

## AESO Discussion Paper – Intertie Framework Stakeholder Comment Matrix

Section	Feedback Requested	Stakeholder Response
<b>4.0 Policy Coherence</b>	The AESO is interested in feedback on the principles for alignment of interties into the Alberta market and larger interconnected marketplace. The AESO is also interested in the order priority that should be given to the principles given there would be likely tradeoffs between principles.	<p>3. TransAlta believes supporting a level playing field for imports, exports, generation, and load is not consistent with other rules currently in place. If there is a supply surplus, then imports should be cut before generation and in the cause of a supply shortfall, exports should be cut before any load should be curtailed. This would ensure that we have a reliable system and give more accurate price signals to the market. Treating import/export as equal to a generator/load would be unfair to the incumbent. The imports/exports do not have the same environmental restrictions, tariffs associated with it as in Alberta since adjacent markets are regulated markets and thus their costs are subsidized.</p> <p>5. TransAlta believes that managing seams between neighboring jurisdictions and providing access to regulated and deregulated markets is very important. However, there are no reciprocal provisions in neighboring markets.</p> <p>6. TransAlta believes that dispatching through the energy market merit order is a good concept since it will allow for better price signals in Alberta. Currently imports/exports are offered in at \$0 and \$999, thus they are price takers. In other words, they are dispatched first in the merit order and thus this is unfair for generators/loads.</p>
<b>5.0 Intertie Framework</b>	The AESO is interested in feedback on the intertie framework and the decisions identified.	

<p><b>5.1 Real-Time Dispatch/Scheduling</b></p>	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> <li>• Should the AESO adopt real-time dispatch and scheduling on the interties and what are the impacts to market participants?</li> <li>• If yes, should the AESO do so through dynamic schedules, intra-hour scheduling every 5 minutes or by using the existing scheduling process in real-time?</li> <li>• Should the AESO again explore a dispatch up/down service or system market product on the interties as a substitute to real time dispatch and what are the suggested designs?</li> <li>• Do stakeholders interpret policy to permit for a bi-lateral market?</li> </ul>	<p>TransAlta believes that the AESO should not offer dynamic scheduling since this has not been reciprocated by other jurisdiction. Intertie practices should not allow flexibility that is not available to intra-AB generators. If AB generators cannot change their production inside the T-2 window, intertie participants should not be allowed to do so.</p> <p>TransAlta believes that intertie participants should offer in their power just as generators are required to offer their energy into the merit order. This will give more accurate price signals and more accurately reflect true market value of the intertie power. This could be done through the use of a Dispatch Down Service when an export/import falls out of merit to account for the difference in energy.</p>
<p><b>5.2 Transmission Rights - Policy</b></p>	<p>The AESO is interested in stakeholder comment as to whether current policy permits the assignment of transmission rights to ATC and whether interties should be treated by the same rules as internal generators and loads.</p>	<p>Interties should not be treated to the same rules as internal generators and loads since they are opportunity services and when system stability is compromised, they must be cut before generator or load. Imports should be curtailed first when the volume of imports on the internal transmission lines forces curtailments of internal generation. Wind farms in southwest Alberta suffer curtailments due to heavy imports on the tie line. When it comes to transmission and the ability to deliver power to the market, internal generation should always have priority over imports.</p>
<p><b>5.3 Product Priority</b></p>	<p>The AESO is interested to stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> <li>• What would be objectives of a new product on top of an opportunity transmission product</li> </ul>	<p>TransAlta does not support firm or non-firm designation on transmission. Since such designations would imply there are transmission rights in Alberta, this is not consistent with current practices.</p>

	<p>to import and export customers?</p> <ul style="list-style-type: none"> <li>• What would be the design options of a new product (see appendix A for assistance)?</li> <li>• Should ATC priority be assigned by tariff/commercial product?</li> <li>• Would an auction to different products be preferred and what would be the design of that auction methodology?</li> </ul>	
<p><b>5.4 ATC Allocation Tiebreaker</b></p>	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> <li>• Should the AESO adopt a pro-rata solution instead of LIFO as a tie breaker?</li> <li>• If pro-rata is used, how should it be calculated?</li> <li>• If LIFO is used, should the AESO use LIFO at xx:yy or only approve up to the system ATC?</li> <li>• What time xx:yy should be used in curtailment to maximize utilization of the ATC and provide maximum flexibility to participants and transmission operators?</li> <li>• What differences in application may be required for import as opposed to export transactions?</li> <li>• What other design options are there for considering ATC allocation tiebreakers?</li> </ul>	<p>The AESO should adopt a pro-rata solution instead of LIFO as a tie breaker. The pro-rata should be used between all scheduling participants as in example 3. This would be consistent with current AESO practice when there is a tiebreaker needed.</p> <p>The curtailments should be xx:45 since this will allow the market participants to be able to ramp their plants in time to be compliant for top of the hour.</p> <p>No differences in application should be required for imports as opposed to exports. Both transactions should be treated equally.</p>
<p><b>7.0 Next Steps</b></p>	<p>The AESO is interested in stakeholder comment on the AESO's next steps.</p>	<p>TransAlta recognizes the importance of resolving the ATC allocation tiebreaker since it needs to be resolved when the SK tie is restored in the summer. We believe that only the tiebreaker issue should be addressed in this consultation and that more consultation is needed for the broader intertie framework.</p>

The following table can be used as a guide to proposing tariff product design. Please fill out the suggested design detail as per the characteristic. You may suggest new characteristics.

Characteristic	Proposed Product Design
<b>I1 Legislated Requirements</b>	
I1a Planning	
I1b Recovery of connection costs	
I1c Recovery of system costs	
I1d Losses	
<b>I2 Currently-Approved Tariff Provisions</b>	
I2a Bulk system charge	
I2b Local system charge	
I2c Point of Delivery (POD) charge	
I2d Operating reserve charge	
I2e Loss charges	
I2f Voltage control (TMR) charge	
I2g Other system support charge	
I2h Take or pay provisions	
I2i Transaction fees	
I2j Construction contribution/ Interconnection Costs	
I2k Generator system contribution	
I2l Contract term	

Characteristic	Proposed Product Design
<b>I3 Other Considerations</b>	
I3a Conceptual basis	
I3b Market access	
I3c System planned to accommodate	
I3d Curtailment for capacity limitations	
I3e Price offers/bids	
I3f Supply surplus/shortfall conditions	
I3g Market Obligations	