

Stakeholder Comment and AESO Replies Matrix



Proposed New Section 201.12 of the ISO Rules, *Capacity Market Block Allocation*

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| Date of Request for Comment: | October 26, 2018 | | |
| Period of Comment: | October 26, 2018 | through | November 14, 2018 |

| Stakeholder Comments and/or Proposed Alternative Rule Wording | AESO Replies |
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| Capacity Block Allocation Subsection 2(1) | |
| <p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>The AESO should develop its capacity market systems such that it enables joint owners to submit offers separately and independently with respect to a jointly owned asset.</p> <p>TransAlta is concerned that the AESO has not considered joint ownership arrangements where there will be more than one capacity market participant for one asset, which is common in Alberta. In order to reduce administrative burden and costs and increase market competition and efficiency the AESO should revisit this sub section to account for joint ownership arrangements.</p> | <p>Please see the AESO’s reply to TransAlta’s comment on subsection 3(2) in the Section 201.14 of the ISO Rules, <i>Capacity Market Offer Control</i> AESO Replies matrix.</p> |
| Subsection 2(2) | |
| <p><u>ATCO Electricity Generation (“ATCO”)</u></p> <p>ATCO believes the AESO should consider moving to eight offer blocks with the ability for joint venture partners to submit offers separately to the AESO. Having an even number of blocks would enable blocks to be split easily in joint ventures with an even number of participants. ATCO is of the view that the AESO should design its system for accepting capacity market offers to facilitate compliance with the FEOC Regulation, without requiring market participants to establish mechanisms to submit offers jointly.</p> | <p>The AESO does not agree with ATCO’s suggestion to provide 8 capacity blocks. An even number of capacity blocks does not guarantee an even split of the capacity blocks among joint venture partners (e.g., 8 capacity blocks cannot be evenly split among three parties). The allocation of 7 capacity blocks to each asset providing capacity is consistent with the block allocation in the energy market under Section 201.5, <i>Block Allocation</i>. Determining how to split the number of capacity blocks among joint venture partners is up to those parties.</p> |

| Stakeholder Comments and/or Proposed Alternative Rule Wording | AESO Replies |
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| <p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>TransAlta recommends the number of capacity blocks be increased from 7 to 8 blocks to allow the capacity blocks to be divided between two joint owners (in the yellow highlighted text).</p> <p>An odd number of capacity blocks cannot be easily divided between joint owners that wish to offer in jointly owned assets. Allocating 7 blocks would require the sharing of commercially sensitive information and thereby reduce competition in the market. As such, the number of blocks should be increased to 8, which would decrease the necessity to share sensitive information.</p> <p>2(2) The ISO must, subject to subsection 2(3), allocate to a capacity market participant for each asset with a uniform capacity value equal to or greater than 1 MW:</p> <ul style="list-style-type: none"> (a) 8 7 capacity blocks to submit an offer; and (b) 8 7 capacity blocks to submit a bid. | <p>Please see the AESO's reply to ATCO's comment on subsection 2(2) above.</p> |
| <p>Subsection 2(3)</p> | |
| <p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>Per the comments in Subsection 2(2), TransAlta recommends the change in yellow highlighted text, requiring 8 capacity blocks rather than 7.</p> <p>2(3) The ISO must, in the case of an asset with refurbished capacity that declares to submit 2 offers in accordance with Section 206.1 of the ISO rules, Qualification of Capacity, allocate:</p> <ul style="list-style-type: none"> (a) 1 capacity block for the first offer referred to in Section 206.4 of the ISO rules, Offers and Bids for Capacity; and (b) 8 7 capacity blocks for the second offer referred to in Section 206.4 of the ISO rules, Offers and Bids for Capacity. | <p>Please see the AESO's reply to ATCO's comment on subsection 2(2) above.</p> |

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

| Item # | | Stakeholder comments | AESO Replies |
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| 1 | whether you agree that Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> relates to the capacity market and why or why not | <u>Capital Power Corporation (“Capital Power”)</u> Capital Power agrees that the proposed rule relates to the capacity market. | The AESO acknowledges Capital Power’s comment. |
| | | <u>TransAlta Corporation (TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission. | Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix. |
| 2 | whether you agree that Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> should or should not be in effect for a fixed term and why or why not | <u>Capital Power Corporation (“Capital Power”)</u> Capital Power does not see any rationale for prescribing a fixed term for the proposed rule and as such believes that the proposed rule should not be in effect for a fixed term. This will provide needed certainty to market participants regarding the longevity of the capacity market rules and design. | The AESO acknowledges Capital Power’s comment. |
| | | <u>TransAlta Corporation (TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission. | Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix. |
| 3 | whether you understand and agree with the objective or purpose of Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> and whether, in your view, Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> meets the objective or purpose | <u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time. | |
| | | <u>TransAlta Corporation (TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission. | Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix. |
| 4 | how, in your view, Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> affects the performance of the capacity market and the | <u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time. | |

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| | electricity market | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |
| 5 | your views on any analysis conducted or commissioned by the AESO supporting Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> | <u>Capital Power Corporation ("Capital Power")</u> Capital Power is not aware of any analysis conducted or commissioned by the AESO supporting the proposed rule and as such has no comments at this time. | |
| | | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |
| 6 | whether you agree with Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market | <u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time. | |
| | | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |
| 7 | whether you would suggest any alternatives to Section 201.12 of the ISO Rules, <i>Capacity Market Block Allocation</i> | <u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time. | |
| | | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |
| 8 | whether you agree that the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to | <u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time. | |

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| | customers and why or why not | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |
| 9 | whether you agree that the proposed provisional rule supports the public interest and why or why not | <u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time. | |
| | | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |
| 10 | whether you have any additional comments | <u>Capital Power Corporation ("Capital Power")</u> Capital Power has no further comments at this time. | |
| | | <u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission. | Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix. |