premature to opine on design options and auction formats before it has been determined that a firm product is needed. The ISO should endeavor to further consult about design options once it has been determined that it is appropriate to assign firm transmission rights and that a firm transmission product is required.</p>

The following table can be used as a guide to proposing tariff product design. Please fill out the suggested design detail as per the characteristic. You may suggest new characteristics.

Characteristic	Proposed Product Design
I1 Legislated Requirements	
I1a Planning	Please see comments under Next Steps Section 7.0
I1b Recovery of connection costs	
I1c Recovery of system costs	
I1d Losses	
I2 Currently-Approved Tariff Provisions	
I2a Bulk system charge	Please see comments under Next Steps Section 7.0
I2b Local system charge	
I2c Point of Delivery (POD) charge	
I2d Operating reserve charge	
I2e Loss charges	
I2f Voltage control (TMR) charge	
I2g Other system support charge	
I2h Take or pay provisions	
I2i Transaction fees	
I2j Construction contribution/ Interconnection Costs	
I2k Generator system contribution	

Characteristic	Proposed Product Design
I2l Contract term	
I3 Other Considerations	
I3a Conceptual basis	Please see comments under Next Steps Section 7.0
I3b Market access	
I3c System planned to accommodate	
I3d Curtailment for capacity limitations	
I3e Price offers/bids	
I3f Supply surplus/shortfall conditions	
I3g Market Obligations	