Stakeholder Comments and AESO Replies Matrix

Proposed New Section 206.7 of the ISO Rules, *Capacity Market Mitigation*

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
Capital Power Corporation ("Capital Power") Capital Power recommends that the AESO include in its forthcoming market roadmap consultation exploration and assessment of capacity auction mechanisms that can preserve price formation, maintain reliability and account for the capacity volume of subsidized resources. Capital Power notes the absence of a sustainable mechanism to address the market price impacts of subsidies in CMD Final and the related ISO rules for implementation of the capacity market. Capital Power also notes comments made by the AESO in its CMD Final cover letter that this issue would be explored in the forthcoming market roadmap discussions. Resources in receipt of out-of-market payments have a distortionary effect on price formation in the capacity market and artificially suppress energy prices – both of which mute the investment signal and erode the opportunity for new and existing assets to earn a return on and of capital. Subsidized assets receive an artificial reduction in net costs and, therefore, can compete on an unlevel playfield offering supply at levels below where they otherwise could or unsubsidized resources can. Lastly, the energy volumes delivered by these resources will also have an impact on energy market prices and, therefore, the calculation of net CONE and the signal for investing in flexible resources. Even when subsidized resources are excluded from participating in the auction (as per CMD Final) they impact price formation in the capacity market via their capacity volume being subtracted from the demand curve. Excluding the capacity value of these resources from the auction does not solve the issue either as it will lead to over-procurement. A mechanism must be developed to ensure that out-of-market payments will not deteriorate the value created by instituting the capacity market in the first place. This will serve to instill regulatory certainty, which will strengthen investor confidence and, in turn,	 As part of the Market Roadmap, the AESO has committed to working with stakeholders in 2019 to explore potential distortionary impacts of subsidized resources on the capacity market, as well as potential alternatives for mitigating identified impacts.

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reinforce the investment signal and competitive response for suppliers to participate in the capacity market at the right time and with the appropriate type of technology.	
Market Power Screen **Subsection 2(1)**	
Capital Power Corporation ("Capital Power") Timelines for key aspects of the capacity market mitigation process (including, but not limited to, items such as publishing information and notification to participants) should be specified in the rule as opposed to the Capacity Market Auction Guidelines. These timelines are likely to (and should) remain static across all base auctions and thus should be specified in the rule, not the guidelines.	Please see the AESO's replies to ATCO's comments regarding subsection 4 in the AESO's Replies to Proposed Section 202.6, *Base Auctions and Rebalancing Auctions* matrix.
TransAlta Corporation ("TransAlta") "Capacity" as used in subsection 2(1)(d) only refers to "existing capacity" because it excludes new, refurbished and incremental capacity. The AESO should specifically reference "existing capacity" to properly capture the intent of the subsection, as indicated in our recommended changes to the rule in yellow highlighted text. **2(1)** The **ISO** must, before a **base auction** and within the timelines prescribed by the *Capacity Market Auction Guidelines*, calculate the market screen as follows: (a) calculate the slope above the inflection point of the final demand curve for the **base auction** in accordance with the following formula: $$\lvert slope_m \rvert = \frac{price\ cap\ - inflection\ price}{minimum\ procurement\ volume - inflection\ volume}$$ where: (i) $\lvert slope_m \rvert$ is the absolute value of the slope above the inflection point of the final demand curve for the **base auction**; (ii) *price cap* is the price cap of the final demand curve for the **base auction**; (iii) *inflection price* is the price corresponding to the inflection point on the final demand curve for the **base auction**;	The AESO does not agree with TransAlta's proposed addition. The calculation of the market power screen determines how much capacity would be required to be withheld, irrespective of the type of capacity. Under subsection 2(2), the AESO identifies whether the person has offer control over an amount of uniform capacity value that equals or exceeds the market power screen only taking into account existing capacity.

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(iv) *minimum procurement volume* is the minimum procurement volume for the **base auction**; and (v) *inflection volume* is the volume of **capacity** corresponding to the inflection point on the final demand curve for the **base auction**; (b) calculate the slope below the inflection point of the final demand curve for the **base auction** that is established in accordance with Section 207.3, *Shape of the Demand Curve* in accordance with the following formula, expressed as an absolute value: $$\lvert slope_n \rvert = \frac{inflection\ price - foot\ price}{inflection\ volume - foot\ volume}$$ where: (i) $\lvert slope_n \rvert$ is the absolute value of the slope below the inflection point of the final demand curve for the **base auction**; (ii) *inflection price* is the price corresponding to the inflection point on the final demand curve for the **base auction**; (iii) *foot price* is the price at the foot of the final demand curve for the **base auction** established in accordance with Section 207.3 of the **ISO rules**, *Shape of the Demand Curve;* (iv) *inflection volume* is the volume of capacity corresponding to the inflection point on the final demand curve for the **base auction**; and (v) *foot volume is* the volume of capacity corresponding to the foot of the final demand curve for the base auction established in accordance with Section 207.3 of the **ISO rules**, *Shape of the Demand Curve*; (c) calculate the average of the **capacity** that, if withheld, would effect a 10% change in the clearing price in accordance with the following formula: $$average\ capacity = \left(\frac{0.1}{\lvert slope_m \rvert} + \frac{0.1}{1.1 \times \lvert slope_n \rvert}\right) \times inflection\ price\ \div\ 2$$ where:	

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(i) |*slope* $_m$| is the slope calculated in subsection 2(1)(b); (ii) |*slope* $_n$|is the slope calculated in subsection 2(1)(c); and (iii) *inflection price* is the price corresponding to the inflection point on the final demand curve for the **base auction**; and (d) calculate the minimum amount of existing **capacity** that a **person** must have under its offer control to withhold the average amount of **capacity** in subsection 2(1)(c) without sustaining any financial loss in accordance with the following formula: $$portfolio\ capacity = 11\ \times average\ capacity$$ where: (i) *average capacity* is the average capacity calculated in accordance with subsection 2(1)(c).	
Subsection 2(2)	
<u>Alberta Federation of Rural Electrification Associations ("AFREA")</u> Why would new capacity or incremental capacity be excluded? This makes no sense. This essentially looks at the system day one and makes no account for entities which add generation through time.	New capacity and incremental capacity are excluded from the determination of a person's offer control because the market power screen tests for the ability of a person to profitably withhold capacity from the market. New capacity or incremental capacity has not been built and thus cannot be withheld. Once new capacity or incremental capacity is energized and commissioned it is no longer new capacity or incremental capacity and will therefore be included in the offer control determination. Please refer to subsection 7.1.3 – 7.1.5 of the CMD Final Rationale.
Subsection 2(3)	
<u>TransAlta Corporation ("TransAlta")</u> The capacity market power screen is not determinative of market power but rather a test to determine the persons who capacity market mitigation will apply to. We have proposed minor wording changes to refer to the use of a market power screen rather than market power itself, as indicated in our	The AESO agrees with the change proposed by TransAlta. The AESO will revise Proposed Section 206.7 accordingly.

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recommended changes to the rule in yellow highlighted text. Currently, the language in this rule refers to market power whereas the rule describes the use of a market power screen (and not other measures to determine market power) that is applied to determine whether a person passes or fails that market power screen. Market power is a term that is not defined and can be interpreted more broadly than the concept of market power screen that is included in this ISO Rule. 2(3) The ISO must, in accordance with the timelines established in the Capacity Market Auction Guidelines: (a) publish the minimum amount of capacity identified in subsection 2(1)(d); and (b) notify a person that has been identified in subsection 2(2) as having failed the market power screen.	
Subsection 3(2)	
Alberta Federation of Rural Electrification Associations ("AFREA") Why would new capacity or incremental capacity or refurbished capacity be excluded? This makes no sense. This essentially looks at the system day one and makes no account for entities which add generation through time. Added refurbished capacity to this list. You removed older language which specified what one must do with the offer price cap values provided here. It is not clear now what to do with the offer price cap value.	Refurbished, incremental or new capacity are not subject to the default offer price cap, or an asset-specific price cap. Refurbished, incremental or new capacity have costs associated with them that existing capacity does not. Therefore, capping an asset with refurbished, incremental or new capacity is not appropriate. Once an asset with refurbished, incremental or new capacity clears an auction, it is consider an existing asset for subsequent auctions and would be subject to prices caps in the event the person who retains offer control fails the market power screen again. The offer price cap provided in Proposed Section 206.7 has been moved to subsection 2(4) of Proposed Section 206.4, *Offers and Bids for Capacity*.
Asset-specific Offer Price Cap **Subsection 4(1)**	
Capital Power Corporation ("Capital Power") Subsection 4 must include a requirement for the ISO to provide a capacity market participant that has had avoidable costs excluded pursuant to subsection 4(4) a breakdown of all excluded costs including the basis for exclusion.	The AESO agrees with Capital Power's suggestion and will revise Proposed Section 206.7 accordingly. Please see the AESO's reply to Capital Power's comment on subsection 3(2) of in the AESO's Replies to Proposed Section 201.15, *Delisting* matrix..

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Providing capacity market participants with a list of excluded avoidable costs and the reasons for exclusion will ensure transparency and promote better understanding.	
Subsection 4(2)	
Alberta Federation of Rural Electrification Associations ("AFREA") Avoidable costs should be defined at full output, not average or part load output.	Please see the AESO's response to AFREA's comment on the definition of "avoidable costs" in the AESO Replies to the Proposed New ISO Terms and Definitions matrix.
Capital Power Corporation ("Capital Power") High-level avoidable cost categories, including a provision for "any other avoidable costs deemed reasonable", should be specified in the rule. To ensure that capacity market participants have a sufficient understanding as to what may qualify as an avoidable cost and to ensure fairness and transparency regarding how the ISO will make such determinations, Capital Power believes that the following changes are necessary: 1) High-level avoidable cost categories, including a provision for "any other avoidable costs deemed reasonable", should be specified in the related ISO rules. 2) Examples of specific costs that may fall in to these high-level categories should be provided in the related ID(s). 3) Guiding principles that the AESO will use in determining whether a cost is deemed an acceptable "avoidable cost" should be specified in the definition or ISO rule(s).	Please see the AESO's response to Capital Power's comment on the definition of "avoidable costs" in the AESO Replies to the Proposed New ISO Terms and Definitions matrix.
TransAlta Corporation ("TransAlta") 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. 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,	The asset specific energy and ancillary services offset will use a similar approach to the energy and ancillary services offset for the reference unit. The AESO will apply the same process to all assets seeking an asset specific offer price cap. This approach will ensure similar prices and expectations for volatility will be comparable across assets owned by different firms. The AESO does not agree with

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2018: The Energy and Ancillary Services Offset for asset specific offer caps should not be determined based on forward prices. 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. 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 intrahourly production that a capacity resource has and would therefore be inadequate to use without a shape to estimate energy revenues with any accuracy. 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 in uneconomic even on an avoidable cost basis. 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. 4(2) A person must submit to the ISO the following information in the request referred to in subsection 4(1): (a) the avoidable costs of the asset for the obligation period and substantiating information; (b) a forecast of energy and ancillary services offsets including the forecasted energy and ancillary services prices, revenues, costs and expenses t~~he information necessary for the ISO to calculate the energy and ancillary services offset in accordance with Section 206.11 of the ISO rules, Energy and Ancillary Services Offset for Assets~~; and	TransAlta's position that this approach is misguided. 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. While the current forward market liquidity may not allow a large asset to sell all its output on one day, the forward market could be used, and has been used by market participants, to establish a large volume representing an entire portfolio or an entire asset over a period of time. 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 indeed reflected in the forward market's price which reflects the average of all prices throughout the forward period settlement period. The forward market prices have traded at premiums and at discounts to settled prices. The AESO does not agree with TransAlta's position that there is a systematic bias to price 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. The forward market is the venue for market participants to establish a binding financial obligation and as such the AESO considers it to be the best price to be used for determining the EAS offset.

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(c) an attestation from a corporate officer of the legal owner that has offer control over the asset that the information provided pursuant to subsections 4(2)(a) and 4(2)(b) is accurate.	
Subsection 4(3)	
TransAlta Corporation ("TransAlta") The AESO should fully describe the review process and the criteria that it will apply to test reasonableness. We appreciate that the AESO has added a requirement that it must request additional information from a pool participant if the ISO determines that previously provided information appears unreasonable. However, without fully described criteria or benchmarks that the AESO will use to determine the reasonableness of submitted costs, the AESO still essentially has broad discretion to unilaterally exclude costs from its determination of asset-specific costs for generating units and aggregated generating facilities. 4(3) The ISO must request additional information from the person concerning the costs submitted in subsection 4(2)(a) where such costs, in the ISO's determination, appear unreasonable. *[Include the criteria and/or benchmarks used for determining reasonable costs]*	The AESO does not agree with TransAlta's suggestion to add criteria or benchmarks into subsection 4(3). The AESO's assessment of costs is done on a case by case basis, the primary purpose of which is to consider whether the costs are avoidable or not, which is encompassed in the proposed definition of "avoidable costs". As per subsection 4(1) of Proposed Section 206.7, the AESO must request additional information from the person when the AESO determines the costs submitted appear unreasonable. The AESO has set out examples of avoidable costs in subsection 7.1.13 CMD Final Proposal.
Subsection 4(5)	
TransAlta Corporation ("TransAlta") Calculating the EAS Offset based on forward market prices is fundamentally misguided and will lead to inaccurate estimates of asset-specific offer caps – rather, the AESO should review the owner's submitted forecast of the EAS Offset for reasonableness. Please see our comments on Section 206.11: Energy and Ancillary Services Offset for Assets for more detail on our recommendation to have owners submit forecasts of the EAS Offset and for the AESO to review these submitted forecasts for reasonableness. 4(5) The ISO must review the capacity market participant's forecast of energy and ancillary services offset and may~~, when a request is made for an asset-specific price cap under subsection 4(1)~~:	The AESO does not agree with the changes proposed by TransAlta. Please see the AESO's reply to TransAlta's comment on subsection 4(5) above.

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(a) Adjust the capacity market participant's forecast of energy and ancillary services ~~offset calculate the energy and ancillary services offset, using the methodology set out in Section 206.11 of the ISO rules, Energy and Ancillary Services Offset for Assets for the asset to which the request for the asset-specific offer price cap applies~~; and (b) (b) subtract the energy and ancillary services offset referred to in subsection 4(5)(a) from the avoidable costs submitted in subsection 4(2)(a) less any costs excluded by the ISO in accordance with subsection 4(4).	
Subsection 4(6)	
<u>TransAlta Corporation ("TransAlta")</u> The AESO should remove certain language from this subsection, as indicated in our recommended changes to the rule in yellow highlighted text, to reflect the changes we recommended to subsection 4(5) above. 4(6) The ISO must~~, if the ISO determines the amount calculated in subsection 4(5)(b) is greater than the offer price cap in subsection 3~~, provide to the person an asset-specific price cap equal to the amount determined in subsection 4(5)(b).	The AESO does not agree with the changes proposed by TransAlta. Please see the AESO's reply to TransAlta's comment on subsection 4(5) above.

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 206.7 of the ISO Rules, *Capacity Market Mitigation* relates to the capacity market and why or why not	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's response to AFREA's comment in Item #10 below.
		Capital Power Corporation ("Capital Power") Capital Power agrees that the proposed rule relates to the capacity market.	The AESO acknowledges Capital Power's comment.
		TransAlta Corporation ("TransAlta") Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1of TransAlta's November 14, 2018 submission in the AESO's Replies to TransAlta's Appendix 1 matrix.
		Utilities Consumer Advocate ("UCA") The UCA agrees that the proposed ISO Rule-Section 206.7 relates to the capacity market as it gives the ISO the authority to modify the bid price of operating blocks for participants who have market power.	The AESO acknowledges the UCA's comment.
2	whether you agree that Section 206.7 of the ISO Rules, *Capacity Market Mitigation* should or should not be in effect for a fixed term and why or why not	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's response to AFREA's comment in Item #10 below.
		Capital Power Corporation ("Capital Power") 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 1of TransAlta’s November 14, 2018 submission in the AESO’s Replies to TransAlta’s Appendix 1 matrix.
		<u>Utilities Consumer Advocate (“UCA”)</u> As the capacity market will be new and constantly evolving, the UCA believes that the proposed rules should be in effect for a fixed term in order to have the chance to review and modify it while still providing assurance that the Rule will not change during the fixed term (allowing parties to operate in relative certainty).	The AESO does not agree with UCA’s suggestion to impose a fixed term for Proposed Section 206.7. The proposed rules for the implementation of the capacity market will be subject to the Alberta Utilities Commission 6-month provisional and 18-month comprehensive approval processes. Apart from the demand curve rules, the AESO is of the view that the capacity market rules do not need to reopened for regulatory review on a cyclical basis. When the AESO identifies an issue with a rule, the AESO must issue a written notice of consultation pursuant to AUC Rule 017. Stakeholders and interested parties may also submit proposals for rule amendments pursuant to the ISO rule proposals process if they identify issues with ISO rules.
3	whether you understand and agree with the objective or purpose of Section 206.7 of the ISO Rules, *Capacity Market Mitigation* and whether, in your view, Section 206.7 of the ISO Rules, *Capacity Market Mitigation* meets the objective or purpose	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s response to AFREA’s comment in 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 1of TransAlta’s November 14, 2018 submission in the AESO’s Replies to TransAlta’s Appendix 1 matrix.
		<u>Utilities Consumer Advocate (“UCA”)</u> The UCA understands the purpose of Section 206.7.	The AESO acknowledges the UCA’s comment.
4	how, in your view, Section 206.7 of the ISO Rules, *Capacity Market Mitigation* affects the performance of the capacity market and the	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s response to AFREA’s comment in Item #10 below.

	electricity market	<u>Capital Power Corporation ("Capital Power")</u> See Capital Power's comments above regarding the absence of a sustainable mechanism to address the market price impacts of subsidies.	Please refer to the AESO's reply to Capital Power's comment above.
		<u>TransAlta Corporation ("TransAlta")</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1of TransAlta's November 14, 2018 submission in the AESO's Replies to TransAlta's Appendix 1 matrix.
		<u>Utilities Consumer Advocate ("UCA")</u> The intent of energy market mitigation is to ensure a fair market to all participants regardless of market share. However, insufficient mitigation could have an impact on competitive market forces.	The AESO acknowledges the UCA's comment.
5	your views on any analysis conducted or commissioned by the AESO supporting Section 206.7 of the ISO Rules, *Capacity Market Mitigation*	<u>Alberta Federation of Rural Electrification Associations ("AFREA")</u> See below.	Please see the AESO's response to AFREA's comment in 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 1of TransAlta's November 14, 2018 submission in the AESO's Replies to TransAlta's Appendix 1 matrix.
		<u>Utilities Consumer Advocate ("UCA")</u> The UCA has no further comment regarding the analysis supporting the proposed ISO Rule – Section 206.7.	The AESO acknowledges the UCA's comment.
6	whether you agree with Section 206.7 of the ISO Rules, *Capacity Market Mitigation* taken together with all ISO rules and in light of the	<u>Alberta Federation of Rural Electrification Associations ("AFREA")</u> See below.	Please see the AESO's response to AFREA's comment in Item #10 below.

	principle of a fair, efficient and openly competitive market	<u>Capital Power Corporation (“Capital Power”)</u> See Capital Power’s comments above regarding the absence of a sustainable mechanism to address the market price impacts of subsidies.	Please refer to the AESO’s reply to Capital Power’s comment above.
		<u>TransAlta Corporation (“TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission.	Please see the AESO’s replies to Appendix 1of TransAlta’s November 14, 2018 submission in the AESO’s Replies to TransAlta’s Appendix 1 matrix.
		<u>Utilities Consumer Advocate (“UCA”)</u> UCA does not agree for the reason stated below.	Please see the AESO’s reply to the UCA’s comment on Item #10 below.
7	whether you would suggest any alternatives to Section 206.7 of the ISO Rules, *Capacity Market Mitigation*	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s response to AFREA’s comment in 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 1of TransAlta’s November 14, 2018 submission in the AESO’s Replies to TransAlta’s Appendix 1 matrix.
		<u>Utilities Consumer Advocate (“UCA”)</u> The price cap could be modified as the coal fleet is retired. If there are expectations for modifying the offer cap in the future, perhaps to match a decreasing conventional coal fleet, then this would be important information for investors in new supply.	The AESO agrees that investors should be aware of proposed modifications to the default offer price cap. In the event that the AESO believes the default offer cap should be modified in the ISO rule, it will be required to consult with industry on the proposed amendment in accordance with AUC Rule 017.
8	whether you agree that the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to	<u>Alberta Federation of Rural Electrification Associations (“AFREA”)</u> See below.	Please see the AESO’s response to AFREA’s comment in Item #10 below.

	customers and why or why not	Capital Power Corporation (“Capital Power”) See Capital Power’s comments above regarding the absence of a sustainable mechanism to address the market price impacts of subsidies.	Please see the AESO’s reply to Capital Power’s comment above.
		TransAlta Corporation (“TransAlta”) Please see Appendix 1 of TransAlta’s submission.	Please see the AESO’s replies to Appendix 1of TransAlta’s November 14, 2018 submission in the AESO’s Replies to TransAlta’s Appendix 1 matrix.
		Utilities Consumer Advocate (“UCA”) The cost may not be reasonable for the reasons/concerns noted above.	Please see the AESO’s reply to UCA’s comment on Item #10 below.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	Alberta Federation of Rural Electrification Associations (“AFREA”) See below.	Please see the AESO’s response to AFREA’s comment in Item #10 below.
		Capital Power Corporation (“Capital Power”) Capital Power has no comments at this time.	
		TransAlta Corporation (“TransAlta”) Please see Appendix 1 of TransAlta’s submission.	Please see the AESO’s replies to Appendix 1of TransAlta’s November 14, 2018 submission in the AESO’s Replies to TransAlta’s Appendix 1 matrix.
		Utilities Consumer Advocate (“UCA”) If the cost is too high the public interest is not supported.	The AESO acknowledges UCA’s comment.
10	whether you have any additional comments	Alberta Federation of Rural Electrification Associations (“AFREA”) 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.	The AESO acknowledges AFREA’s comment.

		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.	
		Capital Power Corporation ("Capital Power") Capital Power has no further comments at this time.	
		TransAlta Corporation ("TransAlta") Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1of TransAlta's November 14, 2018 submission in the AESO's Replies to TransAlta's Appendix 1 matrix.
		Utilities Consumer Advocate ("UCA") The UCA is extremely concerned that the asset specific price cap, supported only by an attestation by a corporate officer, would consistently set the clearing price of the capacity market. Has the AESO done further simulations to determine how often the asset specific price cap on coal generation assets could drive up prices for consumers in the province? This will likely set the market clearing price, which all participants will receive, unnecessarily increasing costs to consumers. This reinforces the need for proper scrutiny on the costs submitted to establish the offer specific price cap. There should be a submission of costs to an independent third party such as the AUC and proper process should be followed to ensure costs are prudent and reasonable.	Please see the AESO's reply to the UCA's comment on Item #10 in the AESO's Replies to Proposed Section 201.15, *Delisting*.