**Attendees: (Note Regrets)**

<table>
<thead>
<tr>
<th>S.No</th>
<th>Invited / Attended</th>
<th>Company Name</th>
<th>Attendance Status</th>
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<tbody>
<tr>
<td>1</td>
<td>Chris Joy</td>
<td>ENMAX</td>
<td>Present – Late</td>
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<td>2</td>
<td>Daniel Jurijew</td>
<td>Capital Power</td>
<td>Present</td>
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<td>3</td>
<td>Doug Sullivan</td>
<td>Insitu</td>
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<td>4</td>
<td>Ed Hucman</td>
<td>Nexen Energy</td>
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<td>5</td>
<td>Hao Liu</td>
<td>AML on behalf of BHE</td>
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<td>6</td>
<td>Jason Zimmerman</td>
<td>Rodan Energy Solutions</td>
<td>Present</td>
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<td>7</td>
<td>Kevin Dawson</td>
<td>Alberta Electric System Operator</td>
<td>Present</td>
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<td>8</td>
<td>Kris Aksomitis</td>
<td>Power Advisory on behalf of Cogen Coalition</td>
<td>Present</td>
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<td>9</td>
<td>Marcy Cochlan</td>
<td>TransAlta corporation</td>
<td>Present – Late</td>
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<td>10</td>
<td>Martin Schultz</td>
<td>Morgan Stanley Capital Group (MSCG)</td>
<td>Present</td>
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<td>11</td>
<td>Richard Penn</td>
<td>IPCAA</td>
<td>Present</td>
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<td>12</td>
<td>Robert Stewart</td>
<td>Rocky Mountain Power</td>
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<tr>
<td>13</td>
<td>Tory Whiteside</td>
<td>URICA Energy Management</td>
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<td>14</td>
<td>Tyler L. Mitton</td>
<td>Maxim Power Corp.</td>
<td>Present</td>
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<tr>
<td>15</td>
<td>Jordan Ludwig</td>
<td>Stack’d Consulting (Facilitator)</td>
<td>Present</td>
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Agenda

- Action items from previous meeting
- Discussion on distributed AESO materials regarding Forward Period
  - Ensure understanding of materials,
  - Test completeness of identified alternatives,
  - Test agreement with assessment of options,
  - Identify additional information required and assign tasks,
  - Test preliminary work group preference between options (non-binding)
- Session Wrap-Up
  - Confirm action items, decision items, and next steps with WG
  - Assignment of work
  - Confirmation of next session topic items and review schedule

Key Recommendations/Decisions

Discussion on distributed AESO materials regarding Forward Period – Base Auction:

- Key Design Element (KDE) questions explored:
  - When will the Base Auction occur in advance of an Obligation Period (i.e. what is the forward period)?
- WIG perspective on SAM starting point (from previous working session)
  - Generally agree with a 3 year forward period assuming the market is non-bifurcated (i.e. treats new and existing capacity equally)
  - Generally agree with an annual base auction, subject to comments and considerations
- Alternatives assessed:
  1. Less than three years;
  2. Three years; and,
  3. Greater than three years.
    - No additional alternatives were identified for discussion
- WIG discussion:
  - Some WIG members showed concern with a three year forward period being too long
    - If the delivery period is only 1 year (assumed based on SAM starting point), will a capacity payment be sufficient to incent investment?
      - Some WIG members wondered if the New York market, which uses a shorter forward period, has issues attracting investments?
• It was also noted that the US markets have additional incentives to drive investment (i.e. other than capacity markets)
  o Some WIG members believed that a three year forward period and a one year obligation period resulted in a mismatch of risk and term-length for all players
  o It was observed that the capacity market should strike a balance between incenting investment and managing risk
    ▪ Too far out and resources will face investment risk and sunk costs prior to receiving capacity payments
    ▪ Too short and there is not enough lead time for a new resource to develop its capacity before the obligation period
    ▪ Some WIG members also stated that the capacity market as a stand-alone will not incent investment in new resources (i.e. the holistic market opportunity is evaluated, not the capacity market as a stand-alone)

• Additional information required to confirm a recommendation:
  o Can load resources play on the supply side of the capacity market?
  o WIG needs to understand and discuss the trade-offs between forward period, obligation period, and rebalancing auction (period) to be able to make a recommendation

Discussion on distributed AESO materials regarding Forward Period – Rebalancing Auction(s):

• Key Design Element (KDE) questions explored:
  o How many Rebalancing Auctions will be held between the Base Auction and the Obligation Period?
  o How many years prior to the delivery year will Rebalancing Auctions be held?
  o Can we skip Rebalancing Auctions in the auction schedule if it is deemed that AESO does not need to adjust procurement volume?
  o Should rules provide flexibility to add Conditional Rebalancing Auctions?

• WIG perspective on SAM starting point (from previous working session)
  o Generally agree with having a rebalancing auction one year in advance of the obligation period, however there is interest to investigate additional rebalancing auction(s) within 1 year

• Alternatives assessed:
  1. One Annual Rebalancing Auction;
  2. Multiple Annual Rebalancing Auctions; and,
     ▪ Alternative 2, was reframed to be “Multiple annual rebalancing auctions, one of which is close to the delivery period”
• WIG discussion:
  o WIG members were generally aligned with multiple annual rebalancing auctions, one of which was as close to 'real time' (i.e. the obligation period) as possible (i.e. Alternative 2)
    ▪ Example:
      • Base auction: 36 months before obligation period
      • Rebalancing auction 1: 15 months before obligation period
      • Rebalancing auction 2: 3 months before obligation period
    ▪ Some WIG members were also interested in additional auctions prior to the 1+ year out auction (depending on the forward period)
    ▪ It was also noted that the auction timing should align to the forecasting process (i.e. do not host an auction and release a new forecast 2 months later)
  o Some WIG members expected that all players can participate in the rebalancing auction if they meet the eligibility criteria for the capacity market (e.g. if a new resource was not completed to participate in the base auction then the resource would still be eligible participate in rebalancing auctions)
  o WIG members were generally aligned that rebalancing auctions should not be skipped if it is deemed that the AESO does not need to adjust its position
    ▪ Market participants should be allowed to participate even in the AESO does not need to change its position
  o WIG members were generally aligned that there should not be additional flexibility in the rules to add conditional rebalancing auctions, with the understanding that the AESO will manage and maintain system reliability
    ▪ Delays in planned transmission should be addressed in planned rebalancing auctions

• Additional information required to confirm a recommendation:
  o How will the process for asset substitution work?
    ▪ How will UCAP will be calculated on 'like for like' resources?

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<th>#</th>
<th>Action Items / Next Steps</th>
<th>Action by</th>
<th>Due date</th>
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<tbody>
<tr>
<td>1</td>
<td>Provide AESO recommendation on additional scope questions raised during session #1</td>
<td>Kevin</td>
<td>July 17</td>
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