

**AESO Discussion Paper – Intertie Framework  
Stakeholder Comment Matrix – ENMAX Comments**

Section	Feedback Requested	Stakeholder Response
<p><b>4.0 Policy Coherence</b></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>	<p><i>ENMAX interprets the AESO to be saying (p. 7) that the Provincial Energy Strategy suggests that the AESO should facilitate new rate base and merchant lines.</i></p> <p>In ENMAX’s view, a critical principle that is missing from the list is, “The need for import and export capacity shall be determined by market participants based on a demonstrated willingness to pay for it.” In other words, new interties should be merchant, consistent with Alberta’s competitive energy market. One of the reasons why Alberta deregulated its electricity market in the first place was the belief, which ENMAX supports, that once sound policy is set, markets tend to make better decisions than regulators or central planners. The role of the government and the AESO should simply be to ensure that merchant projects, which will only be pursued if they are economically rational, can be integrated into the Alberta transmission grid and electricity market.</p> <p><i>Intertie market design should facilitate competition by reducing barriers while maintaining reliability.</i></p> <p>ENMAX suggests that the wording of this principle adhere more closely to section 16 of the EUA, to read, “Intertie market design should promote a fair, efficient, and openly competitive market for electricity.” Because “reducing barriers” could conceivably be accomplished by spending ratepayer money to (for example) increase import capacity in direct competition with Alberta generators, the wording of section 16 is preferable. If the AESO were to cause intertie capacity to be built, it would effectively be acting as a market participant, not as the market facilitator it is supposed to be according to section 17(b) of the EUA. Please see also ENMAX’s comment above regarding merchant versus regulated interties.</p>

		<p><i>Intertie market design should facilitate restoration and expansion of intertie capacity that proves sustainable over the long term and supports efficient market processes.</i></p> <p>ENMAX supports this principle with the proviso that expansion should be by market participants and with heavy emphasis on <b>market processes</b>. Market participants should take the risk on whether an intertie project is sustainable over the long term, particularly since the long-term viability of an intertie is determined by <b>market</b> conditions (including, among other things, whether Alberta has a long-term competitive advantage in electricity generation). With respect to the reference to p.44 of the Provincial Energy Strategy, ENMAX notes that Alberta has relied (and will continue to rely) on market participants to ensure an adequate supply of electricity for Alberta, and there is no reason not to rely on market participants to construct economically rational import/export capacity.</p> <p><i>Intertie market design should support a level playing field for generation, imports, exports, and load where possible.</i></p> <p>ENMAX fully supports a level playing field.</p> <p><i>Intertie market design should ensure product development is consistent with Alberta legislation and policy.</i></p> <p>This principle may be difficult or impossible to adhere to under Alberta's existing regulatory/policy framework because there are some fundamental differences between electricity markets and transmission policies in Alberta and neighbouring jurisdictions, as the AESO discusses in its paper.</p> <p><i>Intertie market design should manage seams between neighbouring jurisdictions and access to regulated and deregulated markets.</i></p> <p>Clearly, there are some seams issues to be resolved that could require policy changes in Alberta.</p>
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<p><b>5.0 Intertie Framework</b></p>	<p>The AESO is interested in feedback on the intertie framework and the decisions identified.</p>	<p>As a general comment, ENMAX reiterates its view that market participants should make the decisions about interties.</p>

<p><b>5.1 Real-Time Dispatch/ Scheduling</b></p>	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> <li>• Should the AESO adopt real-time dispatch and scheduling on the interties and what are the impacts to market participants?</li> <li>• If yes, should the AESO do so through dynamic schedules, intra-hour scheduling every 5 minutes or by using the existing scheduling process in real-time?</li> <li>• 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?</li> <li>• Do stakeholders interpret policy to permit for a bi-lateral market?</li> </ul>	<p>ENMAX supports allowing imports and exports to set price. However, it is not strictly necessary to require interties to become dispatchable in real time. As noted above, setting the market price in advance of real time might be superior to intra-hour adjustments to import/export flows. (Doing so might also resolve some issues with the Alberta market that are not related to interties.) Buyers and sellers, particularly entities that must schedule and reserve transmission capacity in other jurisdictions in advance, would likely find it helpful to know both the price and the quantity of intertie flows in advance of delivery.</p> <p>ENMAX understands the AESO to be saying on p. 12 that dynamic scheduling could be facilitated by an asset that dynamically balances energy on the sink side of the intertie. However, on p. 3, the AESO seems to be saying that a bilateral market that would allow for an importer/exporter to contract (presumably with an Alberta generator) to take a dispatch for them, is not within the current market design policy and creates operational challenges. (ENMAX's view is that the regulatory framework in Alberta does not preclude such bilateral transactions.) Is it the AESO's view that dynamic scheduling is technically feasible but not within the rules, or that it can be implemented only if the AESO controls the sink? ENMAX would appreciate some clarification on this point.</p> <p>There is insufficient information at this stage for ENMAX to express an opinion as to whether real-time schedule changes, intra-hour scheduling, or dynamic scheduling would be preferable (assuming time-ahead pricing is not used).</p> <p><i>[The] AESO views this as a form of bi-lateral dispatch. This is not considered as a viable option given the design principle to support system dispatch through the energy market merit order and the AESO interprets this as outside of current policy. ... Any dispatch up/down service should be managed within the EMMO and by the AESO as a system product.</i></p> <p>ENMAX does not believe the regulatory framework in Alberta</p>
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		precludes bilateral products or requires that the AESO manage dispatch up/down services strictly through system products.
<p><b>5.2 Transmission Rights - Policy</b></p>	<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><i>Alberta's market is an energy only market with no transmission rights. ... There has been debate as to whether incumbent lines with participants who have purchased contracts for transmission rights to the Alberta border should have priority rights to ATC over new lines that do not add additional ATC. Alternatively, there has been an argument that merchant lines, which have been financed privately via the sale of transmission rights, should have priority rights to ATC.</i></p> <p>ENMAX agrees with the AESO that there are no transmission rights in Alberta, and submits that this has been confirmed by the AUC. Consequently, there should be no debate about whether any party has priority rights to import/export ATC.</p> <p>Some Alberta market participants advocated some time ago for a transmission policy that would see generators give up transmission rights in return for not having to pay for bulk wires. They should not be surprised that they have no transmission rights, and in ENMAX's view it is not open to them to claim intra-Alberta transmission rights based on purchases of transmission capacity outside Alberta. ENMAX believes that a market-based allocation of transmission capacity, with all potential importers and exporters starting on an equal footing, would now be appropriate.</p> <p><i>The British Columbia Utility Commission (BCUC) recently made a decision on the BC side of the border pertaining to transmission rights on the AB – BC intertie. In the end, BCTC was ordered to reduce the capacity for sale under the OATT to 480 MW supporting the principle that newly bought rights should not negatively impact existing bought rights.</i></p> <p>ENMAX suggests that the BCUC decision has no relevance in Alberta since there have never been intra-Alberta "rights" for any party to purchase.</p>

<p><b>5.3 Product Priority</b></p>	<p>The AESO is interested to stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> <li>• What would be objectives of a new product on top of an opportunity transmission product to import and export customers?</li> <li>• What would be the design options of a new product (see appendix A for assistance)?</li> <li>• Should ATC priority be assigned by tariff/commercial product?</li> <li>• Would an auction to different products be preferred and what would be the design of that auction methodology?</li> </ul>	<p><i>Even so, participants have expressed an interest in new differentiated transmission products, made available within an open auction format, in addition to the current opportunity product.</i></p> <p>Conceptually, ENMAX supports market-based, differentiated transmission products, though it has no view as yet on what form they should take. Further consultation on product design, the interaction of potential products with merit-order dispatch, and the associated regulatory framework is needed.</p>
<p><b>5.4 ATC Allocation Tiebreaker</b></p>	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> <li>• Should the AESO adopt a pro-rata solution instead of LIFO as a tie breaker?</li> <li>• If pro-rata is used, how should it be calculated?</li> <li>• If LIFO is used, should the AESO use LIFO at xx:yy or only approve up to the system ATC?</li> <li>• What time xx:yy should be used in curtailment to maximize utilization of the ATC and provide maximum flexibility to participants and transmission operators?</li> <li>• What differences in application may be required for import as opposed to export transactions?</li> <li>• What other design options are there for considering ATC allocation tiebreakers?</li> </ul>	<p>ENMAX submits that additional consultation on tiebreakers is needed before any decisions are made. ENMAX reiterates its view that the AESO should focus on developing a market-based mechanism for allocating ATC.</p>

<b>7.0 Next Steps</b>	The AESO is interested in stakeholder comment on the AESO's next steps.	ENMAX supports the AESO's intention to consult on this discussion paper and will willingly participate in that consultation. ENMAX suggests, however, that some stakeholder consultation sessions on ATC tiebreakers be held prior to, or at least concurrently with, developing a draft rule.
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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.

<b>Characteristic</b>	<b>Proposed Product Design</b>
<b>I1 Legislated Requirements</b>	
I1a Planning	
I1b Recovery of connection costs	
I1c Recovery of system costs	
I1d Losses	
<b>I2 Currently-Approved Tariff Provisions</b>	
I2a Bulk system charge	
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	

<b>Characteristic</b>	<b>Proposed Product Design</b>
I2k Generator system contribution	
I2l Contract term	
<b>I3 Other Considerations</b>	
I3a Conceptual basis	
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	