

AESO Recommendation Paper – Supply Surplus Stakeholder Comment Matrix

Comment Due Date: January 14, 2011

Stakeholder: Mainstream Renewable Power (Mainstream)

Section	AESO Recommendation/Feedback Requested	Stakeholder Response
2.0 Purpose 3.0 Introduction/ Background		No comment
4.1.1 Short Term vs. Long Term Solution	The AESO is working on the short term and long term solutions simultaneously.	No comment
4.2.1 No Exemption for Wind Generators	The AESO recommends that wind generators are not exempt from supply surplus procedures	<p>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 for Must Offer, Must Forecast have been dismissed and the current recommendations do not recognize the resource characteristics and benefits associated with non-emitting renewable energy sources.</p> <p>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</p>

		<p>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 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.</p> <p>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 viable offset for compliance obligations, the exemption removal for wind from OPP 103 does not allow 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.</p> <p>Alberta's 2008 Climate Change Strategy¹ 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</p>
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¹ <http://environment.gov.ab.ca/info/library/7894.pdf>

		by the provincial government. Mainstream believes that the Supply Surplus Recommendation paper runs counter to these commitments.
4.2.2 No Exemption for Co-generators	The AESO recommends no exemption for co-generators in supply surplus procedures.	No comment
4.2.3 Voluntary Generator Curtailment Request (VGCR)	The AESO recommends the implementation of VGCR.	No comment
4.2.4 Exports Within T-2	The AESO recommends the inclusion of allowing exports within T-2 as part of supply surplus procedures.	No comment
4.3.1 Voluntary Generator Curtailment Program (VGCP)	The AESO does not recommend the implementation of the VGCP at this time.	No comment
5.0 Rules and Procedures	<p>The AESO recommends the following procedure during supply surplus conditions when there are multiple \$0 offers in the energy market merit order:</p> <ol style="list-style-type: none"> 1) Curtail current hour import transactions as required. 2) Maximize the posted export ATC limit to allow for exports within the hour. 3) Send out a request to market participants to voluntarily reduce generator output (VGCR). 4) Dispatch flexible blocks of the \$0 offers for partial volumes on a pro-rata basis and direct 	No comment

	<p>wind generation on a pro-rata basis.</p> <p>5) Direct assets with inflexible \$0 offers greater than their declared minimum stable generation levels to their declared minimum stable generation levels (MSG). Assets with the greatest difference will be directed first (please see section 6 of the paper for recommendations on MSG).</p> <p>6) Assess if an asset, due to its operating characteristics, is running at a higher generation level than its minimum stable level because it is providing regulating reserve (RR), then determine if it should be dispatched off for RR. Consider whether another asset has offered and has not been dispatched for RR and will not require running at a generation level higher than its minimum stable level (this step is carried over from the existing procedure).</p>	
6.0 Minimum Stable Generation (MSG) and Minimum Operating Level (MOL)	The AESO recommends that a workgroup be established to outline the requirements for the revised definition of MSG and for updating the application of MSG that would allow the participant to enter changes through the energy trading system (ETS) on a time-ahead basis.	No comment
7.0 Reporting	The AESO recommends the implementation of a supply surplus report that would provide the market with an indication of supply surplus events prior to real time.	No comment
8.0 Next Steps	The AESO is interested in stakeholder comments on next steps.	No comment

Additional Comments		