



**MAINSTREAM  
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POWER**

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Ms. Ruppa Minhas  
Alberta Electric System Operator (AESO)  
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Calgary, AB T2P 0L4

January 14, 2011

Delivered by E-mail to [ruppa.minhas@aes0.ca](mailto:ruppa.minhas@aes0.ca)

**RE: AESO Supply Surplus Recommendation Paper**

Dear Ms. Minhas:

On December 2, 2010 the AESO issued the Supply Surplus Recommendation Paper to provide recommendations on the short term and long term solutions for managing supply surplus conditions. Mainstream Renewable Power (Mainstream) would like to offer the following comments which have also been inserted into the AESO comment matrix attached.

**Exemption Removal for Wind from OPP 103**

Wind power generation should be reviewed holistically to determine if the current treatment through all of AESO's rules are indeed Fair, Efficient and Openly Competitive (FEOC), sufficient for the reliable operation of the grid, and in line with legislated requirements and policy objectives of the provincial and federal government. Promises made by the AESO management both verbally and in writing for Must Offer, Must Forecast have been wholly dismissed and the current recommendations do not recognize the resource characteristics and benefits associated with non-emitting renewable energy sources.

Mainstream recognizes AESO's concerns and goals as it relates to dispatch of zero bid offers. Mainstream believes that the exemption removal is another item that disadvantages wind power generation in the Alberta market place and is counter to FEOC. Our understanding of FEOC is that there is no preferential treatment of one generation resource type over another. Given wind's unique resource characteristics, wind cannot be dispatched. Conventional power can simply dispatch incremental production during periods of higher pricing to achieve their revenue targets; however wind power does not have this capability or advantage. Therefore the removal of the exemption of wind power from OPP 103 is not



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in line with FEOC. Mainstream is concerned that requiring wind generators to comply with the same market rules as conventional generators provides an unlevel playing field since the unique resource characteristics do not permit wind power generation economics to recover.

Wind power provides compliance options to large final emitters as well as power to Albertans. The AESO Supply Surplus Recommendation Paper ignores Alberta's policies on Climate Change, eliminates this opportunity for wind power to generate compliance offsets and preferentially allows dispatchable power to continue operation and recover revenues in the future. Given Alberta's Specified Gas Emitters Regulations, where large final emitters are using wind power generation as a significant part of the offset for their compliance obligations, the exemption removal for wind from OPP 103 will reduce the ability of large final emitters to achieve their legislated requirements to the full extent and also exacerbates Alberta's greenhouse gas emissions by preferentially having coal power allowed to continue during supply surplus conditions. This is counter to the policy direction of this provincial and federal government.

Alberta's 2008 Climate Change Strategy<sup>1</sup> introduced the concepts of Responsibility/Leadership/Action and indicates that Alberta has a goal to deliver a 50% reduction in emissions by 2050. This strategy indicated that Alberta's goal is to "Transform the way we produce energy and to introduce cleaner, more sustainable approaches to energy production." The recommendation paper completed by AESO does not consider this provincial policy. The AESO Supply Surplus Recommendation Paper needs to be reviewed to determine if it is in line with these commitments by the provincial government. Mainstream believes that the Supply Surplus Recommendation paper runs counter to these commitments.

Mainstream appreciates the opportunity to comment on the AESO's proposals and hopes that the AESO reverse their decision.

Sincerely,



Claude Mindorff,  
VP, Business Development  
Mainstream Renewable Power

<sup>1</sup> <http://environment.gov.ab.ca/info/library/7894.pdf>