AESO Recommendation Paper – Supply Surplus
Stakeholder Comment Matrix

Comment Due Date: January 14, 2011
Stakeholder: Industrial Power Consumers Association of Alberta (IPCAA)

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.	
4.2.1 No Exemption for Wind Generators	The AESO recommends that wind generators are not exempt from supply surplus procedures	
4.2.2 No Exemption for Co-generators	The AESO recommends no exemption for co-generators in supply surplus procedures.	• If the AESO decides not to have an exemption for co-generators, they should ensure that co-generators have an option available to them to ensure that they do not lose the steam they require for industrial processes because their electricity generation cannot be accommodated by the market. The definition of Minimum Stable Generation may be able to accommodate this need if MSG is designated to include the electricity output levels corresponding to a co-generator's steam requirements. • The AESO should consider that electricity consumers are about to pay for some large transmission projects (such as the Fort McMurray line) intended to accommodate the "extra" electricity produced by co-generators in the oil sands. If the supply surplus requirements do not allow co-generators to sell this power into the market place (even at a loss, in some instances) it will affect how facilities are sized. This will ultimately affect the utilization of Critical

		Transmission Infrastructure projects. The AESO needs to remember that the supply surplus criteria do not exist in a vacuum – there are large consequences and implications of this decision. • While IPCAA appreciates that the AESO wants to treat all generators equally, it is important to realize not all generators actually ARE equal, and the AESO could very well be introducing new business risks by not enabling generator offer behaviour to determine who runs in a "supply surplus" situation. Negative pricing may be a much more market friendly option with less risk and system operator intervention than the series of steps that the AESO is proposing.
4.2.3 Voluntary Generator Curtailment Request (VGCR)	The AESO recommends the implementation of VGCR.	• IPCAA has no concerns with the AESO attempting to use VGCR; however, we have doubts as to its effectiveness.
4.2.4 Exports Within T-2	The AESO recommends the inclusion of allowing exports within T-2 as part of supply surplus procedures.	• IPCAA has no objections to this.
4.3.1 Voluntary Generator Curtailment Program (VGCP)	The AESO does not recommend the implementation of the VGCP at this time.	• IPCAA appreciates the complexity associated with VGCP as well as generators' reservations with this proposal – given the objections to the current DDS market; however, IPCAA urges the AESO to monitor the supply surplus situation and revisit VGCP if it becomes obvious that the recommended solution is not working.
5.0 Rules and Procedures	The AESO recommends the following procedure during supply surplus conditions when there are multiple $0 offers in the energy market merit order: 1) Curtail current hour import transactions as required. 2) Maximize the posted export ATC limit to allow for exports within the hour.	• IPCAA would caution the AESO to consider the position of Alberta consumers in step #2. Consumers will not want to pay for additional GRAS or other mechanisms to enable additional exports during supply surplus. If generators want to run during supply surplus, and want to pay for additional export capabilities to do so, they are welcome to; however, loads will not want to pay additional charges to give away "free power" to neighbouring jurisdictions. This is not an efficient solution.

	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).	• The AESO will need to add some clear definitions to the terms "flexible" and "inflexible".
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.	• IPCAA would like to ensure that co-generators are adequately represented in the MSG Workgroup. If the AESO finds that there are no co-generators who have RSVP'd, please contact us and we will inform our members directly.
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.	

8.0 Next Steps	The AESO is interested in stakeholder comments on next steps.	
Additional Comments		