

Information Documents are not authoritative. Information Documents are for information purposes only and are intended to provide guidance. In the event of any discrepancy between an Information Document and any Authoritative Document(s)<sup>1</sup> in effect, the Authoritative Document(s) governs.

### 1 Purpose

This Information Document relates to the following Authoritative Document:

- Section 201.14 of the ISO rules, *Capacity Market Offer Control Information* (“Section 201.14”).

The purpose of this Information Document is to provide additional information in relation to Section 201.14 of the ISO rules, *Capacity Market Offer Control Information*. Specifically, this section intends to clarify that:

- (a) the amount of capacity that a person has under its offer control in the capacity market includes the amount that its associates have under their control;
- (b) Offers of a capacity asset jointly owned by more than one person must be submitted by a single party; and
- (c) the offer control information provided by capacity market participants in accordance to subsection 3(1)(a) and 3(1)(b) is used to determine which portions of a capacity offer submitted in the capacity auction are subject to market power mitigation.

### 2 Amount of Capacity that a Market Participant has under its Offer Control

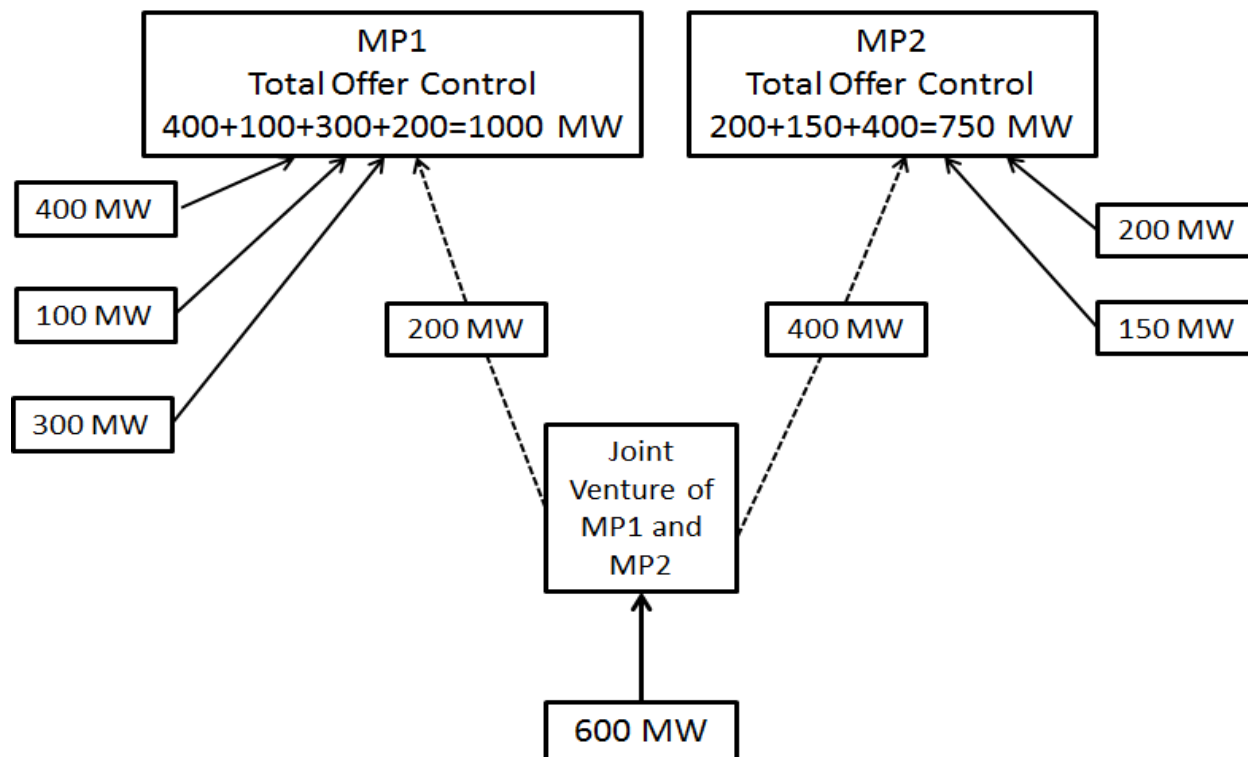
The ISO uses the information provided by a capacity market participant in accordance to subsection 2(a) and 2(b) to calculate the amount of capacity, measured in UCAP, that a person has under its offer control. The amount of capacity that a person has under its offer control is the total amount of capacity that a person and all its associates have under their control in the capacity market. The AESO will use total MWs under person’s offer control as the measure that determines mitigation requirements for that person.

For example, if a market participant (MP1) and another market participant (MP2) form a joint venture which owns an asset with 600 MW UCAP, and MP1 and MP2 respectively has 200 MW and 400 MW offer control over the asset, 200 MW of the joint venture asset will be added to the amount of capacity that MP1 has offer control of and 400 MW of the joint venture asset will be added to the amount of capacity that MP2 has offer control of, as shown in Figure 1.

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<sup>1</sup> “Authoritative Documents” is the general name given by the AESO to categories of documents made by the AESO under the authority of the *Electric Utilities Act* and associated regulations, and that contain binding legal requirements for either market participants or the AESO, or both. AESO Authoritative Documents include: the ISO rules, the Alberta reliability standards, and the ISO tariff.

Figure 1: Offer Control of a Capacity Market Participant



### 3 Shared Capacity Blocks

In the event that an asset is under the offer control of more than one market participant, the offers must be submitted for all market participants by a single party, the capacity market participant for that asset. The submission of separate offers from each market participant will not be facilitated.

### 4 Offer Control Information a Capacity Market Participant Provides in accordance with Subsections 3(1)(a) and 3(1)(b)

Subsections 3(1)(a) and 3(1)(b) of Section 201.14 require a capacity market participant, when submitting offers in the base and rebalancing auctions, to provide the offer control information of each capacity block and the quantity to which the offer control information relates. The ISO uses this information to determine which portion or portions of an offer submitted in the base auction are subject to market power mitigation. While offers from firms determined to have market power will be mitigated in the base auctions, the AESO will collect offer control information in all auctions to assist with capacity market oversight.

For example, if MP1 failed the market power screen and MP2 passed the market power screen, only the portion or portions of an offer under the control of MP1 are subject to market power mitigation in accordance to Section 206.7 of the capacity market rules. Any portion of an offer under the control of MP2 is not subject to market power mitigation.

In Figure 2, it is assumed that an offer is being submitted for an existing capacity asset with 600 MW UCAP. MP1 who failed the market power screen and MP2 who passed the market power screen each have 300 MW of the offer control of the asset. Therefore, any offer blocks containing capacity from MP1 would have their offer price checked against the associated offer price cap for MP1. In the event that there are any offer blocks associated with MP1 that are priced above their offer price cap, the offer as a whole will be rejected and will not be accepted until the capacity market participant adjusts the offer blocks such that there is no capacity offered from MP1 that is above its offer price cap.

If the offer price cap for MP1 was \$140/kW-Year, then the offer submission as a whole would fail, as MP1 is attempting to offer capacity in offer blocks 5 and 7 that are priced higher than \$140/kW-Year. The capacity market participant would have to adjust the offer such that there is not any capacity offered by MP1 that is priced above \$140/kW-Year.

**Figure 2: Determining the Portion of an Offer that is Subject to Market Power Mitigation**

Offer Block Number	MW Offer (MP1)	MW Offer (MP2)	Offer Price (\$/kW-Year)	Subject to Mitigation
1	75		50	Yes
2	45		80	Yes
3		70	100	No
4	50		130	Yes
5	95	80	150	The 95 MW offer of MP1
6		100	180	No
7	35	50	200	The 35 MW offer of MP1

The AESO will invalidate the offer from the asset of which MP1 and MP2 have offer control if offer blocks 1, 2, 4, and the portions of offer blocks 5 and 7 that are under the offer control of MP1 are not in compliance with subsections of 3 and 4 of Section 206.7.

**Revision History**

Posting Date	Description of Changes
	Initial release