

**Proposed New Section 206.11 of the ISO Rules, *Energy and Ancillary Services Offset for Assets***

<b>Date of Request for Comment:</b>	October 26, 2018		
<b>Period of Comment:</b>	October 26, 2018	through	November 14, 2018

Stakeholder Comments and/or Proposed Alternative Rule Wording	AESO Replies
<p><b>Applicability</b> <b>Subsection 1</b></p>	
<p><u>The Cogeneration Working Group (“CWG”)</u> It is unclear under what circumstances would require an offset. This rule should only be applicable to market participants requesting a delist or asset specific offer cap in the capacity market.</p>	<p>The AESO will clarify in the Applicability section that Proposed Section 206.11 applies to a capacity market participant requesting a temporary economic delist pursuant to Proposed Section 201.15, <i>Delisting</i>, or an asset-specific offer cap pursuant to Proposed Section 206.7, <i>Capacity Market Mitigation</i>.</p>
<p><b>Information for Energy and Ancillary Services Offset Calculation</b> <b>Subsection 2</b></p>	
<p><u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> The values required in this section should be for full output not partial output.</p>	<p>The AESO will clarify what values in subsection 2 are based on full output.</p>
<p><u>TransAlta Corporation (“TransAlta”)</u> Capacity market participants should submit their own forecasts of energy and ancillary services offset rather than the ISO relying on illiquid forward market products, as we have indicated in the <b>yellow highlighted</b> text.  Please see our comments to Subsection 3(1) below for our explanation of our proposed energy and ancillary services offset approach.</p>	<p>The AESO does not agree with the changes proposed by TransAlta. Proposed Section 206.11 uses a similar approach for establishing asset-specific energy and ancillary service offsets as the forward market methodology used in Proposed Section 207.2, <i>Calculation of Net-CONE</i> to establish the energy offset for the reference technology. This is intended to ensure that a fair and consistent approach is applied to all assets seeking an asset-specific offer price or choosing to economically delist and that comparable prices and expectations for volatility are established across assets owned by different firms.</p>

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<p>2(2) The capacity market participant must, in accordance with the timelines prescribed in the <i>Capacity Market Auction Guidelines</i>, provide the following information to the ISO for the obligation period or a portion of the obligation period, as applicable:</p> <ul style="list-style-type: none"> <li>(a) a forecast of energy and ancillary services offset for the obligation period t;</li> <li>(ba) the fuel consumption efficiency of an asset in GJ/MWh for the obligation period t;</li> <li>(cb) for a thermal generating unit's or thermal aggregated generating facility's that is not fueled by natural gas, the expected variable cost of fuel for the asset in \$/GJ, including variable transportation charges for the obligation period t;</li> <li>(de) the variable operations and maintenance costs of an asset in \$/MWh for obligation period t, excluding fuel related costs and amortized or capitalized costs;</li> <li>(ee) the tonnes of CO2/MWh emitted by the asset when producing electricity;</li> <li>(fe) for a wind or solar aggregated generating facility, hydro generating unit, energy storage facility, or a thermal generating unit or an aggregated generating facility:               <ul style="list-style-type: none"> <li>(i) anticipated forced outages and derating values in percentages; and</li> <li>(ii) expected <del>forward product</del> energy production in MWh and substantiating evidence;</li> </ul> </li> <li>(gf) for all other assets not specified in subsection 3(e):               <ul style="list-style-type: none"> <li>(i) seasonal ambient derates; and</li> <li>(ii) anticipated planned outages and forced outages;</li> </ul> </li> <li>(hg) the revenues in dollars received from other sources outside of the electricity market that are directly related to production in the obligation period; and</li> <li>(ih) expected ancillary services revenues in dollars for products other than spinning reserve, supplemental reserve and regulating reserve.</li> </ul>	
<p><b>Calculation of Energy and Ancillary Services Offset for Assets</b>  <b>Subsection 3(1)</b></p>	
<p><u>Alberta Federation of Rural Electrification Associations ("AFREA")</u></p> <p>How is a portion of an obligation period to be defined? Will the offset be prorated for that portion of time compared to the full obligation period?</p>	<p>The energy and ancillary services offset for an asset that intends to run for only a portion of the year will be calculated for the full year. The capacity market obligation periods are full year periods. The avoidable costs an asset owner submits are required to be based on the costs of that asset for the full obligation period. The full year energy and ancillary services offset will be deducted from those costs to establish a full year asset specific offer cap for the asset.</p>

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<p><u>ATCO Electricity Generation (“ATCO”)</u></p> <p>ATCO submits that the EAS offset should be calculated net of taxes. Gross CONE has been established as an after-tax estimation, so net-CONE should be established by subtracting an after tax EAS offset value. Neglecting to consider tax when calculating the EAS offset will have the effect of overcounting expected revenues from the energy market and lead to an undervalued Net-CONE, distorting the incentive to invest.</p>	<p>For the AESO’s explanation of tax treatment in the establishment of net-CONE, please see the AESO’s reply to Capital Power’s comments on subsection 5(1) in the AESO’s Replies to Proposed Section 207.2, <i>Calculation of Net-CONE</i> matrix.</p> <p>For clarification, the energy and ancillary services offset for assets does not need to be tax adjusted. The energy and ancillary services offset is used to reduce the avoidable fixed costs of the asset. Taxes will only be paid to the extent that revenues earned in the capacity market are greater than the avoidable fixed costs.</p>
<p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>The Energy and Ancillary Services Offset should be based on the owner’s views of forecasted energy and ancillary services revenue, not on a misguided forward pricing-based calculation performed by the AESO.</p> <p>TransAlta strongly disagrees with the use of the forward price methodology for calculating Energy and Ancillary Services Offsets (EAS Offsets), particularly where it is applied to a decision related to an owner’s assets. TransAlta stated the following in our CMD 4 comment matrix submitted on July 20, 2018:</p> <p style="padding-left: 20px;">The Energy and Ancillary Services Offset for asset specific offer caps should not be determined based on forward prices.</p> <p>As discussed in section 4 above, we disagree with using forward prices to determine the EAS Offset used in the Net CONE calculation and strongly disagree with using forward prices to determine asset-specific offer caps. In addition to our concerns raised above, we have little confidence that use of the forward price could be indicative of the expected captured energy price for a peaking asset and strongly oppose this crude method of being used to determine a capacity resource’s offer cap when bidding in the capacity auction.</p> <p>While forward prices may be acceptable if an asset were able to sell all of its production into the forward market, Alberta’s forward market is too illiquid to actually enable an owner to sell its full volume in this manner. Moreover, given the illiquidity of the forward market, an attempt to sell a large volume in the forward market could have significant impacts on price levels. Additionally, the forward products (base and peak) do not reflect the annual, seasonal, weekly, daily, and</p>	<p>Please see the AESO’s reply to TransAlta’s comments on subsection 2 above for the AESO’s rationale for using forward prices to determine asset-specific offer caps.</p> <p>In response to TransAlta’s July 20, 2018 comments on the liquidity of the forward market:</p> <ul style="list-style-type: none"> <li>• The forward market has been used by market participants to establish a large volume of transactions, representing an entire asset or an entire portfolio of assets over a period of time.</li> <li>• Forward prices represent the market’s view of the energy market settlement price for the future period. The swap product in Alberta settles against the hourly pool price.</li> <li>• While the current forward market liquidity may not allow a large asset to sell all its output on one day, the forward market has been and can be used by market participants to establish a large volume of contracts across a number of transactions, representing an entire portfolio or an entire asset over a period of time.</li> <li>• The flat and peak forward market swap prices do account for the seasonal shape of energy settlements. The periods of higher and lower prices are reflected in the forward market price which reflects the average of all prices throughout the forward period settlement period.</li> <li>• The forward market prices have actually traded at premiums and at discounts to settled prices. The AESO doesn’t agree that there is a systematic bias to prices set by the market. If that was true, asset owners and speculators would sell the forward market product to the point where the value of that product reflected the expected average of the swap index price, the pool price.</li> </ul> <p>For further views of the AESO in relation to the liquidity of the forward market, please see the AESO’s</p>

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<p>intra-hourly production that a capacity resource has and would therefore be inadequate to use without a shape to estimate energy revenues with any accuracy.</p> <p>We also note that historically, short-term forwards traded at a premium to realized real-time energy prices, which suggests that an EAS Offset based on forwards would overestimate the revenues of a capacity resource. This is deeply concerning given that such a bias would result in a lower asset-specific offer cap and force the owner to offer at a level that is uneconomic even on an avoidable cost basis.</p> <p>Therefore, we strongly recommend that the EAS Offset for determining the asset specific offer cap should be based upon the owner's views of forecasted energy and ancillary services revenue potential for their asset rather than standardized forward prices.</p> <p>We continue to lack confidence in the use of forwards for estimating EAS Offsets. The forward market is too illiquid to provide a reasonable indication of the future revenues for anything but very small generation volumes, and the available forward products fail to provide a good indication of energy revenues that could be earned considering a generating asset's specific production profile and other operating characteristics. Any production decision made by a private investor considers not only the opportunity to sell energy in the forward market but also the operational characteristics (e.g., ramping, cycling costs, etc.) and production profile (hourly production and hourly pool prices). For example, resource owners account for the self-commitment risks in their decisions and account for the costs associated with running at minimum stable generation levels to manage these risks. It is wholly inappropriate and unfair for the AESO to calculate the EAS Offset using an approach that ignores these important factors and considerations.</p> <p>Rather, TransAlta proposes that this subsection describe the AESO's process for reviewing the reasonableness of a capacity market participant's EAS Offset submission. As amended, we have proposed that the AESO use forecasts of energy and ancillary services prices provided by independent experts. Additionally, the AESO should only consider forward market products and prices to the extent that such products are traded in sufficient quantities to provide confidence in their representativeness. At sufficiently high traded volumes, such as 3 times the expected available capacity of the resource, the forward price for that product could be used. However, in the event that the traded forward volume in the product is lower than 3 times the expected available capacity of the resource, the independent expert forecast should be used to test reasonableness.</p> <p>3(1) The ISO must, when required under Section 201.15 of the ISO rules, Delisting and Section</p>	<p>replies to TransAlta's comments on subsection 5(2) in the AESO's Replies to Proposed Section 207.2, <i>Calculation of Net-CONE</i> matrix.</p> <p>The AESO does not agree with the approach to establishing asset-specific energy and ancillary services offsets proposed by TransAlta. The AESO's proposed rules for the implementation of the capacity market, among other things, are designed to ensure a fair, efficient and openly competitive market, and minimize areas of dispute to the extent possible so that auctions can be executed within the timelines available. The AESO is of the view that TransAlta's proposal is not aligned with these principles for two primary reasons. First, requiring the AESO evaluate and validate energy and ancillary services offsets submitted by capacity market participants does not create a fair, consistent and comparable approach across assets. Second, market participants are likely to disagree over forecasts of energy and ancillary services prices from independent experts, depending on how it impacts their asset specific price cap or delisting determination, which creates risks for the auction timeline. As described above, the forward market is a venue for market participants to establish a binding financial obligation and, as such, the AESO determined that it provides the best price for determining asset-specific energy and ancillary services offsets.</p>

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<p>206.7 of the ISO rules, Capacity Market Mitigation, for every obligation period or portion of an obligation period review the capacity market participant's forecast of energy and ancillary services offset for reasonableness considering, but not limited to:</p> <ul style="list-style-type: none"> <li>- calculate the energy and ancillary services offset value in accordance with the following formula:</li> </ul> $\text{Energy and ancillary services offset} = (\text{forward power price} - \text{energy market expense}) \times \text{forward product energy} + \text{other revenues} - \text{maximum capability} \times 1000$ <p>where:</p> <ul style="list-style-type: none"> <li>(a) t equals the obligation period or portion of an obligation period, for which the energy and ancillary services offset is being determined;</li> <li>(c) forward power price t is the forward power price for an asset for obligation period t calculated in accordance with subsection 3(4);</li> <li>(d) energy market expense t is the energy market expense for the asset for obligation period t calculated in accordance with subsection 3(3);</li> <li>(e) forward product energy t is the forward product energy value in MWh for obligation period as follows:             <ul style="list-style-type: none"> <li>(i) for a wind or solar aggregated generating facility, hydro generating unit, energy storage facility, or a thermal generating unit or an aggregated generating facility with expected production hours less than 50% of the hours in obligation period t, the expected forward product energy production provided in accordance with 2(e); or</li> <li>(ii) for all other assets, calculated in accordance with subsection 3(2);</li> </ul> </li> <li>(f) other revenues is the revenues received from other sources outside of the electricity market and expected ancillary services revenues, provided in accordance with subsections 2(g) and 2(h); and</li> <li>(g) maximum capability is the maximum capability of the asset.</li> </ul> <ul style="list-style-type: none"> <li>(a) Energy and ancillary services price forecasts provided by independent experts; and</li> <li>(b) Forward market power products and prices that are traded at volumes of at least 3 times the volume of the asset.</li> </ul>	

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<p><b>Subsection 3(2)</b></p>	
<p>TransAlta Corporation (“TransAlta”)</p> <p>If capacity market participants were to submit their own estimates of energy and ancillary services offset, this subsection would be unnecessary and should be removed.</p> <p>Please see our comments to subsection 3(1) for more detail.</p> <p><del>3(2) The ISO must, in calculating the energy and ancillary services offset t under subsection 3(1), calculate the forward product energy t in subsection 3(1)(e)(ii) in accordance with the following formula:</del></p> <p><del><math display="block">\text{forward product energy } t = \text{maximum capability} \times (1 - \text{forced outage and derating values}) \times \text{forward power product hours}</math></del></p> <p><del>where:</del></p> <ul style="list-style-type: none"> <li><del>(a) maximum capability is the maximum capability of the asset;</del></li> <li><del>(b) forced outage and derating values are the percentages provided in subsection 2(e)(i); and</del></li> <li><del>(c) forward power product hours are the number of hours in the forward power product determined in subsection 3(4)(b)(i).</del></li> </ul>	<p>The AESO does not agree with the changes proposed by TransAlta. Please see the AESO’s reply to TransAlta’s comment on subsection 3(1) above.</p>
<p><b>Subsection 3(3)</b></p>	
<p>TransAlta Corporation (“TransAlta”)</p> <p>If capacity market participants were to submit their own estimates of energy and ancillary services offset, this subsection would be unnecessary and should be removed.</p> <p>Please see our comments to subsection 3(1) for more detail.</p> <p><del>3(3) The ISO must, in calculating the energy and ancillary services offset t under subsection 3(1) above, calculate the energy market expense t in accordance with the following formula:</del></p>	<p>The AESO does not agree with the changes proposed by TransAlta. Please see the AESO’s reply to TransAlta’s comment on subsection 3(1) above.</p>

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<p><i>energy market expenset = [forward fuel pricet × (1 + commodity fuel charge t)] × heat ratet + variable operations and maintenancet + (emission intensity – established benchmark) × carbon pricet + transmission lossest + trading charge t</i></p> <p>where:</p> <p>(a) t equals the obligation period, or the portion of an obligation period, for which the energy and ancillary services offset is being determined;</p> <p>(b) forward fuel pricet in \$/GJ is:</p> <p>(i) if the thermal generating unit's or aggregated generating facility's fuel is natural gas, the weighted average of the settlement corresponding to obligation period t, where such settlement are selected by the ISO from either:</p> <p>(A) the published NGX Phys, FP (CA/GJ), AB-NIT; or</p> <p>(B) if the NGX forward Phys, FP is unavailable or not applicable for use in the calculation of the forward fuel price, another comparable industry standard natural gas benchmark for obligation period t;</p> <p>(ii) if the thermal generating unit's or thermal aggregated generating facility's fuel is not natural gas, the expected variable cost of fuel during the obligation period t provided in subsection 2(b); and</p> <p>(iii) for non-thermal generating unit or aggregated generating facilities, is 0.</p> <p>(c) commodity fuel charge t is:</p> <p>(i) if thermal generating unit's or aggregated generating facility's fuel is natural gas, the most recent 12-month average of published NOVA Gas Transmission Ltd NGTL Fuel Usage and Measurement Variance expressed as a percentage; and</p> <p>(ii) for all other assets, 0;</p> <p>(d) heat rate is the heat rate provided in subsection 2(a);</p> <p>(e) variable operations and maintenance t are the costs provided in subsection 2(c);</p>	

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<p>(f) emission intensity is the tonnes of CO<sub>2</sub>/MWh provided in subsection 2(d);</p> <p>(g) established benchmark <math>t</math> is the weighted average of the calendar year values matching obligation period <math>t</math> for an established benchmark for electricity published by a public authority;</p> <p>(h) carbon price <math>t</math> is the weighted average of the calendar year values matching obligation period <math>t</math> for the carbon price published by a public authority for carbon emissions in Alberta;</p> <p>(i) transmission losses <math>t</math> is the transmission loss value for obligation period <math>t</math> in \$/MWh calculated as the loss factor of the asset multiplied by the forward power price <math>t</math> where:</p> <p style="padding-left: 40px;">(i) the loss factor is the most recent published loss factor for the asset published on the AESO website; and</p> <p style="padding-left: 40px;">(ii) forward power price <math>t</math> for obligation period <math>t</math> is the value in subsection 3(4), as applicable;</p> <p>and</p> <p>(j) energy market trading charge <math>t</math> is the most recent energy market trading charge in \$/MWh published on the AESO website.</p>	
<p><b>Subsection 3(4)</b></p>	
<p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>If capacity market participants were to submit their own estimates of energy and ancillary services offset, this subsection would be unnecessary and should be removed.</p> <p>Please see our comments to subsection 3(1) for more detail.</p> <p>3(4) The ISO must in calculating the energy and ancillary services offset in subsection 3(1), calculate the forward power price <math>t</math> in \$/MWh as follows:</p> <p style="padding-left: 40px;">(a) for a wind or solar aggregated generating facility, hydro generating unit, energy storage facility, or a thermal generating unit or an aggregated generating facility with expected production hours less than 50% of the hours in obligation period <math>t</math>, the NGX FP Flat forward power price multiplied by a forward power price adjustment factor calculated in subsection 3(5);</p>	<p>The AESO does not agree with the changes proposed by TransAlta. Please see the AESO’s reply to TransAlta’s comment on subsection 3(1) above.</p>

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<p>or</p> <p>(b) for all other assets, is the weighted average of the settlements matching the obligation period <math>t</math>, where the settlements are the average over a period determined by the ISO from either:</p> <ul style="list-style-type: none"> <li>(i) the published NGX forward power products in Appendix 1 that yields the highest energy and ancillary services offset <math>t</math> for obligation period <math>t</math>; or</li> <li>(ii) if the NGX forward power product is unavailable or not applicable for use in the calculation of the energy and ancillary services offset, another comparable industry standard that yields the highest energy and ancillary services offset <math>t</math> for obligation period <math>t</math>;</li> </ul>	
<p><b>Subsection 3(5)</b></p>	
<p>TransAlta Corporation (“TransAlta”)</p> <p>If capacity market participants were to submit their own estimates of energy and ancillary services offset, this subsection would be unnecessary and should be removed.</p> <p>Please see our comments to subsection 3(1) for more detail.</p> <p>4(5) The ISO must, in calculating the forward power price <math>t</math> in subsection 3(4)(a), calculate the forward power price adjustment factor in accordance with the following formula:</p> $\text{forward power price adjustment factor} = \frac{(\sum (\text{hourly production} \times \text{pool price}) - \sum \text{hourly production})}{\text{annual average pool price}}$ <p>where:</p> <ul style="list-style-type: none"> <li>(a) hourly production is the production of the asset in MWh in each hour from the obligation period or equivalent November 1 through October 31 period should an obligation period not yet have occurred, occurring most recently to the point in time at which the energy and ancillary services offset is calculated;</li> <li>(b) pool price is the pool price for each hour for which production data is provided for in 3(5)(a), from the obligation period or equivalent November 1 through October 31 period should an obligation period not yet have occurred, occurring most recently to the point in time at which the</li> </ul>	<p>The AESO does not agree with the changes proposed by TransAlta. Please see the AESO’s reply to TransAlta’s comment on subsection 3(1) above.</p>

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<p><del>energy and ancillary services offset is calculated; and</del></p> <p><del>(c) annual average pool price is the average of all pool prices during the obligation period or equivalent November 1 through October 31 period should an obligation period not yet have occurred, occurring most recently to the point in time at which the energy and ancillary services offset is calculated.</del></p>	
<p><b>Subsection 4(3)</b></p>	
<p><u>TransAlta Corporation (“TransAlta”)</u></p> <p>With our proposed methodology for determining energy and ancillary services offsets, the AESO should be permitted to adjust energy and ancillary services offsets submitted by capacity market participants if those estimates are deemed unreasonable after AESO review conducted per subsection 3(1).</p> <p>With respect to comparing an owner’s estimates against independent experts’ forecasts, we suggest that an average of all independent expert forecasts be developed and a -30% factor be applied to define a range of reasonableness. A capacity market participant’s energy and ancillary services price forecast should then be accepted if it falls within this range of reasonableness. In cases where the capacity market participant’s forecast is lower than the forecast band, the energy and ancillary service price forecast should be adjusted to the average of independent expert forecasts with a -30% factor applied. With respect to comparing an owner’s estimates against sufficiently liquid forward prices, we suggest a similar -30% factor be applied to define a range of reasonableness.</p> <p>4(3) The ISO must after requesting additional information pursuant to subsection 2:</p> <p>(a) <del>exclude costs</del> adjust estimates provided in accordance with subsection 2 if the ISO determines that such <del>costs</del> estimates are unreasonable. The ISO may adjust the energy and ancillary services offset based upon sufficiently liquid forward prices or energy and ancillary services prices forecasts adjusted by -30% to account for forecast error and risk.; and</p> <p><del>(b) adjust forward product energy production provided in accordance with subsection 2 if the ISO determines that such expected energy production is unreasonable.</del></p>	<p>The AESO does not agree with the changes proposed by TransAlta. Please see the AESO’s reply to TransAlta’s comment on subsection 3(1) above.</p> <p>Further, the AESO notes that the -30% factor proposed TransAlta for a range appears arbitrary and one-directional. The AESO is of the view that this factor would reduce the energy and ancillary services offset, resulting in an increase in the asset-specific offer price for an asset.</p>

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

Item #		Stakeholder comments	AESO Replies
1	whether you agree that Section 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</i> relates to the capacity market and why or why not	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.
		<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 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</i> should or should not be in effect for a fixed term and why or why not	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.
		<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.
	whether you understand and agree with the objective or purpose of Section 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset</i>	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.

3	for Assets and whether, in your view, Section 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</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 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</i> affects the performance of the capacity market and the electricity market	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.
		<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.
5	your views on any analysis conducted or commissioned by the AESO supporting Section 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</i>	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.
		<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.
	whether you agree with Section 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</i> taken together with all ISO rules and	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.

6	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 206.11 of the ISO Rules, <i>Energy and Ancillary Services Offset for Assets</i>	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.
		<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 customers and why or why not	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.
		<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.
	whether you agree that the proposed provisional rule supports the public interest and	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s reply to AFREA’s comment on Item #10 below.

9	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>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> AFREA continues to review the voluminous comments from other stakeholders and, as such, refrains from any final position on this proposed rule. AFREA reserves the right to comment in further proceedings or processes about this or other ISO rules, and its impact on consumers in general and REA members specifically.  Where applicable, AFREA comments upon the rationale of its changes which, in its view clarify the rule, align it more closely to the public interest, provide for greater reliability at a more reasonable cost, clarify the implementation of the capacity market, or a combination therein. In AFREA’s view, the public interest includes a balance between reliable supply of electricity with a reasonable cost to consumers.	The AESO acknowledges AFREA’s comment.
		<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.