December 3, 2021

To: The Market Surveillance Administrator, market participants and other interested parties ("Stakeholders")

Re: Stakeholder Comments on Letter of Notice for Feedback on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper ("Options & Recommendations Paper") for the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting* ("Section 306.7")

Pursuant to Alberta Utilities Commission Rule 017, *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, ("AUC Rule 017") written comments received from Stakeholders in response to the Alberta Electric System Operator's ("AESO") November 4, 2021 Letter of Notice for development of the Options & Recommendations Paper and proposed amended Section 306.7 have been posted on the AESO website.

Comments were received from the following Stakeholders and are hyperlinked to help in directing you to these written comments:

1. Capital Power Corporation;
2. ENMAX Corporation;
3. Heartland Generation Ltd.;
4. Market Surveillance Administrator;
5. TransAlta Corporation;
6. TransCanada Energy Ltd.; and
7. Suncor Energy Inc.

All Stakeholder comments received can be found on the Stakeholder engagement page on the AESO website at www.aeso.ca. Follow the path: Stakeholder Engagement > Rules, standards and tariff consultations > Section 306.7.

Thank you to all Stakeholders who participated in the ISO rules comment process. All written comments received will be considered in the AESO's finalization of the Options & Recommendations Paper and proposed amended Section 306.7 and replies to those comments will be posted on the AESO website.

If you have any questions, please submit them to rules_comments@aeso.ca.

Sincerely,

Jodi Marshall

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Legal and Regulatory Affairs
rules_comments@aeso.ca

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Period of Comment:	Nov 4, 2021 through Nov 25, 2021	**Contact:**	Santi Churphongphun / Matthew Davis
Comments From:	Capital Power Corporation ("Capital Power")	**Phone:**	(403) 807-2909 / (403) 540-6087
Date:	2021/11/25	**Email**:	schurphongphun@capitalpower.com/ mdavis@capitalpower.com

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the "related material" on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper with regard to the following matters:

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	*Capital Power has reviewed the AESO's recommendation paper published November 4th, 2021 and believes that the options presented regarding the issues of transmission access, maximum duration and subsequent outages sufficiently captures the range of alternatives to consider next steps. However, this should not be taken as agreement that the AESO assessment of each option was comprehensive. Additionally, Capital Power notes that its comments below are contingent on further details regarding the restoration of STS capacity resulting from reductions beyond the maximum mothball outage duration and any other potential changes such as the maximum outage duration.*
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	*Capital Power generally agrees with the AESO's assessment of the four options presented. However, little detail has been provided regarding the process for restoring STS capacity resulting from reductions beyond the two-year maximum mothball outage duration. The AESO has only stated that such resources would "…be required to go through the connection process again if they wish to return their generator to service from the mothball outage and restore their previous STS contract level." It is unclear, for example, what stage of the connection process the resource would be designated and what steps may be bypassed (if at all) since in some cases "the generator's STS agreement would remain in place" according to the AESO. Capital Power believes these details would be helpful in better understanding the full mothball outage process and implications under each option as well as improving parties' ability to fully assess the merits of the alternatives.*

	Question	Stakeholder Comments
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	*Capital Power is not opposed to the AESO's recommendations to proceed with Option 2 subject to further details regarding restoration of STS capacity resulting from reductions beyond maximum mothball outage duration.*
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	*Between the alternatives under Option 2, Capital Power prefers Alternative A where STS reduction occurs immediately upon reaching maximum mothball outage duration. Under this approach, all resources reaching the limit would be treated equally and would not be subject to any discretion or arbitrary judgement dependent on connection requests or the uncertainty that these projects may or may not progress to completion.*
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a new project connection at Stage 2 of the Connection Process?	*Capital Power submits that such time requirements will not be standard and are dependent on the circumstance of each resource and market participant. Further, return to service timelines known at the time of initial declaration may change over the course of the outage. This will inevitably require accommodating requirements in the rule to allow a sufficiently large window to facilitate Alternative B. Such a requirement would be arbitrary and, as noted in response to Question 4, its implementation may vary given exceptions sought or changing circumstances of the asset and market participant. Consequently, this may reduce the transparency and certainty the AESO and market participants seek particularly in comparison to Alternative A.*
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	*Capital Power would appreciate further details on the STS restoration process envisioned by the AESO under Option 2 and any other viable alternative being considered at the next stage of the engagement process.*
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	*At this time, Capital Power does not oppose the recommendations on the four topics presented in "Table 2" of Appendix 1.*
8.	Do you have any additional comments?	*Capital Power recommends that future draft rule amendments clearly specify, for example, the process steps for STS restoration should the AESO move forward with Option 2 or any alternative that involves a contract capacity reduction. Further, any such revisions should be part of the next steps in the engagement process.*

Stakeholder Comment Matrix
Feedback for Mothball Outage Reporting Rule Amendment Options & Recommendations Paper on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*

Period of Comment:	November 4, 2021	through	November 25, 2021	**Contact:**	Mark McGillivray
Comments From:	ENMAX Corporation			**Phone:**	
Date:	2021/11/25			**Email**:	MMcGillivray@enmax.com

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the "related material" on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper with regard to the following matters:

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	The list of options and alternatives appear reasonable.
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	The AESO's assessment of the options and alternatives appear reasonable.
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	ENMAX agrees with the AESO's recommendation to proceed with Option 2 as it provides generators with enough flexibility to adapt and respond to changing market conditions, while also taking into consideration new market entrants.
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	Under both alternatives, the principle of maximizing existing infrastructure should remain a priority for the AESO, and new entrants should be able to access any available transmission capacity without barriers. Furthermore, contingencies should remain to ensure a mothballed

	Question	Stakeholder Comments
		generator is able to be called back to service for reliability and supply adequacy reasons. If alternative B is selected, enough certainty will need to be provided to projects in the queue, and the timeframe for when a mothballed generator must decide whether it will return to service or reduce its STS should be explicitly defined (see Response to Question 5).
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a new project connection at Stage 2 of the Connection Process?	It would be reasonable to make a decision within 30 days.
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	None at this time.
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	ENMAX agrees with the AESO's recommendations regarding notification, reporting, mothball outage cancellation and long lead time.
8.	Do you have any additional comments?	None at this time.

Period of Comment: November 4, 2021 through November 25, 2021	**Contact:** Kurtis Glasier
Comments From: Heartland Generation Ltd. ("Heartland Generation")	**Phone:** (587) 228-9617
Date: [2021/11/25]	**Email**: Kurtis.Glasier@heartlandgeneration.com

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the "related material" on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper with regard to the following matters:

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	Heartland Generation's comments regarding transmission access can be found below, in response to Question 2. **Maximum Duration**: In the options paper, the AESO comments that "periods of low pool prices since 1996 range from 2 to 6 years." With the average length of low pool prices being three years. Based on this analysis, it would be more reasonable for the maximum duration of a mothball outage to be three years, consistent with the average length of sustained low prices. Heartland Generation understands that the maximum observed length of 6 years was an anomaly; however, a maximum duration that is only consistent with the observed minimum length of sustained low pool prices seems misaligned. Heartland Generation proposes that consistent with the limited analysis conducted by the AESO, the maximum duration should be increased to three years, well within the AESO's 5-year transmission planning horizon.[1]

[1] As noted in proceeding 26911, Exhibit 26911-X0001, paragraph 173: "the Proposed Rate Design introduces a five-year trailing average to the 12CP charge, the 5-year Average 12 CP Charge. This modification reflects that the ESO's planning process relies on forecasts developed using historical consumption data over a five-year period when assessing transmission system needs."

	Question	Stakeholder Comments
		The AESO includes that "a 2-year maximum mothball duration is sufficient for generators to make retirement and return to service decisions after the start of a period of low prices." Heartland Generation does not understand on what basis the AESO is making this assumption. Could the AESO please provide what analysis or insights it has into market participant decision making to justify this conclusion?
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	The AESO has characterized a mothballed generator retaining its STS capacity (Option 1) as being able to *prevent* new potentially more efficient generators from connecting to the system while there is a mothball outage in the area. Heartland Generation disagrees, and that this prevention would not occur, even under Option 1. Regardless of a mothball outage, all market participants connected and applying for a connection ("new projects") possess a reasonable opportunity to exchange electric energy and ancillary services. A generator that is on mothball outage does not relinquish its status as a market participant, and therefore is still entitled to a reasonable opportunity to exchange electric energy and ancillary services once/if it becomes economic for it to do so. Regardless of the mothball outage, the AESO's mandate to provide this new project with the reasonable opportunity to access the grid is maintained. Further, new connection projects will not be *prevented* from connecting under any of the options as presented. If the new project is more efficient than the mothballed generator, then it would not be possible for the mothball outage to act as a barrier to entry, as the AESO is always required to connect the new project. If the new project is less efficient than a mothballed generator, which is on outage because it is not economic to operate, then once again the mothballed generator does not act as a barrier to entry for the economic decision making of the new project. Notwithstanding that the relative efficiency of competitive generators is outside the purview of the AESO, as this is a function of the fair, efficient, and openly competitive market. The AESO also mentions that a mothballed generator retaining its STS capacity could result in inefficient use of the transmission system resulting in unnecessary system and connection costs for new projects. This characterization is disingenuous, as the current market design only provides market participants with a reasonable opportunity rather than a transmission access right. The

	Question	Stakeholder Comments
		inefficiency that the AESO has characterized only arises due to the lack of transmission rights and the certainty that such a policy would afford the transmission planner. In Alberta, the market participant does not have a guaranteed right to transmission access, and this is balanced by the market participant having increased commercial flexibility (e.g., generators not having to commit and purchase a certain level of transmission access). The desired certainty, whereby the AESO can efficiently plan the transmission system based on generator's commitment to transmission access is inconsistent with the current market design. It is unfair to impose this level of certainty only on a subset of market participants, being those on mothball outages. Under Option 3, the AESO suggests that "the generator would no longer impact transmission access as the STS is terminated and therefore the generator can essentially mothball, outside of the market, until it is economic to re-enter the market." Is the AESO suggesting that an asset with an STS contract of 0 MW can remain connected to the Alberta Interconnected Electricity System without retiring? Further, would an asset be able to contract with the AESO for an STS contract volume less than its maximum/available capability? While not related to the mothball outages specifically, the AESO should hold information sessions on the interplay between available capability, STS contract volumes, retirement and offer obligations for market participants. Heartland Generation agrees that Option 4 is not currently permitted under the *Transmission Regulation* and that determination/implementation of this fee would be problematic in the context of a market without transmission access rights.
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	For the reasons stated in response to Question 2, Heartland Generation supports Option 1, which allows a mothballed generator to retain its STS capacity. Option 2 with Alternative B could be seen as a compromise, allowing the AESO to potentially increase transmission planning efficiency by knowingly limiting a mothballed generator's reasonable opportunity to access the market under specific and limited circumstances.
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	Alternative B is the preferred form of Option 2. This alternative strikes a balance in the case where there arises a transmission access issue, which would only be more efficiently alleviated by the return or retirement of the mothballed generator.

	Question	Stakeholder Comments
		This allows a market participant with a mothballed generator to retain its reasonable opportunity to access the market and allows the AESO some certainty around transmission planning. A new project will not be financially committed at the time the mothballed generator will need to decide. Therefore, Heartland Generation agrees with the proposal that a mothballed generator would not have to make a return to service or retirement decision until after the maximum duration of the mothball outage has passed. Within the time of maximum duration of the mothball outage, new project connections will not require further information or decision making from the mothballed generator. Only after the maximum duration of the mothball outage, and if the outage has a significant impact on transmission access in the area for a new project, will the mothballed generator have to decide about returning to service or retirement.
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a new project connection at Stage 2 of the Connection Process?	The time that a mothballed generator would need to make a return to service, or STS reduction decision would likely be variable. It would depend on the physical state of the unit on the mothball outage. A generator owner would need to run the same modelling/forecasting that led to the original mothball decision, this could take 1-3 months. Therefore, it may be sufficient for the AESO to allow a mothballed generator up to 3 months to run the necessary modelling once it has been alerted about a new project connection at Stage 2. It may be necessary for the AESO to model the connection studies for the new project with multiple sensitivities for the business decisions of the mothballed asset (this would prevent the connection process from stalling while the mothballed generator makes a decision). This would be similar to the probabilistic modelling that the AESO employed for the CETO project, whereby the business decisions of generators in the area took the form of scenario analyses.
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	Heartland Generation does not have additional comments at this time.
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	The recommendation to maintain the existing notification requirement of 3-months may create an operational limitation. If an owner wants to take extended outages for seasonal periods, whereby the asset would take more than 36-hours to return to service (i.e. long-lead time assets) but significantly less than 3-months (mothball outages), it is unclear how a market participant can

	Question	Stakeholder Comments
		communicate this to the AESO and the market. A seasonal or short-term outage like this would allow a market participant to avoid some costs through storage of equipment and personnel but would still allow a generator to return to service in a matter of weeks rather than months. This type of outage would be similar to a mothball outage as it would be a physical limitation based on prevailing economic conditions; however, the current notification timelines seem to limit this type of short-term outages as the notification requirement remains three months before the return to service. Heartland Generation assumes that an AESO waiver process could be used for this type of seasonal outage, but a waiver may lack transparency if included through the regular mothball outage reporting.
8.	Do you have any additional comments?	Heartland Generation reiterates its comments made in the AESO's 2021 Budget Review Process (BRP) that it is not convinced changes to the Mothball Rule are warranted at this time given the other more pressing issues that our industry faces, including system reliability. The power industry is in an era of unprecedented uncertainty with changes to carbon policy and the forecasted influx of non-dispatchable resources. Heartland Generation is observing that are jurisdictions are unveiling new reliability products; if these products were implemented in Alberta, they may incent mothballed units to return from a mothball outage. As the AESO is aware, the government introduced Bill 86 this past week which, among other things, allows retired units to return to service in the event of a system emergency. In Heartland Generation's view the policy intent of this provision is clear: dispatchable units should have every opportunity to return to service and provide reliable power to Albertans if needed.

Stakeholder Comment Matrix
Feedback for Mothball Outage Reporting Rule Amendment Options & Recommendations Paper on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*

Period of Comment:	November 4, 2021 through November 25, 2021	**Contact:**	Mark Nesbitt
Comments From:	Market Surveillance Administrator	**Phone:**	
Date:	2021/11/25	**Email**:	Mark.nesbitt@albertamsa.ca

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the "related material" on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper with regard to the following matters:

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	The MSA does not have additional options or alternatives to add to the list.
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	The MSA does not object to retaining the 2-year maximum mothball duration or the AESO's recommendation on the return to service requirement between subsequent mothball outages.
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	With respect to transmission access, the MSA agrees that the AESO should pursue Option 2. Option 2 is a reasonable compromise between giving generators flexibility to manage their assets as they deem appropriate and enabling efficient use of the existing transmission system. The MSA submits that the AESO should require that an updated attestation based on the economic test be submitted at annual intervals, including during the period in which the STS capacity has been reduced. This would give the MSA some comfort that the market participant continues

	Question	Stakeholder Comments
		to assess the economic viability of the asset when considering whether the mothball outage should be continued.
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	The MSA is of the view that Alternative B should accomplish the objective of facilitating new entry where there are transmission access issues and a generating unit is mothballed, while reducing red tape where there are no transmission access issues. While a decision on the mothball status of the existing generator is required before the connection project has fully committed, this alternative still provides more flexibility than the scenario where all mothball outages beyond two years must reduce STS. If the AESO determines that Alternative B is not feasible, the MSA believes that Alternative A is reasonable and an improvement to the current rule.
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a new project connection at Stage 2 of the Connection Process?	No comment.
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	No comment.
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	The MSA supports the AESO's stakeholder session 2 recommendations as outlined in Table 2, Appendix 1 and has no further comments.
8.	Do you have any additional comments?	No comment.

Stakeholder Comment Matrix
Feedback for Mothball Outage Reporting Rule Amendment Options & Recommendations Paper on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*

Period of Comment:	November 4, 2021	through	November 25, 2021	**Contact:**	Akira Yamamoto
Comments From:	TransAlta Corporation			**Phone:**	403-267-7304
Date:	2021/11/25			**Email**:	akira_yamamoto@transalta.com

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the "related material" on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper with regard to the following matters:

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	***The AESO has not explored options or implemented practices that could work under the existing rule*** No, the AESO has not demonstrated that it has explored options within the current rule to address the "theoretical" concerns that it has raised in its *Mothball Outage Reporting Rule Amendment Options & Recommendation Paper* (the "Paper"). TransAlta has the most direct experience under the existing rule and notes that the concerns/issues raised in the Paper have never occurred to our knowledge. TransAlta is not aware of any situations where the issues that the AESO has cited on Supply Transmission Service (STS) capacity have ever actually been raised with a mothballed unit. All market participants including an owner of a mothball outage has an obligation under Section 6 of the *Electric Utilities Act* to support the Fair, Efficient and Openly Competitive (FEOC) operation of the market. Taking actions that would withhold STS capacity from another market participant and without an intent to utilize that STS capacity is not consistent with the FEOC obligation. Furthermore, no generation owner is incented to increase the cost of the transmission system as these costs increase the delivered cost of electricity to the customer that could reduce electricity consumption or otherwise drive customers to consider self-supply.

	Question	Stakeholder Comments
		The AESO could easily convey any concerns that it might be aware of due to an interconnection request and STS capacity associated with a mothballed unit to the owner of the mothballed unit without any change to the existing rule. The owner would likely seek to address those concerns.
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	No, the AESO has sought to make significant changes to the rules without any evidence that there are real issues with the existing rule. This includes imposing artificial deadlines on decisions that are typically a direct response to sudden or unpredictable changes in economic conditions or regulatory uncertainty that do not abide by any timelines for resolution or the AESO's prescribed deadlines. The market participant has no interest in seeing its asset(s) in a mothballed state, where it earns no revenue but still incurs costs. Furthermore, arguments that mothballed units potentially raise barriers to new entry or dissuade investment are unfounded. A more efficient new generator is unlikely to be dissuaded from entry due to mothballed units in that the entry of new efficient generation makes it less likely that a mothballed unit could return to the market (not more likely that a mothballed unit would re-enter the market to affect the economics of new generation investment). Even if the mothballed unit did return its offers are likely to be higher than those of the efficient generator and, consequently, the previously mothballed unit would be less competitive than the new generator, it would be dispatched less, and its high offers would benefit the new generator if they set prices. ***The maximum duration of a mothball outage should be 6 years*** The AESO's assessment demonstrates a failure to appreciate the operational and financial distress that the owner is under when it has mothballed a unit. The market participant would like to return the unit to the market as quickly as possible but is clearly impacted by the cost and revenue earning prospects of such a decision. As noted by the AESO (page 6) historically low pool price periods have ranged from 2 to 6 years. The AESO's recommendations to place a maximum duration of 2 years on a mothball outage (the low end of the range) do not comport with its own analysis of historical pool prices or real historical experience with mothball outages in Alberta. Actual historical experience in Alberta with mothball outages suggest that mothball outages have an average duration that is greater than 2 years and likely need up to 4 years. TransAlta's own experience was that a 4-year timeframe was short and that a 6-year maximum duration would be more reasonable. Based upon the AESO's observations of the duration of low pool price periods and the historical experience with mothball outages, the maximum duration should be 6 years.

	Question	Stakeholder Comments
		Furthermore, a reduction to the STS contract would only serve to further disadvantage the mothball unit from being able to return to the market (as the costs to return the unit in a condition to operate would be the same but the revenue potential of the unit would be impacted by the STS reduction). The AESO's proposed rule changes will force inefficient re-entry or premature retirement, neither of which are good outcomes for the competitive market or the participant.
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	***Option 2 is unreasonable, empowers the AESO to force decisions upon generators*** No, TransAlta does not agree with the AESO's recommendation to proceed with Option 2. TransAlta supports Option 1. The mothball outage consultation has postulated potential concerns with mothball outages that, to date, have not occurred. There is no value in manufacturing potential issues with the mothball rule only to provide the AESO more scope to intercede in generation investment decisions.
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	***Alternative A under Option 2 should be eliminated from consideration*** As stated above, TransAlta does not support Option 2 as we do not agree that the AESO should change a mothballed unit's STS capacity. TransAlta does not support Alternative A, which empowers the AESO to unilaterally reduce the mothballed unit's STS capacity immediately upon reaching the maximum duration of 2 years. TransAlta views Alternative B to be more reasonable and less overreaching because the AESO would only reduce a mothballed unit's STS capacity if another project seeks to connect in that area. However, it is still unreasonable and rife with potential gaming concerns to set the trigger to be when another project proposed in the area is in Stage 2 (the transmission study phase) of the interconnection process. A project proponent that is only in stage 2 of the process can hardly be said to be committed to developing their project – they are merely in a stage of evaluating transmission capability and considering connection options. A mothballed unit should not be forced to return to service or be forced to reduce its STS capacity (and required to enter the interconnection queue to resume its operations) merely on another new project entering into this early stage of development. TransAlta recommends the following changes be made: ***Any trigger to return a mothball unit to service should require the new project to pay its GUOC*** First, the trigger for action being taken on the mothballed unit should require the new project to have paid its non-refundable Generating Unit Owner's Contribution (GUOC). The requirement should not be simply posting a letter of credit (which can be revoked before the project is required to post cash)

	Question	Stakeholder Comments
		but rather a cash posting of the applicable GUOC amount. The AESO should require this payment be made in stage 2 if the project proponent is effectively driving the notification for action by the mothballed unit. ***The return to service should be based on the greater of: (1) 96 weeks; or (2) new project's in service date*** Second, the mothballed unit should not be required to return to service any earlier than when the new project is expected to be in service. To further eliminate the potential for any gaming with respect to the incentive for the project developer to declare an unreasonably short time frame for its in service date, we recommend that the minimum return to service should be set at 96 weeks (or the in service date if it is greater than 96 weeks). The 96 weeks is based upon an aggressive estimate of a 2 year (104 weeks) timeframe from application to energization and subtracts the 8 weeks required to move from gate 0 to stage 2 – currently the connection project timeline estimates 80 weeks for stage 1-4 even without the construction and energization phases. ***The mothballed unit should not be required to pay GUOC to return to the market*** Finally, TransAlta disagrees that any mothballed unit should be required to pay GUOC to return the unit back to the market. A mothballed unit already has all of the transmission infrastructure to allow for the delivery of its energy to the Alberta Interconnected Electric System (AIES). Moreover, a mothballed unit that has 9 calendar years of service would have already met the requirements with respect to GUOC (and the performance requirements under *Section 505.2 Performance Assessment for Refund of Generating Unit Owner's Contribution*). As such, all mothballed units which have at least 9 years of service should be permitted to return back to the market without having to pay GUOC. Additionally, levying the same GUOC scheme that was designed for new resources that require new transmission is unfair to mothballed units. A mothballed unit that has already experienced economic challenges is less likely to remain in the market for a full 9 years to eligible to a refund on its GUOC– the actual time that a mothballed unit would have been in the market is significantly greater than the 9 years that a new resource needs to meet to receive its full refund. Overall, TransAlta recommends that the AESO not apply GUOC to mothballed units on their return back to the market.
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a	***A mothballed unit requires at least 6-months notice to return to service*** The ability to return to service in a set timeframe is very unit specific as it depends on numerous factors including the complexity of the generating unit, age, condition, length of time on outage, etc. A mothball generator is currently required to return to service within 6 months of notification. This requirement is only achievable under certain circumstances and being able to meet this requirement drives an owner's cost.

	Question	Stakeholder Comments
	new project connection at Stage 2 of the Connection Process?	***A mothballed unit should not be forced into the market any earlier than the new project would reasonably be expected to be in service by*** The return to service requirement should be based on when the transmission capacity was otherwise going to be used by the project developer. The AESO should not force a mothballed unit to return to the market based on the uncertain decision of a new project developer. Furthermore, a mothballed unit should not be required to return to service any earlier than the in-service date of the new project connection.
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	*See our responses to questions 2, 3, 4 and 5 above.*
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	***The return to service requirement is unreasonable and should be rejected*** TransAlta does not support the AESO's recommendation that a mothballed unit must have "returned to service for at least the same length of time as their previous mothball outage for a minimum period of 3 months, up to a maximum period of a year in order to take a subsequent outage". This requirement is entirely arbitrary as there is no certainty that future economic conditions will not deteriorate in a time span that coincides with the length of the previous mothball outage or a year. The AESO's recommendation is unreasonable, without merit, and does not align with the economic challenges or uncertainties faced by mothballed unit when they do return to service. TransAlta recommends that no change should be made to the current requirement and that the notification period of 3 months for a mothball outage should be the only condition that is applied to a mothballed unit that returns to the market and then determines that a subsequent mothball outage is required. ***The minimum notification period should provide a mechanism to request a shorter notice period*** TransAlta agrees that the AESO should allow a market participant to file for a waiver requesting a shorter notice period than the 3-month minimum notification period specified in the rule. ***The AESO should allow for a minimum notification for outage cancellation of 30 days*** The AESO should remove the constraints that it is seeking to impose on minimum notification periods. While we note that mothballed units are likely to require more rather than less time to return to market, we do not understand why the AESO is adding any requirements that would otherwise reduce the efficiency of a return beyond its own operational requirements. The AESO's own

	Question	Stakeholder Comments
		processes only require 30 days' notice for outage coordination, which suggests that the minimum amount of time the AESO really requires for a mothballed unit's return to service is 30 days. TransAlta notes that the timeframe to return a mothballed unit back to market could be varied depending on the urgency of need (i.e., more resources could be expended to expedite the return to service date) a mothballed unit could potentially be returned to market at a derated level to meet that need. The AESO should provide greater flexibility to return a mothballed unit given that it supports the ability of supply to respond to changing demand and market conditions. If there was an unexpected disruption of supply (long forced outage of one or several large units), returning a mothballed unit even in a derated state would help to address any potential supply shortfall, support system reliability, and support an efficient market response. The AESO does not acknowledge any of these potential considerations in its Paper but rather seeks to impose restrictions on mothballed units that would, if implemented, interfere with or otherwise restrain an efficient market response and result in poor competitive outcomes. The AESO's recommendation is that notice to cancel a mothball outage should be increased from the current rule's 3-month requirement to a 6-month requirement. The AESO's recommendation is without any real justification as to its own process requirement (there is no explanation as to why the AESO's internal processes now take twice as long for a cancellation notification). The AESO should be setting the mothball outage cancellation to be as quick as it can possibly accommodate. On that basis, TransAlta recommends that the requirement to cancel a mothball outage be set at 30 days' notice. ***The AESO should provide aggregated reporting of mothball outage*** TransAlta supports the AESO's recommendation to separately report mothball outages from planned outages and that the reporting should be done on an aggregated basis to protect commercially sensitive information. ***The AESO should better explain Type 1 and 2 assets and why they are not currently held to the same 36-hour start time requirement*** The AESO's presentation and the information in its Paper does not explain the problem with its current approach or why it recommends applying the 36-hour start time requirement to type 1 and 2 Long Lead Time assets. TransAlta asks the AESO to better explain the problem including the origins of the subcategorization (e.g., type 1 and type 2 assets) of long lead time assets as that may better explain why they have two different start time requirements. Without this background, the AESO has not provide important and highly relevant information to stakeholders about the problem or issue(s) with the current approach and why it is recommending a change.

	Question	Stakeholder Comments
8.	Do you have any additional comments?	***Additional stakeholder consultation is required*** TransAlta is unclear about the additional process for this consultation. We do not support the AESO proceeding to a decision and rule development without more consultation than this current opportunity to provide feedback through written comment matrices on the Paper. TransAlta recommends that the AESO hold additional stakeholder sessions to go over the comments it received, how it is or has considered those in the decision-making process, and to refine the Paper, its conclusions, and the steps forward.

Period of Comment:	November 4, 2021 through November 25, 2021	**Contact:**	Mark Thompson
Comments From:	TransCanada Energy Ltd. (TCE)	**Phone:**	403-589-7193
Date:	2021/11/25	**Email**:	markj_thompson@tcenergy.com

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the "related material" on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment Options & Recommendations Paper with regard to the following matters:

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	*TCE submits that the options presented are sufficiently comprehensive.*
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	*TCE agrees with many of the AESO's assessments of the options and offers the following clarifications:* *<u>Option 1:</u>* *The AESO states that Option 1 "may prevent new potentially more efficient generators from connecting to the system while there is a mothball outage in the area". The AESO may be overstating this to some extent. There are no regulatory impediments preventing a new generator from connecting to the system. However, a new generator may choose not to connect if they are concerned that the congestion would be frequent and prolonged if the mothballed unit were to return to service. If the congestion was expected to be for short durations (i.e., does not extend past 2 settlement intervals), the more efficient generator*

	Question	Stakeholder Comments
		would likely not be impacted by congestion pursuant to the TCM Rule. That said, TCE recognizes that an appropriate balance is required to fairly manage transmission access. *Option 1 analysis should include the fact that the criteria by which the AESO approves or denies extension requests is unknown to market participants.* *<u>Option 2:</u>* *TCE considers Option 2A and Option 2B to be considerably different from each other. Option 2A is more similar to Option 3 since both effectively require the mothballed unit to return to service once the maximum duration has been reached or risk losing the associated transmission regardless of market conditions.* *Option 2B is more similar to Option 1 since both allow for a mothballed unit extension beyond the maximum duration upon the consideration of the market conditions.* *While TCE agrees that the timing gaps identified in Option 2B (where a mothballed unit would need to make its return-to-service decision prior to a connection project has committed) are not ideal, they are an improvement over Option 2A since this latter option could require the same decision before a connection project has even filed a system access service request.* *The AESO states that under Option 2A there is a complication regarding the return-to-service notification. TCE submits that there is no complication since the notification must be linked to its STS contract volume. Any volumes above the STS contract volume would be associated with the timelines for the connection process.* *<u>Option 3:</u>* *The AESO states that Option 3 provides the most certainty for new connections. While this may be true, it is important to recognize the tradeoff between the certainty of*

	Question	Stakeholder Comments
		transmission access for a connection project that may or may not exist and an existing generator (albeit on mothball outage) that does exist. *<u>Option 4:</u>* *TCE agrees with the AESO that the listed payment options are not feasible and that this option would be overly complicated and difficult to find a solution that fits within the regulatory construct.*
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	*As stated in our response to Question #2, there are fundamental differences between Options 2A and 2B. As a result, TCE would support proceeding with Option 2B, but not Option 2A. If Option 2B was eliminated as an alternative, TCE would support Option 1 rather than Option 2.* *TCE's primary concern with Option 2A is that it would automatically remove a mothballed unit's transmission access if it did not return to service after 2 years whether or not there was a connection project or a lack of transmission. This would be unnecessary, unfair and inefficient.* *Option 2B is more reasonable as it would only remove the transmission access for a mothballed unit if there were both a connection project that had proceeded sufficiently far through the connection process and there was insufficient transmission. Of all the options considered, this provides the most reasonable balance for managing transmission access as between incumbent mothballed units and connection projects.* *Option 1 is similar to Option 2B, but does not clarify the criteria the AESO would use to approve or decline an extension request. Because of this lack of transparency TCE prefers Option 2B over Option 1. However, Option 1 does provide the AESO the necessary discretion, if used appropriately, to find a reasonable balance for managing*

	Question	Stakeholder Comments
		transmission access. For this reason, TCE prefers Option 1 over Option 2A or Option 3. *Between Option 2A and Option 3, TCE prefers Option 2A since it leaves the decision as to whether the STS contract should be terminated with the market participant. To the extent that there is value in remaining a market participant, albeit with little or not STS contract volume, the market participant would be able to make that decision.*
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	*Please refer to the response to Question #3 above.*
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a new project connection at Stage 2 of the Connection Process?	*TCE suggests that a mothballed generator would be able to make such a decision within a month. It may be possible to accelerate this timeframe somewhat by providing the market participant advance notice that there is a connection project at or near Stage 2 of the connection process, and that this connection would cause a transmission access issue.*
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	*Both alternatives in Option 2 consider reducing a mothballed unit's STS contract volume under certain conditions if the mothball duration exceeds 2 years. If implemented and a mothballed unit's STS contract volume should be reduced, the revised rule should reinstate a unit's STS contract volume if the unit returns to service and there were either no competing connection projects or no transmission access issues. Otherwise, the mothballed unit returning to service would have to unnecessarily re-enter the connection process and make a GUOC payment for a second time. Both outcomes would be inefficient.*
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	*TCE's position on the recommendations outlined in Table 2 in Appendix 1 are as follows:* *<u>Notification</u>*

	Question	Stakeholder Comments
		TCE would not oppose maintaining the existing 3-month notification period with a waiver provision for shorter notification if required. *<u>Reporting</u>* *Reporting mothball outages separately in an aggregated manner is reasonable.* *<u>Mothball Outage Cancellation</u>* *TCE does not agree with aligning the outage cancellation with the declared return to service time. TCE submits that the context for the timing of an outage cancellation and the declared return to service time are very different.* *When the owner of a mothballed unit announces that they will cancel a mothball outage, it will only do so once it has confirmed that the necessary resources (including fuel contracts, operational and staffing resources) are available to meet the specified outage cancellation timing. The owner is afforded the ability to account for resource availability when making the decision to cancel a mothball outage.* *In contrast, the owner of a mothballed unit has no ability to account for resource availability in the event the AESO directs the unit back to service. Market conditions may be such that it is difficult to adequately staff the facility, especially if the unit has been down for an extended period and the staff have been laid off. For this reason, additional time may be needed when directed on by the AESO.* *Further, allowing a unit to return to service as soon as possible after a cancelling an outage facilitates competition and supports the FEOC operation of the market.*
8.	Do you have any additional comments?	*TCE has no further comments at this time.*

Stakeholder Comment Matrix
Feedback for Mothball Outage Reporting Rule Amendment Options & Recommendations Paper on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*

Period of Comment:	November 4, 2021 through November 25, 2021	**Contact:**	Horst Klinkenborg
Comments From:	Suncor	**Phone:**	(403) 819-7125
Date:	2021/11/25	**Email**:	horst.klinkenborg@suncor.com

	Question	Stakeholder Comments
1.	The AESO presented a number of options and alternatives with respect to transmission access, maximum duration and the subsequent outages issues. Do you agree that the list of options and alternatives was comprehensive? If not, please explain why.	*Suncor does not agree that the list of options is comprehensive. Underlying all options is an unnecessarily and inappropriately restrictive framework. This framework interferes with the ability of generation owners to make efficient decisions. For example, Suncor is not aware of any compelling reason as to why there needs to be a maximum mothball outage duration. Under all presented options, a market participant can "block" transmission access for 2 years.* *Suncor believes that instead of trying to merely improve the existing rule, consultation should start with a clean slate. The existing rule was created as a stop-gap measure. It includes various overly restrictive and inappropriate elements and does not represent a suitable baseline.*
2.	Do you agree with the AESO's assessment of the options and alternatives? If not, please explain why.	*As stated under 1, Suncor considers the options and alternatives discussed to be incomplete. It is difficult to assess, given the amount of time that has passed, but the summaries seem to reasonably capture the previous discussion.* *In the assessment, the paper suffers from looking at topics in isolation and from not evaluating more fundamental questions.* *Regarding Appendix 2, Suncor notes that while there may be physical limitations at times, economics are the main driver for all outage decisions. The question should be to what extent that the differences between "forced outages", "planned outages" and "mothball outages" warrant different rule treatment.*
3.	Do you agree with the AESO's recommendation to proceed with Option 2 as described in the paper? If not, please explain why.	*Out of the presented options, Suncor prefers Option 2B. However, more far reaching changes to the rule are preferred.*

	Question	Stakeholder Comments
4.	Of the two alternatives presented under Option 2, which one is your preference and why?	*Out of the two options, Suncor has a strong preference for Option 2B as this is the more flexible option. Restrictions in the rule introduces the potential for inefficiencies and should therefore have clear associated benefits that outweighs this cost.*
5.	In relation to Option 2, alternative B as described in the paper, how much time would a mothballed generator need to make a return to service or STS reduction decision once alerted about a new project connection at Stage 2 of the Connection Process?	*More time is generally preferable. However, this needs to be weighed against certainty for the new project. The answer to this question is also dependent on the obligation the existing generator takes on when electing to maintain access and return from the mothball outage. Finally, it is dependent on the consequences to the existing generator if it accepts a reduction in STS both in the scenario where the new generator does not go ahead and in the scenario where the new generator went ahead and the existing generator is looking to get STS capacity back at a later date.* *Ultimately, more consultation is required on this topic.*
6.	Do you have any additional comments in relation to Option 2 and the alternatives described under this option?	*See question 8.*
7.	Do you agree with the other recommendations from the stakeholder session 2 presented in Table 3 in Appendix 1 of the Options paper? If not, please explain why?	*Suncor partially agrees with the other recommendations listed in Table 2. Suncor is not convinced that the explicit restrictions imposed on generators (3-month notification, 6-month maximum return to service, etc.) have been justified. Variable restrictions, like the alignment between return notification and cancelation period make more sense, are more easily justifiable and are overall preferred.*
8.	Do you have any additional comments?	*Suncor does not believe that the consultation is completed or in fact that it has been very productive. Suncor appreciates that the AESO is considering/proposing a rule with additional flexibility. However, the premise for the rule remains a principle concern.* *In Alberta, private investors carry the risk of generation development – not ratepayers or taxpayers. As such, fundamentally, all decision making regarding their units should remain as unfettered as possible and every contemplated restriction on these decisions should be carefully justified. In Suncor's view, the mothball rule starts at the opposite end with various arbitrary and unnecessary administrative limitations on generators that interfere with their ability to optimize the value of their investments. Ultimately, such interference will raise costs to consumers.*