

## Stakeholder Comment Matrix

### Supply Surplus Discussion Paper

**Date of request for comment:** May 28, 2010

**Period of consultation:** April 29, 2010 – May 20, 2010

**Stakeholder:** Marcy Cochlan & Thanh Nguyen

Section	Subsection	Stakeholder Comment
<p><b>2.0 Purpose</b> <b>3.0 Introduction</b></p>		<p>The intent of the rule is to ensure that the situation of \$0 pool price is managed and that there is no bias in dispatching generation of various fuel types at a \$0 pool price.</p> <p>There are differences between different generating units such as location which provide for operation of the power system and the AESO must have flexibility in choice of units dispatched to provide for operation of the power system. For example, voltage support or efficient operation such as to minimize losses.</p> <p>To be clear the issue dealt with is within the T-2 timeframe where the bid price and volume are fixed and can not be varied except for a suitable operational reason. Also to be clear, it is the choice of the bidder that they bid their generation in at \$0 and so accept the consequence if in fact the clearing price in the pool is \$0. They could have chosen to bid a different offer price than \$0 and perhaps if the frequency and duration of \$0 hours increases then bidding behaviour may change.</p> <p>While much of the discussion seems to be focused on wind it should also be acknowledged that other fuel types do offer in at \$0 most significantly base load units and cogeneration units.</p>

<b>4.0 Supply Surplus Principles</b>	<ul style="list-style-type: none"> <li>• Are there any principles that are missing, that should be included? Please include reasons why.</li> <li>• Are there any principles listed that should not be included? Please include reasons why.</li> </ul>	<p>Principle F: Although this principle is focused on not unduly favouring one type of generation over another there needs to be consideration of the location of the generation and the impact on the system of the generating unit operating or not operating, e.g. voltage control or losses.</p>
<b>5.0 Supply Surplus Conditions – contributing factors</b>	<p><b>5.1 Historical Analysis</b> <b>5.2 Upcoming Considerations</b></p> <ul style="list-style-type: none"> <li>• Are there any other factors that are not mentioned or considered in the paper that may contribute to or exacerbate supply surplus conditions? Please include reasons why.</li> </ul>	<p>The current market rule does not allow for restatement within the T-2 window except for AOR causes.</p> <p>A specific example is cogeneration facilities. The Minimum Stable Generation of these facilities is subject to change due to on-site steam load demand changes. Unlike other generation facilities this requires a variable MSG. TransAlta believes that market rules currently restrict generators from restating down the minimum block within T-2, thus keeping prices down for longer periods of time. This restriction occurs when there is a change in generator conditions which would otherwise allow for a lower minimum stable operating level but which cannot be reflected in the zero block offer. Thus there is excess energy unnecessarily priced at \$0. If the min block can be restated down instantaneously along with the AC within the T-2 window when there is an acceptable operational reason, then this would alleviate the problem.</p>
<b>6.0 Current Supply Surplus Rules</b>	<p><b>6.1 Market Participation Rules</b></p> <ul style="list-style-type: none"> <li>• Please provide comments on the rule assessment.</li> </ul>	<p>TransAlta believes that there should be clarification regarding the procedures/market mitigation mechanisms mentioned in the assessment. The description in 6.3.4 b) “in a manner determined appropriate by the ISO” is vague and thus should be defined or elaborated on as to what is and is not “appropriate”.</p>
	<p><b>6.2 Operating Policies and Procedures</b></p> <ul style="list-style-type: none"> <li>• Please provide comments on the rule assessment.</li> </ul>	<p>TransAlta agrees with the rule assessment for the operating policies and procedures on points 1 - 4.</p> <p>Exceptions under the current OPP 103 should be re-examined to comply with FEOC.</p> <p>a) TransAlta believes that the thermal requirements for processes at cogen facilities should be considered in determining if the cogen electrical output can be curtailed during supply surplus events.</p>

		<p>However, some cogen facilities do have the ability to meet some of these thermal requirements via alternative methods that are typically less efficient and /or convenient. Although these alternative methods are not preferred for economic reasons, any such volumes should be considered in the supply surplus rule.</p> <p>b) TransAlta agrees that wind generation should be included in the dispatch down protocol.</p> <p>c) TransAlta agrees that imports are an Opportunity Service and thus should be denied when it exasperates the supply surplus situation.</p> <p>d) TransAlta agrees imports should be curtailed if system supply exceeds demand and consists of only \$0 offer.</p> <p>e) TransAlta agrees that these rules are still relevant.</p> <p>f) TransAlta agrees that these rules are still relevant.</p>
<b>7.0 Supply Surplus Workgroup results</b>		
<b>8.0 Comments on MOF Recommendation paper for Wind</b>		
<b>8.1 Minimum Operating Level and Minimum Stable Generation</b>	<ul style="list-style-type: none"> <li>• Is it appropriate to implement MOL when we already have MSG? Please provide reasons why or why not.</li> <li>• Please provide comments on possible modifications to the existing MSG definition and its' application.</li> </ul>	<p>TransAlta believes that the MOL should be used instead of the MSG. The only place the AESO currently uses MSG is for DDS. The MSG is static and does not reflect the real time constraints that units operate under. TransAlta would prefer only MOL to be used since it better reflects facilities real time operations.</p>
<b>9.0 Supply Surplus Rule Options</b>		

<b>9.1 Long Term Options</b>		
	<b>9.1.1 Market rules for wind generation</b>	<p>TransAlta believes that wind substitute for MOMC is wind forecasting which is currently in place. Wind should not be required to make a zero offer to the AESO. This creates an unnecessary administrative burden. The AESO has all the information it needs to make wind generation more visible to participants if required. If wind were to offer in at zero they would simply be restating every minute due to changes in Wind based on their current output values. This would not improve the reliability of the pool price. The AESO has access to this information today through Wind's AGen that is collected through SCADA.</p> <p>Can the AESO further clarify how Wind in the merit order will help to manage the supply demand balance properly and ensure a reliable pool price? Is this the only alternative the produces the desired result or are there others?</p>
	<b>9.1.2 Voluntary Generator Curtailment Program (VGCP)</b>	<p>Voluntary Generator Curtailment is a viable option but TransAlta would like to further explore this option. The pro-rata approach doesn't allow for facilities to choose which units can most efficiently take the curtailments. TransAlta believes that market participants should be allowed to choose which of their facilities take the curtailments and the sharing of the amount of curtailment for each facility.</p>
	<b>9.1.3 Negative Prices</b>	<p>TransAlta will only contemplate negative prices in conjunction with a price cap discussion as we believe it is related to overall market design. This is not a small scale change and has potential impact on many rules.</p>
<b>9.2 Short Term Options</b>	<ul style="list-style-type: none"> <li>The paper provides an example of a supply surplus management procedure within this section. Please provide comments on suggested order of the procedure.</li> </ul>	
	<b>No exemption for wind generators under</b>	

	<p><b>OPP 103</b></p> <ul style="list-style-type: none"> <li>• Are there any points that the AESO has not considered within it's assessment in Table 3?</li> </ul>	
	<p><b>No exemption for co-generators under OPP 103</b></p> <ul style="list-style-type: none"> <li>• Are there any points that the AESO has not considered within it's assessment in Table 3?</li> </ul>	
	<p><b>Voluntary Generator Curtailment Request</b></p> <ul style="list-style-type: none"> <li>• If VGCR is implemented, and included as a step in the supply surplus procedures, please provide comments on whether participants would respond to such a request.</li> </ul>	
	<p><b>Exports within T-2</b></p> <ul style="list-style-type: none"> <li>• Are there any points that the AESO has not considered within it's assessment in Table 3?</li> <li>• If exports were permitted within the current hour or within T-2 under supply surplus protocols, please provide comments on whether participants could use this service during such times.</li> </ul>	<p>TransAlta believes that this is not the place to discuss exports or intertie rule changes. Changing exports would only be an ad hoc solution to the problem. Exports rule changes should be discussed in the intertie framework paper.</p>
<b>10.0 Reporting</b>	<ul style="list-style-type: none"> <li>• Please provide comments on the report provisions</li> </ul>	<p>TransAlta supports the AESO efforts in reporting information regarding supply surplus to the market. We would like the AESO to produce an annual report and actions taken in a supply surplus event.</p>
<b>11.0 Policy</b>		
<b>12.0 Next steps</b>		
<b>Additional Comments</b>		