

**Proposed New ISO rule – Section 201.13, *Capacity Market Clearing***

<b>Period of Comment:</b>	December 18, 2018	through	January 10, 2018	<b>Contact:</b>	Marcy Cochlan
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<b>Date [yyyy/mm/dd]:</b>	January 10, 2018			<b>Email:</b>	marcy_cochlan@transalta.com

***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
5	3	<p>The ISO must, when multiple <b>capacity blocks</b> are submitted at the clearing price and result in the same social surplus, clear such <b>capacity blocks</b> based on the following order of priority:</p> <ul style="list-style-type: none"> <li>(a) for a <b>rebalancing auction</b>, clear the volumes associated with the <b>capacity commitments</b> in subsection 2(a) before all other <b>capacity blocks</b>;</li> <li>(b) clear volumes from the <b>flexible blocks</b> over volumes from the <b>inflexible blocks</b>;</li> <li>(c) clear the <b>flexible blocks</b> after pro-rating and <b>randomly</b> rounding the <b>flexible blocks</b> to a whole number;</li> <li>(d) clear the smaller <b>inflexible blocks</b> before the larger <b>inflexible blocks</b>; and</li> <li>(e) randomly clear the equivalent <b>inflexible blocks</b>.</li> </ul>	<p><b>The reference to “randomly” before “rounding” should be removed</b>, as we have indicated in the <b>yellow highlighted</b> text.</p> <p>We are unclear about the issue that the AESO is attempting to address with the reference to “randomly rounding”. We are not in favour of use of an arbitrary process that cannot be validated with respect to cleared blocks. Furthermore, we wish to understand why the AESO cannot simply “round” in a conventional fashion when deciding on clearing volumes. The AESO should justify the reason for introducing an arbitrary process and explain the significance of the issue of “randomly rounding” versus “rounding”.</p>
6	1	<p>The ISO must, in the event that the ISO determines that a limit on the <b>transmission system</b>, or a limit on an Alberta <b>intertie</b> determined in accordance with subsection 7, may impact the ability of an asset to deliver electric energy to the Alberta <b>interconnected electric system</b> during the <b>obligation period</b>, clear <b>capacity blocks</b> from assets behind the same limit, without clearing an amount of <b>capacity</b> that exceeds the limit, as follows:</p> <ul style="list-style-type: none"> <li>(a) subject to subsection 6(1)(b), clear a lower priced <b>capacity block</b> before a higher priced <b>capacity block</b>;</li> <li>(b) if clearing a lower priced <b>capacity block</b> would exceed the limit, clear a higher priced <b>capacity block</b> when such action minimizes the amount of uplift paid in accordance with subsection 8; and</li> <li>(c) in the event that multiple <b>capacity blocks</b> are submitted at the same price, clear such <b>capacity blocks</b> in the following order of priority: <ul style="list-style-type: none"> <li>(i) for a <b>rebalancing auction</b>, clear the volumes associated with <b>capacity commitments</b> in subsection 2(a) before all other <b>capacity blocks</b>;</li> <li>(ii) clear volumes from the <b>flexible blocks</b> over volumes from the <b>inflexible blocks</b>;</li> <li>(iii) clear the <b>flexible blocks</b> after pro-rating and <b>randomly</b> rounding the <b>flexible blocks</b> to a whole number;</li> <li>(iv) clear the smaller <b>inflexible blocks</b> before the larger <b>inflexible blocks</b>; and</li> <li>(v) randomly clear the equivalent <b>inflexible blocks</b>.</li> </ul> </li> </ul>	<p>Please see our comments to subsection 5(3) above.</p>

Section	Subsection	Proposed language	Stakeholder comments
6	2	<p>The <b>ISO</b> must, in the event that the <b>ISO</b> determines that a limit on the <b>transmission system</b>, or a limit on an Alberta <b>intertie</b> determined in accordance with subsection 7 may impact the ability of an asset with volumes cleared pursuant to the unconstrained methodology in subsection 5 to connect in an unconstrained manner to the Alberta <b>interconnected electric system</b>, as defined by Alberta Reliability Standards:</p> <p>(a) make public all identified transmission system limits and limits on an Alberta intertie that may impact the ability of an asset to clear prior to the new capacity qualification process and 3 months prior to each auction.</p> <p>(a) determine whether an asset is likely able to connect as follows:</p> <ul style="list-style-type: none"> <li>(i) determine the weighted average <b>offer</b> price of each asset that is potentially impacted by a limit considering all <b>capacity blocks</b> in the <b>offer</b> associated with the asset;</li> <li>(ii) prioritize the assets based on lowest to highest weighted average <b>offer</b> price;</li> <li>(iii) if 2 or more assets have the same weighted average <b>offer</b> price, prioritize the assets <b>based on earliest connection in service date</b>, as follows: <ul style="list-style-type: none"> <li>(A) use the highest percentage of the assigned <b>uniform capacity value</b> contained in <b>capacity blocks</b> that cleared in the unconstrained methodology in subsection 5; or</li> <li>(B) if 2 or more assets have the same percentage of <b>uniform capacity value</b> in subsection 6(2)(a)(iii)(A), randomly prioritize the assets;</li> </ul> </li> <li>(iv) assess each asset in order of priority determined in accordance with subsections 6(2)(a)(ii) and 6(2)(a)(iii), as applicable; and</li> <li>(v) when conducting an assessment in subsection 6(2)(a)(iv), assume that all assets assessed prior and determined as likely able to connect to be connected in such assessment;</li> </ul> <p>and</p> <p>(b) clear all the <b>capacity blocks</b> from assets that have been determined likely able to connect in accordance with 6(2)(a) where such <b>capacity blocks</b> have cleared pursuant to the unconstrained methodology in subsection 5.</p>	<p><b>The AESO should be required to make all limits on the transmission system or on Alberta interties public prior to the qualification of new capacity process and before each auction and should prioritize assets with the same weighted average offer price based on earliest connection in-service date</b>, as we have indicated in the <b>yellow highlighted</b> text.</p> <p>The AESO has not explained how the provisions of this subsection which appears to contemplate persistent transmission congestion are aligned with the AESO's obligations under the <i>Transmission Regulation</i>. The AESO is obliged to ensure that all anticipated in-merit electric energy is sufficiently robust so that it can be delivered 100% of the time when all transmission facilities are in service and 95% of the time under abnormal operating conditions. We wish to clarify the practices and processes that the AESO will implement to minimize the use of this subsection.</p> <p>Additionally, TransAlta suggests that in the event that two or more assets have the same weighted average offer price such that offers cannot be used to prioritize assets that the AESO clear assets that are already connected to the system. In contrast, the proposed mechanism is arbitrary using the highest percentage of assigned uniform capacity value or a random process to prioritize assets and could result in higher costs to consumers. Prioritizing assets that are already connected to the transmission system minimizes the potential cost to consumers associated with new transmission connections and builds and maximizes the utilization of the existing transmission system.</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	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
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	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
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	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
4	how, in your view, Section 201.13, <i>Capacity Market Clearing</i> affects the performance of the capacity market and the electricity market	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
5	your views on any analysis conducted or commissioned by the AESO supporting Section 201.13, <i>Capacity Market Clearing</i>	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
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	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
7	whether you would suggest any alternatives to Section 201.13, <i>Capacity Market Clearing</i>	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.
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	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.

Item #		Stakeholder comments
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	Please refer to our Appendix 1 to TransAlta's November 14, 2018 submission. Our comments with respect to Items #1-9 have not changed.

***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***

The Information Document should explain the AESO's methodology for identifying limits on the transmission system as well as how information about congestion on the transmission system will be conveyed to market participants.