

Stakeholder Comments and AESO Replies Matrix



Proposed New Section 206.2 of the ISO Rules, *Self-Supply Configurations for the Capacity Market*

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
<p>Applicability Subsection 1</p>	
<p><u>The Cogeneration Working Group (“CWG”)</u></p> <p>It is unclear what the AESO is referring to as “station service load.” If the AESO leaves this language in, then it must define this term.</p> <p>The CWG submits that it is preferable to simply remove this language as exemptions shouldn’t be included at this point. All load behind the measurement point is the same.</p> <p>In this new proposal, the rule language will require all sites to participate on a net basis unless they convince the AESO that they should be allowed to participate on a gross basis. This switch in onus, means that exemptions are not required. Station service load will be netted off the generation prior to the generation reaching the grid, which allows them to exist under this rule, the way the language is now proposed.</p> <p>1 Section 206.2 applies to:</p> <ul style="list-style-type: none"> (a) the legal owner of a load asset that is connected to the interconnected electric system and is served by one or more onsite generating units or aggregated generating facilities, excluding sites where the load is exclusively station service for the generating unit or aggregated generating facility; (b) the legal owner of a generating unit or an aggregated generating facility connected to the interconnected electric system that self-supplies capacity-electric energy for one or more onsite load assets; 	<p>The AESO agrees with the changes proposed by CWG and will revise proposed Section 206.2 accordingly. The AESO acknowledges that the language in subsection 1(a) could be interpreted to exclude a site from the application of proposed Section 206.2 if the site load was offline and the generation was only servicing station service. To clarify, proposed Section 206.2 is intended to apply to sites onsite generation that supplies electric energy to an onsite load asset.</p>

Stakeholder Comments and/or Proposed Alternative Rule Wording	AESO Replies
<p>Requirements to Self-supply Capacity Subsection 2(1)</p>	
<p><u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u></p> <p>There appears to be a must self-supply requirement on load and any excess capacity not used onsite must participate in the capacity market. There does not appear to be a must offer requirement for all generation capacity in the province to be offered into an auction only generation capacity related to self-supply. Can you indicate where in the ISO rules there is a requirement to offer all capacity in the province into the capacity auctions?</p> <p>If someone self-supplies capacity, do the ISO rules stipulate that that entity will not be charged for the capacity they self-supply?</p>	<p>Assets that have been assigned a uniform capacity value must offer their entire uniform capacity value into the auction pursuant to subsection 2(1) of Proposed Section 206.4, <i>Offers and Bids for Capacity</i>.</p> <p>AFREA’s second question relates to cost allocation, which is currently being developed by the AESO in consultation with stakeholders and will be set out in the ISO tariff.</p>
<p><u>ATCO Electricity Generation (“ATCO”)</u></p> <p>ATCO is concerned that it appears the AESO has changed its stance on self-supply and the rule at the last minute without consultation. ATCO understood that sites that did not have the ability to meter load and generation separately would be required to self-supply capacity and sites with separate meters would have the option to self-supply capacity.</p> <p>It now appears, however, that there will be no option for separately metered load and generation to self-supply capacity. This is a significant change for the affected sites, especially since it is not possible to easily hedge capacity because of the weighted energy cost allocation mechanism. ATCO urges the AESO to revert to the previous design where sites with metering on both load and generation will have the option to self-supply capacity.</p> <p>Requirements to Self-supply Capacity</p> <p>2(1) The legal owner of a load asset must self-supply capacity if the electric energy produced by an onsite generating unit or an aggregated generating facility can flow to the load asset without being measured and recorded at a measurement point.</p> <p>(2) The legal owner of a load asset <u>may</u> self-supply capacity if the electric energy produced by an onsite generating unit or aggregated generating facility can be independently measured and recorded at a measurement point as it flows to the load asset.</p>	<p>The AESO does not agree with the change proposed by ATCO. Proposed Section 206.2 does not deviate from the AESO’s stance on self-supply: sites that do not have the ability to meter load and generation separately (i.e, net-metered sites) are required to self-supply capacity and sites with separate meters (i.e., gross-metered) may choose to self-supply capacity.</p> <p>The changes to proposed Section 206.2 that were made between August 3, 2018 and October 22, 2018 were made to clarify the rule language regarding metering and measurement points in response to stakeholder comments received on September 7, 2018. The clarification is that if a gross-metered site wants to start self-supplying capacity, or no longer wishes to self-supply capacity, it must inform the AESO of the measurement point change, which requires a change to the measurement point definition record.</p>

Stakeholder Comments and/or Proposed Alternative Rule Wording	AESO Replies
<p>(2) (3) The City of Medicine Hat must self-supply capacity.</p> <p>Application to Self-supply Capacity</p> <p>3 The legal owner of a load asset and the City of Medicine Hat must, within the timelines prescribed by the Capacity Market Auction Guidelines, provide the ISO with a completed application, available on the AESO website, to self-supply capacity.</p> <p>Approval to Self-supply Capacity</p> <p>4(1) The ISO must, within the timelines prescribed by the Capacity Market Auction Guidelines, approve an application to self-supply capacity if the site meets the criteria set out in subsection</p>	
<p><u>The Cogeneration Working Group (“CWG”)</u></p> <p>Requirements to Self-supply Capacity</p> <p>2(1) The legal owner of a load asset to which Section 206.2 applies must self-supply capacity unless:</p> <ul style="list-style-type: none"> (a) if the electric energy produced by an onsite generating unit or an aggregated generating facility is measured and recorded at a measurement point before it can flow to the load asset without being measured and recorded at a measurement point. and (b) (a) an application has been approved by the AESO that would allow that market participant to participate in the capacity market on a gross basis <p>(2) The City of Medicine Hat must self-supply capacity.</p>	<p>The AESO does not agree with the changes proposed by the CWG to subsection 2(1). The AESO’s approach in Proposed Section 206.2 is intended to ensure that the AESO has complete and accurate information on all sites that are required to or elect to self-supply, including smaller distribution-connected sites. The process for applying to self-supply is expected to be administratively simple. The AESO will review Section 206.2 and determine whether additional clarity for the process is required regarding this process.</p>
<p>Application to Self-supply Capacity</p> <p>Subsection 3</p>	
<p><u>The Cogeneration Working Group (“CWG”)</u></p> <p>Application to Self-supply Participate in the Capacity Market on a Gross Basis</p> <p>3 The legal owner of a load asset and the City of Medicine Hat must, within the timelines prescribed by the Capacity Market Auction Guidelines, may provide the ISO with a completed application, available on the AESO website, to self-supply capacity. participate in the capacity</p>	<p>The AESO does not agree with the changes proposed by CWG to subsection 3. Please see: (i) the AESO’s response to CWG’s comment on subsection 2(1) above; and (ii) the AESO’s replies to subsection 4 in the AESO’s Replies to Proposed Section 202.6, <i>Base Auctions and Rebalancing Auctions</i> matrix for the AESO’s rationale for placing exact dates in the <i>Capacity Market Auction Guidelines</i>.</p>

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<p>market on a gross basis.</p>	
<p>Approval to Self-supply Capacity Subsection 4(1)</p>	
<p><u>The Cogeneration Working Group (“CWG”)</u> Prescriptions are authoritative and must be included in the rule rather than Guidelines.</p> <p>Approval to Self-supply Participate in the Capacity Market on a Gross Basis</p> <p>4(1) The ISO must, within [NTD: define timelines here] the timelines prescribed by the Capacity Market Auction Guidelines, approve an application capacity for gross capacity market participation to self-supply capacity if the site meets the criteria set out in subsection 2(1).</p> <p>(2) The ISO must, within [NTD: define timelines here] the timelines prescribed by the Capacity Market Auction Guidelines, notify a capacity market participant as to whether the site is approved to participate in the capacity market on a gross basis self-supply capacity.</p>	<p>The AESO does not agree with the changes proposed by CWG to subsection 3. Please see: (i) the AESO’s response to CWG’s comment on subsection 2(1) above; and (ii) the AESO’s replies to subsection 4 in the AESO’s Replies to Proposed Section 202.6, <i>Base Auctions and Rebalancing Auctions</i> matrix for the AESO’s rationale for placing exact dates in the <i>Capacity Market Auction Guidelines</i>.</p>
<p>Subsection 4(2)</p>	
<p><u>The Cogeneration Working Group (“CWG”)</u> Prescriptions are authoritative and must be included in the rule rather than Guidelines.</p> <p>Part (a) is not clear. It should refer to expected capacity value (net exports) rather than energy produced.</p> <p>Part (b) must remain at the participant discretion. If the metering point changes due to a change proposed by the participant this is acceptable but the simple installation of meters should not alter selfsupply status.</p> <p>Self-supply Configuration Updates</p> <p>5 (1) The legal owner of a load asset in a self-supply configuration pursuant to subsection 2(1) must, within [NTD: define timelines here] the timelines prescribed by the Capacity Market Auction Guidelines, notify the ISO if:</p>	<p>The AESO does not agree with the changes proposed by CWG to subsection 3. Please see: (i) the AESO’s response to CWG’s comment on subsection 2(1) above; and (ii) the AESO’s replies to subsection 4 in the AESO’s Replies to Proposed Section 202.6, <i>Base Auctions and Rebalancing Auctions</i> matrix for the AESO’s rationale for placing exact dates in the <i>Capacity Market Auction Guidelines</i>.</p>

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<p>the expected capacity value associated with the volume of electric energy exchanged with the AES produced by the onsite generating unit or aggregated generating facility is expected to change for the upcoming obligation period.; or</p> <p>(a) the metering of the load asset changes such that the electric energy produced by the onsite generating unit or an aggregated generating facility cannot flow to the load asset without being measured and recorded at a measurement point.</p> <p>(2) The legal owner of a load asset that did not have to self-supply due to an approved application under subsection 4 must notify the ISO if it intends to self-supply capacity in the future.</p>	
<p>Self-supply Configuration Updates</p> <p>Subsection 5</p>	
<p><u>The Cogeneration Working Group (“CWG”)</u></p> <p>The August 31, 2018 version of this rule contained the following section:</p> <p>Changes in Self-supply Configuration</p> <p>5 The legal owner of a load asset that is self-supplying capacity pursuant to subsection 2(1) must selfsupply- capacity for a minimum of 4 obligation periods unless it can demonstrate to the ISO’s satisfaction that physical changes to the site warrant a change in self-supply configuration.</p> <p>This section has since been deleted, as per the track changes below:</p> <p>Self-supply Configuration Updates</p> <p>5 The legal owner of a load asset that is in a self-supplying capacity supply configuration pursuant to subsection 2(1) must self-supply capacity for a minimum, within the timelines prescribed by the Capacity Market Auction Guidelines, notify the ISO if:</p> <ul style="list-style-type: none"> (a) the volume of electric energy produced by the onsite generating unit or aggregated generating facility will change for the upcoming obligation periods unless it can demonstrate to the ISO period; or (b) the metering of the load asset changes to the site warrant a change in self-supply configuration such that the electric energy produced by the onsite generating unit or an 	<p>The AESO confirms that the requirements formerly in subsection 5 were not moved to the <i>Capacity Market Auction Guidelines</i>.</p>

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<p><u>aggregated generating facility cannot flow to the load asset without being measured and recorded at a measurement point.</u></p> <p>The CWG supports the removal of the requirement that self-suppliers must self-supply capacity for a minimum of 4 obligation periods. Please confirm that these requirements haven't been moved to the capacity market guidelines. As noted in earlier comments, prescriptions are authoritative and must be included in the rule rather than Guidelines.</p>	
<p>Capacity from a Self-Supply Configuration Subsection 6(1)</p>	
<p><u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u></p> <p>There appears to be a must self-supply requirement on load and any excess capacity not used onsite must participate in the capacity market. There does not appear to be a must offer requirement for all generation capacity in the province to be offered into an auction only generation capacity related to self-supply. Can you indicate where in the ISO rules there is a requirement to offer all capacity in the province into the capacity auctions?</p> <p>If someone self-supplies capacity, do the ISO rules stipulate that that entity will not be charged for the capacity they self-supply?</p>	<p>Please see the AESO's reply to AFREA's comment on subsection 2(1) above.</p>
<p><u>The Cogeneration Working Group (“CWG”)</u></p> <p>Capacity from a Self-supply Configuration</p> <p>6(1) The legal owner of a generating unit or an aggregated generating facility in a self-supply configuration pursuant to subsection 2(1) must participate in the capacity market with the excess capacity that is not serving the onsite load, in the event that:</p> <ul style="list-style-type: none"> (a) the generating unit or aggregated generating facility has excess capacity that is not serving the onsite load; and (b) the excess capacity that is not serving the onsite load has a uniform capacity value greater than or equal to 1 MW. <p>(2) The legal owner of a load asset in a self-supply configuration pursuant to subsection 2(1)</p>	<p>Please see the AESO's reply to CWG's comments on subsection 2(1) above.</p>

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<p>may provide capacity in the capacity market with the portion of the load that is not supplied by onsite generation if the load asset is qualified by the ISO to participate in the capacity market in accordance with Section 206.1 of the ISO rules, Qualification of Capacity.</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 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</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 regarding 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.
2	whether you agree that Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</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 regarding 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.
3	whether you understand and agree with the objective or purpose of Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</i> and whether, in your view, Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</i> meets the objective or purpose	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below	Please see the AESO’s reply to AFREA’s comment regarding Item #10 below.
		<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
4	how, in your view, Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</i> affects the performance of the	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below	Please see the AESO’s reply to AFREA’s comment regarding Item #10 below.

	capacity market and the electricity market	<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
5	your views on any analysis conducted or commissioned by the AESO supporting Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</i>	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below	Please see the AESO’s reply to AFREA’s comment regarding Item #10 below.
		<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
6	whether you agree with Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below	Please see the AESO’s reply to AFREA’s comment regarding Item #10 below.
		<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
7	whether you would suggest any alternatives to Section 206.2 of the ISO Rules, <i>Self-Supply Configurations for the Capacity Market</i>	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below	Please see the AESO’s reply to AFREA’s comment regarding Item #10 below.
		<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
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 regarding Item #10 below.
		<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	

9	whether you agree that the proposed provisional rule supports the public interest 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 regarding Item #10 below.
		<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
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>The Cogeneration Working Group (“CWG”)</u> The CWG submits that the onus of this rule should be reversed. The current language seems to suggest that if a site doesn’t fall into the AESO’s “must self-supply” definition, then it will not be allowed to self-supply. This is not an acceptable default. Sites with behind-the-	

		<p>behind-the-fence load and generation, such as is the case with an ISD, should participate in the capacity market on a net-basis as a default. If such a site chooses to participate in the capacity market on a gross basis, then such a site can be required to meet certain metering standards by the AESO.</p> <p>Please provide clarity that 'measurement point' can be determined solely at the participant's discretion provided metering is available to meet requirements. Measurement point should be a bolded term in this rule and should be defined in the glossary. It currently appears to be defined in the AESO measurement standard as follows:</p> <p>"measurement point": A measurement point is either a:</p> <p>(a) singular, physically realizable point on the interconnected electric system where active energy or reactive energy is measured, or deemed to have been measured, for the purpose of financial settlement with a Data Recipient, or</p> <p>(b) singular, non-physically realizable point considered to be effectively on the interconnected electric system where active energy or reactive energy is deemed to have been measured, for the purpose of financial settlement with a Data Recipient.</p>	<p>designation (ISD), that currently participate in the energy market on a net-basis will be required to participate in the capacity market on a net-basis unless the site's measurement point changed. The AESO agrees that if such a site chooses to participate in the capacity market on a gross basis, then such a site must meet the metering standards and make the appropriate applications to change the measurement point definition record.</p> <p>The AESO will consider whether "measurement point" should be defined for the purposes of the ISO rules.</p>
		<p><u>TransCanada Energy Ltd. ("TCE")</u></p> <p>TCE appreciates the removal of the terms from the prior version of this rule that would have required a behind-the-fence site to maintain its self-supply configuration for a lengthy period of time. This change will permit industrial operations to maintain much needed operational flexibility.</p> <p>The proposed rule clarifies that if the electric energy produced by an onsite generating unit can flow to the load asset without being measured and recorded at a measurement point, the legal owner of a load asset must self-supply capacity. Similarly, if these criteria are met, the AESO must approve an application to self-supply. However, the proposed rule is ambiguous as to whether the legal owner of a load asset may self-supply or whether the AESO may approve an application to self-supply if these criteria are not met. TCE is</p>	<p>Please see the AESO's reply to CWG's comment to Item #10 above. . If the electric energy flowing to a load asset on a site is measured and recorded, the site is not a net-to-grid site. At any point in time, there can only be one measurement point definition for a site and that measurement point is defined according to the <i>AESO Measurement System Standard</i>.</p>

		<p>concerned that the AESO may not approve applications to self-supply from sites where the electric energy flowing to the load asset is measured and recorded.</p> <p>TCE submits that it is necessary for behind-the-fence sites to be able to participate on a net-to-grid basis even if the electric energy flowing to the load asset is measured and recorded in order to: (i) maintain operational flexibility; and (ii) not frustrate existing contracts between onsite generation and the industrial host. As such, TCE recommends that the AESO amend the proposed rule to account for the reasonable circumstances by which the legal owner of a load asset may choose whether or not to self-supply.</p>	
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