

Stakeholder Comments and AESO Replies Matrix



Proposed New Section 206.10 of the ISO Rules, *Volume Reallocation*

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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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| <p>Notification of Reallocation Volumes</p> <p>Subsection 2</p> | |
| <p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>Minor section numbering change to reflect the new subsection 2(2) addition discussed below.</p> <p>2(1) The ISO must, if an asset was assessed an over-delivery adjustment or under-delivery adjustment on a preliminary capacity market statement issued in accordance with Section 103.9 of the ISO rules, Capacity Market Financial Settlement, inform a capacity market participant no later than 1 business day following the issuance of the preliminary capacity market statement of the following for each delivery hour determined in accordance with Section 206.8 of the ISO rules, Forward Period Obligation Performance Assessment:</p> <ul style="list-style-type: none"> (a) the asset’s delivery volume in MWh; (b) the balancing ratio; and (c) the asset’s over-delivery or under-delivery assessment volume, as applicable, determined in accordance with Section 206.8 of the ISO rules, Obligation Performance Period Assessments which was included on the preliminary capacity market statement. <p>Ex-post volume reallocation should apply to availability assessments.</p> <p>We have proposed the addition of this new subsection, which enables volume reallocation to apply to availability adjustments in addition to delivery adjustments. The volume reallocations for availability can be managed in a similar manner as delivery adjustments or could be handled in a similar manner to net</p> | <p>The AESO does not agree with change proposed by TransAlta to subsection 2. Please see the AESO’s reply to TransAlta’s comments on subsection 7(2) of Proposed Section 206.8, <i>Obligation Period Performance Assessments</i> for the AESO’s rationale as to why asset substitution does not apply to availability assessments. The AESO is of the view that this rationale is also applicable to volume reallocation.</p> |

| Stakeholder Comments and/or Proposed Alternative Rule Wording | AESO Replies |
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| <p>settlement instructions to utilize a framework already used in financial settlements.</p> <p>Our reasons for the additions were expressed in our CMD 4 comment matrix submitted on July 20, 2018 in which we stated:</p> <p>Ex-post volume reallocation should apply to both availability and performance assessments.</p> <p>We remain unclear as to why the AESO has not allowed ex-post volume reallocation to apply to both availability and performance assessments, as the AESO has applied ex-post volume reallocation to performance assessment as a reasonable risk management mechanism. We therefore recommend that ex post volume reallocation be allowed for both performance and availability assessments. We strongly support ex post volume reallocation mechanism, which allows capacity supplier that over-performed to sell the volume of its over-performance to an underperforming capacity supplier. We believe that expanding this mechanism to apply to availability assessments in addition to performance assessment provides a mechanism for suppliers to manage penalty risk and will reduce penalty premiums that would otherwise result in higher capacity cost to consumers.</p> <p>2(2)The ISO must, if an asset was assessed an over-availability adjustment or under-availability adjustment on a preliminary capacity market statement issued in accordance with Section 103.9 of the ISO rules, Capacity Market Financial Statement, inform a capacity market participant no later than 1 business day following the issuance of the preliminary capacity market statement for the last settlement period of each obligation period of the following for each availability hour:</p> <ul style="list-style-type: none"> (a) the asset’s availability volume in MWh; and (b) the asset’s positive or negative availability assessment volume, as applicable, determined in accordance with Section 206.8: Obligation Performance Period Assessments of the ISO rules, which was included on the preliminary capacity market statement. | |
| <p>Volume Reallocation Request</p> <p>Subsection 3(1)</p> | |
| <p>TransAlta Corporation (“TransAlta”)</p> <p>Please see our comments to the proposal for a new subsection 2(2) above.</p> | <p>Please see the AESO’s reply to TransAlta’s comment on subsection 2 above.</p> |

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| <p>3(1) A capacity market participant must, in order to reallocate an over-delivery assessment volume, over-availability assessment volume, or under-delivery assessment volume, or under-availability assessment volume between different assets, submit a complete application, available on the AESO website, to the ISO no later than 5 business days following receipt of the information provided in accordance with subsection 2.</p> | |
| <p>Subsection 3(2)</p> | |
| <p><u>TransAlta Corporation (“TransAlta”)</u> Please see our comments to the proposal for a new subsection 2(2) above, which allows ex-post volume reallocation to apply to availability assessments.</p> <p>3(2) A capacity market participant must include in the application referred to in subsection 3(1) the following:</p> <ul style="list-style-type: none"> (a) the unique identifier of the asset with the over-delivery or over-availability assessment volume; (b) the unique identifier of the asset with the under-delivery or under-availability assessment volume; (c) verification that all capacity market participants agree to the reallocation; (d) the delivery or availability hour for which the reallocation applies; and (e) the proposed reallocation volume in MWh. | <p>Please see the AESO’s reply to TransAlta’s comment on subsection 2 above.</p> |
| <p>Volume Reallocation Approval</p> <p>Subsection 4(1)</p> | |
| <p><u>TransAlta Corporation (“TransAlta”)</u> Please see our comments to the proposal for a new subsection 2(2) above, which allows ex-post volume reallocation to apply to availability assessments.</p> <p>4(1) The ISO must, based on the information in the application provided in accordance with</p> | <p>Please see the AESO’s reply to TransAlta’s comment regarding subsection 2 above.</p> |

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| <p>subsection 3(1), be satisfied that:</p> <ul style="list-style-type: none"> (a) for the asset with an over-delivery or over-availability assessment volume: <ul style="list-style-type: none"> (i) the proposed reallocation volume is less than or equal to the over-delivery or over-availability assessment volume of the asset; and (ii) if the asset is participating in volume reallocation with multiple other assets, the sum of any proposed or approved reallocation volumes from the asset must be less than or equal to the over-delivery or over-availability assessment volume of the asset; (b) for the asset with an under-delivery or under-availability assessment volume: <ul style="list-style-type: none"> (i) the proposed reallocation volume is less than or equal to the under-delivery or under-availability assessment volume of the asset; and (ii) if the asset is participating in volume reallocation with multiple other assets, the sum of any proposed or approved reallocation volumes from the asset must be less than or equal the under-delivery or under-availability assessment volume of the asset; and (c) the proposed volume reallocation is in respect of the same delivery or availability hour. | |
| <p>Allocation of Approved Reallocation Volumes</p> <p>Subsection 6(1)</p> | |
| <p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>Please see our comments to the proposal for a new subsection 2(2) above, which allows ex-post volume reallocation to apply to availability assessments.</p> <p>6(1) The ISO must apportion the over-delivery or over-availability volume to any assets with under-delivery or under-availability volume approved for reallocation in the order that the request for reallocation was received.</p> | <p>Please see the AESO’s reply to TransAlta’s comment regarding subsection 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 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 206.10 of the ISO Rules, <i>Volume Reallocation</i> and whether, in your view, Section 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 206.10 of the ISO Rules, <i>Volume Reallocation</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 to 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 to 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 to 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 to 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. |