

AESO Discussion Paper – Intertie Framework
Stakeholder Comment Matrix – Response of the Office of the Utilities Consumer Advocate

Section	Feedback Requested	Stakeholder Response
<p>4.0 Policy Coherence</p>	<p>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>	<p>All of the principles as general statements are reasonable, but judgment must be applied in their application and should not be considered absolutes regardless of cost or consequence.</p> <p>One concern is that the paper does leave the impression that the injection/withdrawal model in Alberta (with the expectation that congestion, if it does exist, will be eventually removed through transmission development) is inconsistent with firm rights to import or export electricity. While the injection/withdrawal framework does not provide intra-Alberta load or generation rights to specific transfer paths within Alberta, the right to inject or withdraw power at particular points does seem consistent with the right to import or export electricity at a particular point into the grid.</p> <p>Firm import and export services appear to be consistent with those principles, with the delivery point either being at the Alberta terminal of an intertie, or at the border.</p> <p>There are not yet other products within Alberta for other than opportunity service on the interties, however, other levels of service have been arranged either at the other ends of interties (such as firm service through open access tariffs with BC) and over merchant interties (the open-season sale of capacity on the proposed MATL transmission line). Without alternative firm service offerings in Alberta now, allocating operational capacity now without consideration of other rights purchased on the interties or at the other end of the intertie can at best be an interim solution until seams issues are addressed more completely. Any interim measures will need to consider the transition to a longer term solution that can also address the development of future interties.</p> <p>The seams issues should be addressed as quickly as possible, with long term solutions being set out at least at the conceptual level even if implementation will take much longer. Otherwise, interim or ad-hoc</p>

		solutions may be implemented in the short term that are difficult or impossible to unwind and either impede transition or limit the range of long term solutions available.
5.0 Intertie Framework	The AESO is interested in feedback on the intertie framework and the decisions identified.	
5.1 Real-Time Dispatch/ Scheduling	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> • Should the AESO adopt real-time dispatch and scheduling on the interties and what are the impacts to market participants? • 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? • 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? • Do stakeholders interpret policy to permit for a bi-lateral market? 	<p>The benefits of shifting to real time dispatching on the interties should be weighed against the costs. 5 minute scheduling and the creation of a new up/down service seem very complicated and potentially onerous for system operators, and the benefits are not quantified sufficiently to support their implantation. Dynamic scheduling, identified in workshops as a feature being more readily available through upgrades to the AESO’s energy management system, appears to hold more promise, but is currently limited to participation with a small number of specific jurisdictions.</p> <p>Based on the information provided, the AESO should continue to pursue the dynamic scheduling, subject to a sufficient number of jurisdictions being engaged.</p>
5.2 Transmission Rights - Policy	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.	Subject to seams issues, general principles should apply. However, those principles are relatively complex. The AESO notes “If a new line does impact the capacity of an existing line, a remedial action scheme (RAS) shall be added to the new line as required to ensure no negative impact. This is consistent with how Alberta manages new internal generators connecting to the Alberta Interconnected Electric System...” (Page 14) However, for congestion that can be addressed through

		<p>operator action, the AESO is moving to implement a “reverse merit order followed by pro-rata curtailment” methodology that does impact existing generators, and this is perhaps more analogous to the ATC allocation issue.</p> <p>The challenge is that at least with generation, the incumbent holds no advantage (reverse merit order followed by pro-rata) but the expectation is that the system would be enhanced to remove the constraint. For stability issues limiting total import and export capability, it is not clear that those constraints can be eventually removed in all cases, or that the AESO holds a responsibility to work towards reducing ATC-induced limitations on new interties.</p>
<p>5.3 Product Priority</p>	<p>The AESO is interested to stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> • What would be objectives of a new product on top of an opportunity transmission product to import and export customers? • What would be the design options of a new product (see appendix A for assistance)? • Should ATC priority be assigned by tariff/commercial product? • Would an auction to different products be preferred and what would be the design of that auction methodology? 	<p>These questions depend fundamentally on how the seams issues with adjacent jurisdictions will be addressed, and correspondingly how firm products (or products with different levels of service) are developed.</p>
<p>5.4 ATC Allocation Tiebreaker</p>	<p>The AESO is interested in stakeholder comment to the following questions:</p> <ul style="list-style-type: none"> • Should the AESO adopt a pro-rata solution instead of LIFO as a tie breaker? • If pro-rata is used, how should it be calculated? • If LIFO is used, should the AESO use LIFO at xx:yy or only approve up to the system ATC? 	<p>Without the benefit of the longer term framework, commenting on interim measures to allocate capacity appears to be balancing competing interests of market participants who have taken steps to acquire capacity using the means available to them. The AESO should consider the measures taken by participants, whether internally in Alberta or externally, as well as ensure that the interim measures do not lock the AESO into a particular long term solution.</p>

	<ul style="list-style-type: none"> • What time xx:yy should be used in curtailment to maximize utilization of the ATC and provide maximum flexibility to participants and transmission operators? • What differences in application may be required for import as opposed to export transactions? • What other design options are there for considering ATC allocation tiebreakers? 	
7.0 Next Steps	The AESO is interested in stakeholder comment on the AESO's next steps.	The development of a framework to manage seams issues with interconnection jurisdictions needs to be advanced as quickly as possible, with other products developed as necessary.

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
I1 Legislated Requirements	
I1a Planning	
I1b Recovery of connection costs	
I1c Recovery of system costs	
I1d Losses	
I2 Currently-Approved Tariff Provisions	
I2a Bulk system charge	
I2b Local system charge	
I2c Point of Delivery (POD) charge	

Characteristic	Proposed Product Design
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	
I3 Other Considerations	
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	