

Stakeholder Comment Matrix – May 21, 2020
Request for feedback on pricing framework review, session 3 material



Period of Comment: May 22, 2020 through June 5, 2020 Comments From: EDF Renewables Canada Inc. ('EDF') Date: 2020/06/05	Contact: [REDACTED] Phone: [REDACTED] Email: [REDACTED]
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The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, and content from session 3.

	Questions	Stakeholder Comments
1.	<p>The AESO has presented pricing framework options, and the risks and benefits of each, see below:</p> <ul style="list-style-type: none"> A. Implement improvements to the pricing framework now to incent efficient market response during <u>supply shortage and supply surplus</u> situations B. Implement option A, in future, but <u>delay</u> due to conflicting priorities and external issues that exist today C. <u>Maintain current pricing framework</u>– AESO will continue to monitor the state of the market for signs of loss of system efficiencies <p>Do you believe there other alternatives that should have been considered. If yes, please elaborate.</p>	<p>EDF believes a periodic formulaic increase in the price cap (such as to account for inflation) is a reasonable approach. This ensures the market does not become increasingly restricted over time with respect to signaling the need for capacity. Any increases in this respect should be known well in advance or tied to specific transparent indices such as CPI and should not trigger material regulatory burden.</p>

<p>2.</p>	<p>The AESO's draft recommended approach is Option C above, maintain the current pricing framework. Do you have comments related to this recommendation?</p>	<p>EDF supports option C.</p> <p>The analysis presented by the AESO does not support the need to introduce negative pricing at this time.</p> <p>EDF offers the following observations:</p> <ul style="list-style-type: none"> • The AESO has not identified any issues with long-term adequacy that would need to be solved through negative pricing. • The benefits of introducing negative pricing is negligible and the costs associated with implementation and impact on investor confidence could be high. • The introduction of negative pricing coupled with an increase in price cap would result in increased volatility, which may not be desirable. <p>EDF supports the decision to only revisit the conversation around negative pricing if both of the following are true:</p> <ol style="list-style-type: none"> 1. Ongoing market monitoring suggests a material change to the market from the current state has occurred and there are material benefits expected from changing the price cap or floor; and 2. Analysis suggests that the benefits are significantly high to justify the costs associated with a regulatory proceeding and the investor uncertainty that will exist during the period between the beginning of consultation and the eventual approval of a new ISO rule. <p>As noted, a periodic increase in the price cap is a reasonable addition to the noted approach provided it does not create undue regulatory burden and is laid out in advance. This is not vital but it does create confidence that the ability to recover fixed costs will keep pace with inflation.</p>
<p>3.</p>	<p>Do you feel you have been able to adequately participate and provide comments to the AESO through this engagement? If no, please describe your concerns.</p>	<p>Yes, the consultation was sufficient.</p>
<p>4.</p>	<p>Do you believe the AESO was effective in the preparation and presentation of the material? If no, please provide suggestions for the improvement of future engagements.</p>	

5.	Please provide any other comments you have related to the pricing framework engagement.	
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Thank you for your input. Please email your comments to: stakeholder.relations@aeso.ca.