

Stakeholder Comment Form

TCM: Rule 9.4 AUC Re-Filing Proposal Paper

Date of Request for Comment: December 3, 2009
Period of Consultation: December 3, 2009- January 15, 2010

Stakeholder: __TransCanada Energy_____

Section of Paper	Description	Stakeholder Comments
1 Executive Summary	An overview of the key discussion points and proposals contained in the paper.	<p>TransCanada welcomes the opportunity to further contribute to the development of procedures to be used in times of real-time transmission congestion.</p> <p>TransCanada agrees that the Commission “supported the recommended rule design” but notes that it did so on the basis that congestion will be infrequent and of short duration. TransCanada would welcome analysis from the AESO regarding the anticipated frequency and duration of congestion events.</p> <p>TransCanada’s view is that the existing transmission policy, as well as the <i>Electric Utilities Act</i> and <i>Transmission Regulation</i> are premised on an unconstrained transmission system. Should chronic congestion occur, a re-evaluation of the policy, legislation and the way in which congestion is managed will be required.</p> <p>TransCanada is confused by the AESO’s statement that “[s]evere market distortions are not constraint management issues and should be dealt with using other appropriate actions” (pg 1). The Alberta electric system has experienced a few instances of congestion that caused</p>

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		severe market distortions and regularly experiences moderate distortions during moderate congestion. TransCanada believes the Commission also saw a correlation between market distortions and congestion as it stated that it expected the AESO to “minimize disruption of market prices as much as possible” [para. 116] when managing congestion. TransCanada is concerned that the AESO is proposing to resort to tools outside the TCM Rule to manage congestion under certain circumstances.
2 Introduction	A brief history of Quick Hits rule development and reason for the paper.	
3 Background	A brief history of TCM Rule 9.4 development and reason for the paper.	
4 Recap of Commission Findings in the TCM Decision	A review Commission FEOC and public interest findings.	Please refer to the comments above. .
4.1 i) Economic Dispatch	AESO use of merit order for dispatch is discussed.	Please refer to the comments above.
4.1 ii) Pool Price Impact	Transmission constraint impact on market is discussed	TransCanada wishes to emphasize the following quote referred to by the AESO: “While the Commission recognizes that it may be impractical or even impossible to resolve transmission constraints without impacting the pool price, it expects the AESO to strive to <u>minimize</u> disruption of market prices <u>as much as possible</u> ” (para 116) [emphasis added]. In TransCanada’s view this statement obligates the selection of the solution that disrupts the market the least. In this way, price fidelity is the paramount consideration when weighed against other considerations, such as convenience or simplicity.
.1 iii) Compensation	A review of the requirement for compensation for being	As the AESO notes, the Commission found that the regulation did not require payment for constrained down generation; however, it did not

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	constrained down	<p>rule that no payments could be made to generators who are constrained down as a result of congestion. Indeed, as noted by the AESO, the Commission supported the corresponding use of TMR and DDS in applicable but not all constraint events.</p> <p>The AESO has emphasized the following statement of the Commission: “unlike an ancillary service, the generators that are constrained down cannot physically be dispatched up to provide support to the AIES”.</p> <p>TransCanada is concerned about the potential narrowing of the definition of ancillary services from that stated in the <i>Electric Utilities Act</i>, should this statement be relied upon out of context. TransCanada notes that dispatch routinely occurs behind constraints and that ancillary services do not need to involve MW changes to support the AIES.</p>
4.1 iv) Transmission “rights”	Generator’s “right” to access the AIES is discussed	
4.1 v) Use of TMR/DDS	AESO use of TMR/DDS is discussed.	It appears that the use of DDS may be expanded as a result of the TCM Rule. As a result, the import of the current DDS rule, and the problems that exist with it should be addressed, including: 1) distortion of pool price by the reference price; 2) the requirement that generators pay for DDS (while also incurring lost opportunity costs from the congestion); and 3) the potential for generators that would otherwise be out of merit to receive DDS.
4.2 i) Long term investment impact	TCM impact on long term investment decisions is reviewed.	
4.2 ii) Use of business practices	AESO use of business practices for constraint management is discussed	

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5 Discussion of Commission Directions in the TCM Decision	This section introduces the discussion of and the AESO proposals regarding each of the Commission directions.	
5.1 Clarify the Scope of the TCM Rule	A proposal on whether the TCM rule should be limited to real time or expanded to include planning stage elements is presented.	
5.2 Clarify the TCM/TMR Rule relationship	A review of how the AESO would move from the use of the TCM Rule to the use of TMR is presented.	
5.3 Consider ENMAX Pay as Bid Approach	The merit of using the ENMAX pay as bid proposal within the TCM protocol is discussed	TransCanada does not support the pay as bid approach as it risks distorting the market in both the short and long term.
5.4 Define Key TCM Rule Terms	A proposal regarding specific TCM rule key terms is presented	
5.5 Clarify TCM Rule Process Steps	Specific TCM rule process steps are discussed together with proposals to provide additional clarity where appropriate.	TransCanada believes that the “missing DDS step” should be included in the TCM Rule. This is required for clarity and consistency, as well as to ensure that this step continues to be part of the TCM protocol should changes be made to the DDS rules contained elsewhere.
6 Next Steps	Stakeholder feedback on the TCM paper discussion and proposals is requested.	TransCanada would appreciate the opportunity to provide comments upon the final draft of the TCM Rule prior to re-filing with the Commission.