

<p><b>Period of Comment:</b> May 1, 2021 through May 25, 2021</p> <p><b>Comments From:</b> Capital Power</p> <p><b>Date:</b> 2021/05/25</p>	<p><b>Contact:</b> Matthew Davis, Santi Churphongphun</p> <p><b>Phone:</b> 403.540.6087, 403.807.2909</p> <p><b>Email:</b> <a href="mailto:mdavis@capitalpower.com">mdavis@capitalpower.com</a>, <a href="mailto:schurphongphun@capitalpower.com">schurphongphun@capitalpower.com</a></p>
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Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to [rules\\_comments@aeso.ca](mailto:rules_comments@aeso.ca).

**The AESO is seeking comments from Stakeholders in regards to the following matters:**

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Capital Power appreciates this opportunity to provide further comments on the development of prospective AESO amendments to ISO Rule 306.7, <i>Mothball Outage Reporting</i> . Session #2 was valuable in better understanding the AESO’s rationale for undertaking this initiative and provided added clarity regarding the scope of this consultation. In particular, Capital Power supports the AESO’s determination to remove the economic test and retirement notification elements from the scope of consultation.
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	Capital Power notes that the transmission access issues identified are most acute when a unit mothballs with no clear plans to return after two years and looks to extend its mothball outage beyond the two-year timeframe. This may be due to a lack of market opportunity or to potentially redevelop the site. The current mothball practices, particularly when extensions are granted, create a free option problem where an asset that temporarily (and potentially permanently) exits the market can retain transmission capacity via its STS capacity without providing any certainty that said capacity will return to service. Capital Power is supportive of the AESO’s assessment that this is a significant issue requiring better alignment between the mothball outage rule and connection/transmission development practices.

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3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>In Capital Power's view, the AESO appears to have put forward bookends with respect to resolving the transmission access issues. On one end, extending a mothball outage beyond two years would result in STS capacity being released and on the other end is the status quo – where there is a free option on STS capacity through the use of extensions to a mothball outage after two years. At the stakeholder session, some alternatives to these bookends were put forward and this question solicits further alternatives. Capital Power believes that the AESO's bookends can be refined so that they are less extreme and provide more flexibility for units looking to extend a mothball outage while addressing the AESO's concerns around transmission access.</p> <p>One alternative that Capital Power is evaluating at this time would require a refundable deposit tied to MWs on mothball extension (after 2 years) with the purpose being that these MWs are either being kept idle waiting for a market opportunity (which could be limited) or, being reserved for a brownfield behind the fence (BTF) development. The latter allows for avoiding payment of the generating unit owner's contribution (GUOC). The cost to exercise this option (premium) could be per MW-yr based on GUOC rates. For example, if charged 33% of GUOC for three years of extension this would keep a mothball extension and redevelopment project on-site equivalent to retiring and having to submit for a new STS by paying the full GUOC. Additional considerations would include that payment of the option premium would not be required if the mothballed capacity returned to service, or if through the BTF process had reached project inclusion criteria (past gate 3/4) under the AESO's connection process. Like GUOC, this premium would be refundable should the STS capacity be used either by a returning mothballed unit, or a behind the fence project. This refund would have to occur over shorter term than GUOG, particularly as a mothball near the end of an asset's life may limit opportunity to recover the premium cost – this could be as short as immediately upon return or after one year of operation.</p> <p>This has the benefit of address the free option problem by charging an option premium. Further, it supports continued use of brownfield sites, where transmission has already been designed and built for.</p> <p>Capital Power believes that further exploration of the options to limit the exercise of the free option is necessary.</p>

	Question	Stakeholder Comments
4.	Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.	While Capital Power has identified an alternative, others may be proposed through the AESO’s solicitation in question 3. As such Capital Power would suggest that the AESO review, consolidate, and engage stakeholders on the alternatives identified through this consultation.
5.	Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.	At this time, Capital Power is supportive of the AESO’s recommendation to maintain a 24-month duration for a mothball outage. 24 months provides a reasonable timeframe to re-assess future market opportunity for existing capacity or pursue redevelopment plans on-site – as it is not unfeasible to develop a behind the fence project to a point where it is certain enough to meet the AESO’s project inclusion criteria within that timeframe
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	<p>Capital Power believes that terms around return to service are dependent on the circumstances for which a mothball outage is taken. While there may be circumstances that warrant a short three month return to service before taking a subsequent mothball outage, doing so would require the subsequent mothball outage notification to be submitted concurrently with returning from the current mothball outage. Capital Power would not be supportive of maintaining a three month return to service requirement if it is only likely to be used as a loophole to preserve a free option on the STS capacity (i.e. as an alternative to taking out a mothball extension). In circumstances where the return to service is for a limited market opportunity, Capital Power believes that a longer return to service timeframe would not impair the flexibility of assets as long-lead time energy provisions can be used as well to manage unit cycling. As such, Capital Power would be supportive of exploring longer duration return to service requirements.</p> <p>Capital Power believes that further evaluation is necessary in conjunction with how the AESO intends on treating extensions in light of the transmission access issues already identified.</p>

	Question	Stakeholder Comments
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	Capital Power agrees with the AESO's assessment that there are interdependencies between transmission access, maximum duration, and subsequent outages. Capital Power suggests that the AESO additionally consider terms under which an extension is granted to a mothball to this set of interdependencies. Further, these interdependencies only appear to be an issue under a select set of scenarios that do not encapsulate all situations under which a unit may choose to mothball.
8.	Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	Capital Power is supportive of the AESO's assessment that the mothball outage cancellation notification from the AESO should align with return to service timelines that a participant has declared.
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	Capital Power believes that the minimum cancellation time should remain at three months. This provides a reasonable time for the market to respond to the change in mothball status and is aligned with outage notification timelines. Given the planned nature of a mothball outage, it should align with planned outage timelines, which are 90 days. Further, the AESO has not demonstrated that there is a driver to shorten the minimum notification timelines.
10.	Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	Capital Power supports maintaining the existing three-month notification requirement to take a mothball but is concerned that liberally allowing the use of a waiver to this negates the value the market is afforded by having clear notification periods. A waiver of a three-month notification period would presumably reflect the emergence of some unforeseeable, material, and adverse economic harm to the assets in question that are of a magnitude that the standard notice would not be practical. Capital Power suggests that a waiver should only be used in exceptional circumstances and face additional scrutiny to ensure there is no undue harm to the market.
11.	Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.	Capital Power does not support the AESO's proposal to separate out a mothball outage and identify return to service timelines. Outages records should be aggregated where possible ( <i>FEOC Regulation §4(4)</i> ) and the AESO in the past has not published these outages as a separate outage type. The AESO has though published in its market updates mothball outages, unlike other forms of outage. With respect to return to service timelines, there is no legislative requirement for this, and the information may be construed as commercially sensitive – as such Capital Power does not agree that this information should be published.

	Question	Stakeholder Comments
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	Capital Power is supportive of the AESO's recommendations with respect to long-lead time energy rules.
13.	Do you have any additional comments?	Capital Power appreciates the AESO's attention to this issue and would suggest that, considering the potential for various alternatives to resolve the transmission access issues, the AESO plan for at least one more stakeholder session to evaluate the alternatives.