

Proposed New ISO rule – Section 201.13, Capacity Market Clearing

Period of Comment:	December 18, 2018 through January 10, 2018	Contact:	Kris Aksomitis
Comments From:	The Cogeneration Working Group is comprised of the following members: Cenovus Energy Inc.; Canadian Natural Resources Limited; Dow Chemical Canada ULC; Husky Oil Operations Limited; Imperial Oil Resources Limited; Inter Pipeline Ltd.; Lafarge Canada Inc.; MEG Energy Corp.; Suncor Energy Inc.; Syncrude Canada Ltd.; TransCanada Energy Ltd. This submission is submitted on behalf of the group by Power Advisory LLC. Individual member companies may also make independent submissions.	Phone:	587-894-7150
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Date [yyyy/mm/dd]:	2019/01/10		

Please provide comments relating to the subsection of the proposed rule in the corresponding box. Please include any views on whether the language clearly articulates the requirement for either the AESO or a market participant, and provide any proposed alternative wording by blacklining the proposed language below.

Section	Subsection	Proposed language	Stakeholder comments
4	1	<p>4(1) The ISO must establish capacity commitments for a base auction or rebalancing auction based on the volumes from capacity blocks that are cleared in accordance with the following process:</p> <p>(a) clear volumes from capacity blocks using the unconstrained clearing methodology in subsection 5 against the final demand curve established in accordance with Section 207.4 of the ISO rules, Shape of the Demand Curve;</p> <p>(b) update the volumes cleared using the constrained clearing methodology in subsection 6, as applicable;</p> <p>(c) if the update in subsection 4(1)(b) results in a reduction in cleared volumes, clear additional volumes using the unconstrained clearing methodology in</p>	<p>Constraint management should not be addressed in the capacity market. CWG reiterates its comment that the incremental volume does not need to be cleared if there is a constraint. The constrained unit should be paid and should be held accountable for performance in all hours other than where the constraint binds, but there is no reliability requirement to clear incremental capacity. Capacity is not the energy market and there is no specific need to maintain the volume at the unconstrained level. As long as the minimum target is achieved, intervention is not required.</p> <p>The rule also does not make clear the nature of the constraint that is being contemplated. A constraint that is expected to occur only under very unusual contingency conditions is very different than a binding constraint under N-0 conditions or a constraint that does not allow a resource capacity to be connected. The rule lacks clarity and CWG is very</p>

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		<p>subsection 5 against the target volume established in subsection 3(2) if the volume cleared after adjustment falls below the minimum procurement requirement; and</p> <p>(d) if additional volumes were cleared in accordance with 4(1)(c), repeat the step in subsection 4(1)(b).</p>	<p>concerned that very minor constraint risks will be allowed to impact the capacity market.</p>

Please provide your comments on the following (as set out in AUC Rule 017 s. 13(b-j)):

Item #		Stakeholder comments
1	whether you agree that Section 201.13, <i>Capacity Market Clearing</i> relates to the capacity market and why or why not	
2	whether you agree that [the proposed ISO rule] should [or should not] be in effect for a fixed term and why or why not	
3	whether you understand and agree with the objective or purpose of Section 201.13, <i>Capacity Market Clearing</i> and whether, in your view, Section 201.13, <i>Capacity Market Clearing</i> meets the objective or purpose	
4	how, in your view, Section 201.13, <i>Capacity Market Clearing</i> affects the performance of the capacity market and the electricity market	<p>The AESO has made improvements with the latest iteration of this rule with respect to the clearing mechanism itself.</p> <p>However, there is still concern around the treatment of constrained capacity. Clearing incremental capacity should only occur when minimum reliability targets are not met. A key concern is that new generation build could be triggered by clearing an offer out of merit due to congestion, and when the congestion is resolved the market has artificially added capacity. CWG requests rationale on what is driving the decision to clear incremental capacity in response to a constraint.</p> <p>CWG also requests that clarity on the nature of the constraint that would trigger the use of subsection 5.</p>
5	your views on any analysis conducted or commissioned by the AESO supporting Section 201.13, <i>Capacity Market Clearing</i>	
6	whether you agree with Section 201.13, <i>Capacity Market Clearing</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	
7	whether you would suggest any alternatives to Section 201.13, <i>Capacity Market Clearing</i>	

Item #		Stakeholder comments
8	whether you agree that the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to customers and why or why not	
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	

Please provide your views on the type of content that should be included in an information document associated with Section 201.13, Capacity Market Clearing

