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Kris Aksomitis
Market Design Specialist
Alberta Electric System Operator
2500, 330 - 5th Avenue SW,
Calgary, Alberta
T2P 0L4

TransCanada Energy Ltd.
450 - 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

tel 403.920.2087
fax 403.920.2362
email vince_kostesky@transcanada.com
web www.transcanada.com

Dear Kris:

Re: Demand Response Working Group request for industry comment.

TransCanada appreciates the effort undertaken by the AESO to elicit and record input from industry and to arrive at positions on this matter that position the market for advancement. We recognize it has not been a simple task.

Attached is the completed comment matrix containing TransCanada's comments on the Alberta Demand Response Initiative Discussion Paper.

If you need further clarification of any of these comments or have any questions please feel free to me at (403) 920-5422.

Regards,

Jim Paton
Director, Market Services

AESO Discussion Paper – Alberta Demand Response Initiatives
Stakeholder Comment Matrix
TransCanada

Section	Subsection	Stakeholder Response - TransCanada
2.0 Demand Response Policy and Background	2.3 Demand Response Principles a. Remove Barriers b. Symmetric Rules c. Product Design d. Price Fidelity	<ul style="list-style-type: none"> ▪ TransCanada supports the six identified Demand Response Principles. ▪ TransCanada also agrees that equivalent rules, and hence compliance, for load and generation be a guiding principle.
3.0 Energy Market Initiatives	3.2 Barriers to more DR in the Energy Market a. Are the barriers identified actually barriers? b. Are there missing barriers?	<ul style="list-style-type: none"> ▪ Loads can evaluate their risk(s) relative to electricity and if necessary, enter into forward contracts to hedge themselves thereby achieving price certainty. TransCanada does not believe this is a “barrier” to Demand Response participation. Price certainty can be obtained in the current market without any changes to the market design. ▪ TransCanada is concerned about the barrier entitled “<i>There is insufficient financial incentive to curtail, i.e. loads are not compensated for the value they create by curtailing</i>”. Other than participating in the Ancillary Services market, generators are not compensated for “value created by curtailing”. Therefore, TransCanada questions why loads should be compensated for the “value” they create by curtailing. ▪ Although the “<i>signal for curtailment is currently limited to real-time energy price</i>”, a forward contract can provide another “signal” whether to hedge the real time price risk or not. ▪ A possible “barrier” to more DR in the Energy Market is the

		fact that loads may be reluctant to be subjected to “must bid, must comply” requirements similar to the “must offer, must comply” requirements imposed on generators.
3.3 Options to Increase DR in the Energy Market	3.3 Options to Increase DR in the Energy Market a. Other options beyond those identified in sections 3.3.1 through 3.3.4?	
	3.3.1 Price Certainty a. Payments to bids on the margin b. Altering settlement rules c. New products d. Others to add?	<ul style="list-style-type: none"> ▪ TransCanada supports the concept of “payments to bids on the margin” if loads are subject to similar rules as generators are. I.e. “must bid, must comply” and the installation of appropriate metering equipment. ▪ TransCanada supports further investigating shortening the settlement interval to assess the advantages and disadvantages of a shorter settlement interval. ▪ As a potential new product, loads could bid into a “pool price minus” product to allow the AESO to curtail them when congestion occurs.
	3.3.2 Insufficient Incentive a. Pay loads for the benefits they create b. Pay loads the energy price c. Allow bids >\$1000/MWh d. Others to add?	<ul style="list-style-type: none"> ▪ TransCanada is concerned with the notion “<i>that DR suppliers should be paid the energy market price when they curtail</i>” and questions how this is justified unless it is through an Ancillary Services product supported by a reliability need. ▪ TransCanada suggests that revisions to the price cap be symmetrical between load and generation.
	3.3.3 Aggregation and Baseline Methodology	
	3.3.4 Signals Beyond the Spot Energy Price	<ul style="list-style-type: none"> ▪ TransCanada agrees that the AESO should not interfere in the market for the purpose of managing market outcomes.

4.0 Reliability Product Initiatives	4.2 Barriers to more DR participation in Reliability Products a. Are the barriers identified actually barriers? b. Are there missing barriers?	
	4.3.1 New Products a. Ramping (wind following) product b. Voluntary load curtailment c. Transmission must run (TMR)	<ul style="list-style-type: none"> ▪ Properly structured, TransCanada supports load participating in providing reliability products through the Ancillary Service market on a level playing field. ▪ Another alternative is to design an Ancillary Service product that allows loads to shed at prices in excess of \$1,000 but less than the prices other loads want to shed their load. In that way, rather than prorata load shedding, the loads more willing to shed can be shed first and be compensated by the loads that are not shed. This becomes a load shedding service paid by other loads. It would be similar to the existing Voluntary Load Curtailment Program (VLCP).
	4.3.2 Aggregators	
	4.3.3 Technical Standards a. Supplemental Reserves b. Spinning Reserves	
5.0 Other Products	5.1 Generator Outage Coordination and Rescheduling	
	5.2 Long Lead Time Energy	
	5.3 Dispatch Down Service	
	5.4 Load Shed Service	<ul style="list-style-type: none"> ▪ TransCanada looks forward to participating in the LLSi consultation once the AESO issues its recommendation paper.

6 Conclusions and Next Steps		
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