

AESO Recommendation Paper – Supply Surplus Stakeholder Comment Matrix

Comment Due Date: January 14, 2011

Stakeholder: NextEra Energy Canada, ULC

Section	AESO Recommendation/Feedback Requested	Stakeholder Response
2.0 Purpose 3.0 Introduction/ Background		
4.1.1 Short Term vs. Long Term Solution	The AESO is working on the short term and long term solutions simultaneously.	NextEra Energy Canada, ULC believes it is appropriate to look at short term and long term solutions simultaneously. While NextEra Energy Canada generally prefers market solutions to administrative solutions, we recognize that if AESO is having a supply surplus problem, AESO will have to act to ensure reliability. A short term administrative solution may be required until a longer term market solution is implemented.
4.2.1 No Exemption for Wind Generators	The AESO recommends that wind generators are not exempt from supply surplus procedures	<p>AESO's stated view on fairness seems one-sided. While AESO believes it is not fair to exempt wind from supply surplus procedures, NextEra Energy Canada argues that wind is currently not on a level playing field with other types of generation in that wind is not allowed to participate in the market offer process at this time.</p> <p>Additionally, by not allowing an exemption for wind, wind is in fact at a disadvantage compared to other types of generation that do not have the same operational flexibility as wind facilities. Other types of generation must operate at its MSG level and therefore can generate revenue even in a surplus supply situation. If wind is not exempt from surplus supply procedures, NextEra Energy Canada recommends the AESO limit wind's requirement to curtail to the same volume that fossils units are able to participate (i.e. curtail ~15% vs 100%). AESO could evaluate if they need 5%, 15%, or 20% etc on some periodic basis.</p>

		NextEra Energy Canada would also support another approach used in the ERCOT's zonal market, which requires all market participants to make at least 15% of their scheduled online generation available for dispatch down.
4.2.2 No Exemption for Co-generators	The AESO recommends no exemption for co-generators in supply surplus procedures.	If AESO moves forward with no exemptions for wind from surplus supply procedures then NextEra Energy Canada is supportive of no exemption for co-generators. This will ensure fairness in treating all generators the same.
4.2.3 Voluntary Generator Curtailment Request (VGCR)	The AESO recommends the implementation of VGCR.	NextEra Energy Canada supports the implementation of VGCR. It will provide the system with added flexibility.
4.2.4 Exports Within T-2	The AESO recommends the inclusion of allowing exports within T-2 as part of supply surplus procedures.	NextEra Energy Canada supports allowing exports within T-2 as part of the supply surplus procedures provided that imports are being curtailed at the same time.
4.3.1 Voluntary Generator Curtailment Program (VGCP)	The AESO does not recommend the implementation of the VGCP at this time.	<p>NextEra Energy Canada supports VGCP as a system wide solution. If negative pricing isn't desired, at least generators with the flexibility to provide "down balance service" are compensated for that capability at a competitively bid market price. While negative offers allow wind generators to bid wind units favorably in the supply stack, negative prices have an unfavorable impact on forward energy prices.</p> <p>NextEra Energy Canada is supportive of a \$0 floor, but would like to see the implementation of a competitive ancillary service market that pays a generator for its ability to down balance. VGCP seems to be an appropriate longer term solution to supply surplus situations by rewarding generators for their ability to provide a down balance ancillary service.</p>

<p>5.0 Rules and Procedures</p>	<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 wind generation on a pro-rata basis. 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). 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</p>	<p>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</p>	<p>NextEra Energy Canada supports the establishment of a working group on revised definition of MSG and for updating the application of MSG.</p>

Operating Level (MOL)	enter changes through the energy trading system (ETS) on a time-ahead basis.	
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.	NextEra Energy Canada supports the implementation of a supply surplus report being provided prior to real time but is concerned about the reliability of such forecasting.
8.0 Next Steps	The AESO is interested in stakeholder comments on next steps.	
Additional Comments		NextEra Energy Canada recommends a transition period for wind generators to allow the generators to install the appropriate curtailment capability.