Stakeholder Comments and AESO Replies Matrix

Proposed New Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments*

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
Availability Hours during an Obligation Period **Subsection 2(1)**	
TransAlta Corporation ("TransAlta") **The AESO should not rank equivalent supply cushion hours by recency when discounting an asset's uniform capacity value.** TransAlta is concerned with selection approach proposed by the AESO when it has equivalent supply cushion hours. Selection based on recency is does not reflect any resource adequacy principle, results in the arbitrary selection of 250 hours used to determine availability, and may result in a capacity resource being assigned availability penalties only due to the arbitrary selection of one equally tight hour over another. Therefore, in circumstances where the 251st hour has an equivalent supply cushion as the 250th hour, the AESO should be required to calculate each asset's availability based upon the highest availability shown by the asset in either equivalent supply cushion hour. This will ensure that no asset is negatively impacted due to an arbitrary selection of 250 hours. **2(1)** The **ISO** must select 250 hours from each **obligation period** to assess availability as follows: (a) calculate the supply cushion for every hour in an **obligation period**; (b) rank all hours based on supply cushion in ascending order; (c) remove hours in which there was a state of markets suspension; (d) within the order referred to in subsection 2(1)(b) and 2(1)(c), rank hours with equivalent supply cushion in ascending order from the most recent to the most distant of time; and (e) select the first 250 hours after ranking in accordance with subsection 2(1)(b) and 2(1)(d). In cases where the 251 hour has an equivalent supply cushion as the 250 hour, one 250 historical	Please refer to the AESO's reply to TransAlta's comment on subsection 3(1) in the AESO's Replies to Proposed Section 206.3, *Uniform Capacity Value Determination* matrix.

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data set will be created for each selection of equivalent supply cushion hours.	
Delivery Baseline for a Load Asset Providing Guaranteed Load Reduction **Subsection 5(1)**	
Alberta Federation of Rural Electrification Associations (“AFREA”) Should subsection 5(1) include parts of subsection 4(b)? What days would be used to replace the days referred to here? Similar issue with 5(1)(c). 5(1)(b) exclude or replace any of the **days** identified in subsection 5(1)(a) if the following occurred	To determine a look-back baseline for a load providing a firm consumption level (“FCL”), the AESO will remove and replace hours to account for instances when the price responsive load has historically curtailed consumption during availability and delivery hours. This methodology allows the AESO to establish the upper limit for an FCL asset. Subsection 5(1) establishes the delivery volume requirements of an asset providing guaranteed load reduction (“GLR”) during a delivery hour. The delivery baseline removes and replaces days in which the load has been curtailed during a delivery hour and any energy dispatches. The methodology allows the AESO to establish the business as usual consumption level for the load. The AESO does not need to remove availability hours from the delivery baseline because the load may have not been dispatched to reduce consumption during an availability hour. In subsection 5(1), a removed day will be replaced by the next most recent business day or weekend day or holiday, but only up to the 35th most recent day.
Asset-specific Penalty Rate for Availability Assessment **Subsection 6(1)**	
TransAlta Corporation (“TransAlta”) **The proposal for asset-specific penalty rates is inconsistent with the development of a well defined and standard resource adequacy product – it should be removed and replaced with a penalty rate that is the same for all capacity resources.**	The AESO does not agree with TransAlta’s comments. Tying the penalty rate to the asset-specific capacity award follows the obligation price per MW design as described in subsection 9.3.3 of the CMD Final Proposal which ensures that the penalty level is consistent with each asset's maximum capacity award from the capacity market. This approach most accurately reflects the amount of capacity revenues

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TransAlta disagrees with the proposal of asset-specific penalty rates, which is inconsistent with the development of a well-defined and standard resource adequacy product because it creates different penalty rates across capacity resources. The creation of asset-specific penalty rates creates different financial consequences for same resource adequacy performance and defines a non-fungible capacity product that will impede secondary market transactions such as asset substitution and ex post volume reallocation, which can lead to higher cost to consumers. Our proposed changes to the rule language create a standard penalty rate that is based upon the volumes that the AESO procures in the base and rebalancing auctions and weighs the base and rebalancing auction prices by those volumes. Any capacity that the AESO sells back in the rebalancing auctions will not be included in the calculation. This weighting approach ensures that the penalty rate reflects price to load of the capacity procured to meet resource adequacy in the obligation period. It also achieves the main objective of deterring under-availability and under-delivery of a capacity commitment. Moreover, it makes administration of the capacity performance obligation regime easier and obviates the need for subsection 6(2) and 10(2) because it avoids situations where the penalty rate calculation can result in a negative value, which would create the perverse incentive to not perform. This approach is also more consistent with the penalty rates that are set in advance in PJM and ISO-NE. We acknowledge concerns that assets may be penalized at rates not reflective of their revenues, but this risk is mitigated by allowing all capacity resources to factor in a common and standard penalty rate in the penalty risk premium included in their capacity market offers in the base and rebalancing auctions, and with the application of monthly and annual penalty caps that are based on the specific capacity revenues earned by the resource. **6(1)** The **ISO** must calculate the ~~asset-specific~~ penalty rate in $/MWh to be applied during the availability assessment, as follows: $$\text{~~asset-specific~~ penalty rate} = \frac{\text{capacity award} \times 12}{\text{capacity commitment} \times \text{availability hours}}$$ where: (a) *capacity award* in $/month is calculated ~~for the asset in accordance with Section 103.10 of the ISO rules, Capacity Award Calculation~~ as a weighted average of capacity auction prices based on volumes procured by the AESO in the base and rebalancing auctions; (b) *capacity commitment* is the **capacity commitment** associated with the asset; and	available for each asset that cleared in any of the base and rebalancing auctions corresponding to a particular obligation period. Therefore, setting a penalty based on asset-specific capacity award will not lead to disproportionally high penalties in relation to total capacity revenues where the rebalancing auction is cleared at a far lower price than the base auction. As the penalty is no longer based on the maximum of base and rebalancing auction clearing prices, this is not discriminatory against assets that received their capacity commitment in an auction which resulted in a lower clearing price. Overall, this design choice is expected to reduce risk exposure and provide more revenue certainty because the penalty is directly linked to the amount of revenue (capacity award) received from the capacity market by each asset.

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(c) *availability hours* is the number of availability hours established in accordance with subsection 2(2).	
Subsection 6(2)	
Solas Energy Consulting on behalf of the Renewable Energy Coalition ("Solas") Using the formula proposed in the Renewable Energy Coalition Comment Matrix for section 103.10, there can be no negative capacity awards and these sections are not needed. *6(2) The ISO must establish the asset-specific penalty rate in $/MWh as:* ~~*(a) $133/MWh, if the rate calculated in accordance with subsection 6(1) is less than $133/MWh and the clearing price of the base auction was greater than $33/kW-year;*~~ ~~*(b) $0/MWh, if the rate calculated in accordance with subsection 6(1) is less than $0/MWh and the clearing price of the base auction was less than or equal to $33/kW-year; or*~~ *(c) the rate calculated in accordance with subsection 6(1)* ~~*in all other cases.*~~	The AESO does not agree with Solas' comment. Please see the AESO's reply to TransAlta's comment on subsection 6(1) above.
TransAlta Corporation ("TransAlta") **This subsection should be removed – please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for subsection 6(2).** ~~**6(2)** The **ISO** must establish the asset-specific penalty rate in $/MWh as:~~ ~~(a) $133/MWh, if the rate calculated in accordance with subsection 6(1) is less than $133/MWh and the clearing price of the **base auction** was greater than $33/kW-year;~~ ~~(b) $0/MWh, if the rate calculated in accordance with subsection 6(1) is less than $0/MWh and the clearing price of the **base auction** was less than or equal to $33/kW-year; or~~ ~~(c) the rate calculated in accordance with subsection 6(1) in all other cases.~~	Please see the AESO's reply to TransAlta's comment on subsection 6(1) above.

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Availability Assessment **Subsection 7(1)**	
Alberta Federation of Rural Electrification Associations ("AFREA") Metered energy only includes production which is related to whether an offer was accepted or not. For instance if half the plant's offers where accepted then only half of the plant would operate and the rest would not. Should this not refer to the volume of offers made into the energy market whether those offers were accepted or not. Those offers dictate whether the plant was available. Otherwise, generators will need to offer in at $0/MWh to insure their metered energy matches their availability. A definition similar to that in 7(1) (b) should be used here. **7(1)** The **ISO** must, as soon as practicable after an **obligation period**, identify the asset's availability volume in MWh during each of the availability hours identified in subsection 2 as follows: (a) for an asset with a **uniform capacity value** based on a capacity factor as determined in Section 206.3 of the **ISO rules**, *Uniform Capacity Value Determination*, availability volume is the sum of the following for each **settlement interval**, in the previous obligation period as applicable: (i) **metered energy**;	The AESO does not agree with AFREA's changes regarding how the metered energy in the availability hour will be assessed. The uniform capacity value for all assets whose generation capability is dependent on a fuel supply that is uncontrollable (i.e., wind, sunlight or water) and have no storage capability will be calculated using the capacity factor approach. While such an asset may be capable of producing energy, it may not be available to do so due to the variable nature of its fuel source. Therefore, the capacity contribution of these assets will be calculated using the capacity factor methodology. The availability assessment methodology is consistent with the capacity factor methodology which is based on metered energy.
This is mathematically vague. It should speak to the sum of the MW submitted each hour into the energy market during the settlement interval. 7(1)(b) for an asset with a **uniform capacity value** based on availability factor as determined in Section 206.3 of the **ISO rules***, Uniform Capacity Value Determination*, availability volume is equal to: (i) the sum of **available capability** in MW submitted into the Energy Trading System each hour, where the electric energy was available for **dispatch,** for that **settlement interval**; or (ii) 0 MW when there was no electric energy from the asset available for dispatch for that **settlement interval**;	The AESO agrees with the premise of AFREA's comment that the wording should be clarified. The AESO will revise Section 206.8 to specify that it is the time-weighted available capability for that settlement hour.

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Powerex Corp ("Powerex") **Rationale for changes to Subsection 7(1)(f):** The same issues identified by Powerex in subsection 11(1)(e), apply to the Availability Assessment for an Import Asset (7(1)(f)). If the import asset is capable of providing energy beyond its firm transmission capacity, why should the import asset not receive an Availability incentive? This additional import energy volume is important during Alberta's tightest 250 supply cushion hours. The AESO is including the additional import capability within its Resource Adequacy model. Therefore, if the import asset performs at a level greater than its firm transmission, it should be eligible for performance incentives. **7(1)** The **ISO** must, as soon as practicable after an **obligation period**, identify the asset's availability volume in MWh during each of the availability hours identified in subsection 2 as follows: (f) for an import asset, availability volume is the **available capability** for that **settlement interval** ~~capped at the volume of long-term firm transmission **capacity** for the asset~~ subject to a **capacity commitment**.	The AESO does not agree with Powerex's comment. Imports are capped at the long-term firm transmission capacity for the asset because it is analogous to the maximum capability that is used to qualify an in province generation facility. The maximum capacity values that can be provided by generators and loads are limited by their maximum capability; therefore, an equivalent measurement for imports is the long-term firm transmission capacity used for qualification as this is the maximum potential amount of capacity that the import asset has been determined to be able to reliably provide.
TransAlta Corporation ("TransAlta") **It is unclear why self-supply resources that participate gross-to-grid would have availability measured using a linear regression approach.** We question whether subsection 7(1)(e) is drafted as intended, particularly the yellow highlighted text. Gross-to-grid self-supply resources should offer all of their volumes (on a gross basis) in the energy market. It is unclear why there is any need to apply a linear regression approach, which is used to translate a gross uniform capacity value to a net uniform capacity value for a net-to-grid self-supply site. The measurement of a gross-to-grid resource is not done on a net basis but rather on the resource's generation independent of on-site load. Therefore, a gross-to-grid resource should be measured for availability in the same manner that applies to other generation capacity resources that are not self-supply resources. **7(1)** The **ISO** must, as soon as practicable after an **obligation period**, identify the asset's availability volume in MWh during each of the availability hours identified in subsection 2 as follows:	The AESO does not agree with TransAlta's comment. While co-generation sites are all metered and receive pool revenue on a net basis (i.e., based on what is delivered to the rest of the system), some sites have chosen to be dispatched on a gross basis. A site that is metered gross-to-grid is not self-supplying. When determining the uniform capacity value for these sites, the AESO uses the available capability (gross) of the generating asset that offers on a gross basis when it calculates the gross generating asset's availability. It is this value that is input into the linear regression equation to determine the availability to the grid.

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(a) for an asset with a **uniform capacity value** based on a capacity factor as determined in Section 206.3 of the **ISO rules**, Uniform Capacity Value Determination, availability volume is the sum of the following for each **settlement interval**, as applicable: (i) **metered energy**; (ii) in the case of an asset that was subject to a **dispatch** for **spinning reserve** or **supplemental reserve**, the volume that was provided according to Section 205.5 of the **ISO rules**, Spinning Reserve Technical Requirements and Performance Standards or Section 205.6 of the **ISO rules**, Supplemental Reserve Technical Requirements and Performance Standards; (iii) in the case of an asset that provides **regulating reserve**, the volume based on the **regulating reserve** provided pursuant to Section 205.4 of the **ISO rules**, Regulating Reserve Technical Requirements and Performance Standards that is not captured as **metered energy**; and (iv) in the case of an asset that was impacted by a **transmission market constraint**, the volume that was curtailed; (b) for an asset with a **uniform capacity value** based on availability factor as determined in Section 206.3 of the **ISO rules**, Uniform Capacity Value Determination, availability volume is equal to: (i) the **available capability** submitted into the Energy Trading System where the electric energy was available for **dispatch** for that **settlement interval**; or (ii) 0 MW when there was no electric energy from the asset available for **dispatch** for that **settlement interval**; (c) for a load asset providing **guaranteed load reduction**, availability volume is the **available capability** for that **settlement interval**; (d) for a load asset providing **firm consumption level**, availability volume is based on the difference between the look-back baseline calculated in accordance with subsection 4 and the asset's **firm consumption level** as declared for the **obligation period**; (e) for self-supply assets that are dispatched gross to grid, availability volume is based on the	

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linear regression approach set out in Section 206.3 of the **ISO rules**, Determination of Uniform Capacity Value; and (f) for an import asset, availability volume is the **available capability** for that **settlement interval** capped at the volume of long term firm transmission **capacity** for the asset subject to a **capacity commitment**.	
TransCanada Energy Ltd. ("TCE") TCE submits that the AESO must be careful to ensure equal treatment of all electric energy. TCE understands that for other source assets, the AESO counts all of the available capability for that asset. TCE submits that such treatment must be provided to all source assets. **7(1)** The **ISO** must, as soon as practicable after an **obligation period**, identify the asset's availability volume in MWh during each of the availability hours identified in subsection 2 as follows: (f) for an import asset, availability volume is the **available capability** for that **settlement interval** ~~capped at the volume of long term firm transmission **capacity** for the asset subject to a **capacity commitment**~~.	Please see the AESO's reply to Powerex's comment on subsection 7(1)(f) above.
Subsection 7(2)	
TransAlta Corporation ("TransAlta") **Disallowance of asset substitution for availability assessments creates unmitigable penalty risk and reduces the incentives for market participants to minimize supply scarcity and resource adequacy events – therefore, availability volumes should be adjusted for asset substitutions.** We have proposed the addition of a new subsection allowing asset substitutions to be included as an availability volume adjustment. Our reasons for the addition were expressed in our CMD 4 comment matrix submitted on July 20, 2018 in which TransAlta stated: **Asset substitution should apply to availability assessments.** The progress made between CMD1 to CMD3 with respect to risk management has been	The AESO does not agree with TransAlta's comment. The AESO considers that delivery assessment periods are when the system is most in need of all available capacity in order to maintain reliability and operating reserve targets. Due to the higher payment adjustments during these delivery assessment periods, asset owners will be most incented to manage their risk through asset substitution. The AESO does not agree with TransAlta's comment that not allowing asset substitution for availability risk creates a disincentive for capacity market participants to manage risk. There is still considerable benefit for capacity market participants to actively manage their delivery risk independent of the ability to arrange for third party availability hedges through the AESO. Asset substitution is not allowed prior to the closing of the final rebalancing auction to ensure there is

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undermined by the AESO's sudden and unexpected change to the asset substitution proposal in CMD4. Specifically, the removal of asset substitution for availability assessments creates unmitigable penalty risk and reduces the incentives for market participants to engage in appropriate, proactive risk management to minimize supply scarcity and resource adequacy events. The potential for this change was not indicated at any point between CMD1 to CMD4, nor was it discussed at any of the CMD working group sessions including the recent June working group meetings. The AESO did not provide any explanation for the change except for the CMD4 stakeholder consultation meeting held on July 10, 2018, where the AESO stated that it felt that availability performance is measured based on an average of a capacity resource's performance during the 250 tightest hours in a year and that averaging was, in the AESO's view, sufficient to mitigate risks. We strongly disagree with the AESO's views. First, the use of an average to calculate and measure availability performance is a mitigating factor and it does not drive the right incentives to manage or prevent resource adequacy shortfalls. While it is true that a market participant may be credited with a benefit from overperforming in one availability assessment hour to reduce or eliminate an availability payment adjustment from under-performance in another assessment hour, intertemporal averaging does not encourage the right risk management behaviour. Actual resource adequacy shortfalls cannot be managed by taking overperformance from one period to compensate for underperformance in another period. Resource adequacy shortfalls and market tightness can only be managed by ensuring that sufficient resources are available in real time to meet system needs. Encouraging ex-ante asset substitution to ensure that there is sufficient realtime supply best encourages the appropriate behavior to address resource adequacy concerns. Second, the AESO's proposal to disallow asset substitution for availability assessments will discourage appropriate risk management. Asset substitution should be encouraged as it is a proactive and cost-effective mechanism that incentivizes market participants to substitute capacity resources to ensure that all capacity obligations are met and resource adequacy issues are averted ahead of time. There are no costs to consumers associated with asset substitution - it is simply a mechanism that allows capacity obligations to be traded to resources that are best able to meet real-time availability and delivery requirements, increases transparency of resource adequacy supply, reduces the probability of resource adequacy events, and mitigates shocks to capacity and energy prices for consumers. This not only prevents emergency alert events from occurring but also helps to ensure that the energy market is less supply constrained, with the commensurate benefit of lower	maximum liquidity in those auctions. As the availability of an asset is assessed for the obligation period over a large number of hours, capacity market participants are able to use periods of higher availability to offset periods of lower availability for their assets. By maintaining availability throughout the obligation period, the asset hedges its own availability risk. Additionally, the AESO allows for an asset with availability volume greater than its capacity commitment to be eligible for an over-availability payment adjustment.

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energy prices for consumers. However, the incentive to arrange asset substitution is greatly diminished if the capacity resource owner receives no credit in terms of availability measurement for the system benefit that it creates by ensuring that its capacity obligation is covered through an asset substitution transaction. In fact, a disincentive is created because the owner incurs a cost to arrange an asset substitution but still faces availability performance risk despite ensuring that its capacity obligation was met. Third, disallowing asset substitution for availability assessment results in perverse penalties. Owners are subject to payment adjustments for both availability and performance penalties if a capacity resource does not generate during an Emergency Energy Alert (EEA) event. Under the proposed framework for asset substitution, an owner can arrange an asset substitution to ensure that another capacity resource meets his capacity obligation by generating during an EEA but could still be penalized for availability performance. In other words, the AESO proposes to penalize an owner that has ensured that replacement capacity is available to meet a resource adequacy event. Given the clear benefits of allowing asset substitution to apply to availability assessments and our understandable confusion with the AESO's recent change to revoke asset substitution for availability assessments, we strongly encourage the AESO to reconsider its position in the ISO Rule drafting phase and allow asset substitution to apply to availability assessments. **7(2)** The **ISO** must adjust the delivery volumes identified in subsection 7(1) for each availability hour to include any availability volume adjustments due to any substitutions which was approved in accordance with Section 206.9 of the **ISO rules**, Asset Substitution.	
Minor update to subsection numbering to reflect the addition of subsection 7(2). **7(3~~2~~)** The ISO must calculate the assessment volume in MWh for an asset in accordance with the following formula: $assessment\ volume$= [$\Sigma availability\ volume$]−$capacity\ commitment \times availability\ hours$ where: (a) availability volume is the availability volume in MWh identified in subsection 7(1), as applicable; (b) capacity commitment is the capacity commitment associated with the asset; and (c) availability hours is the number of availability hours established in accordance with subsection 2.	Please see the AESO's reply to TransAlta's comment on subsection 7(2) above.

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Under-availability Adjustment **Subsection 8(1)**	
TransAlta Corporation (“TransAlta”) **The asset-specific adjustment should be removed from the calculation approach in this subsection. Please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for the adjustment rate calculation in this subsection.** **8(1)** The **ISO** must, when the assessment volume calculated in accordance with subsection 7(2) is negative, calculate the under-availability adjustment in dollars for an asset subject to a **capacity commitment** in accordance with the following formula: $under\text{-}availability\ adjustment$ = ~~*adjustment rate*~~ 40% x 1.3 x penalty rate × $assessment\ volume$ where: (a) ~~adjustment~~ penalty rate is the ~~adjustment~~ rate in $/MWh calculated in accordance with subsection 6(1) ~~8(2)~~; and (b) assessment volume is the assessment volume in MWh calculated in accordance with subsection 7(3)~~7(2).~~	Please see the AESO’s reply to TransAlta’s comment on subsection 6(1) above.
Subsection 8(2)	
TransAlta Corporation (“TransAlta”) **This subsection should be removed. Please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for subsection 8(2).** ~~**8(2)** The **ISO** must, when the assessment volume calculated in accordance with subsection 7(2) is negative, calculate the under-availability adjustment in dollars for an asset subject to a **capacity commitment** in accordance with the following formula:~~ ~~$under\text{-}availability\ adjustment = adjustment\ rate$ 40% x 1.3 x penalty rate × $assessment\ volume$~~	Please see the AESO’s reply to TransAlta’s comment on subsection 6(1) above. The AESO notes that the content TransAlta struck out is subsection 8(1), however, the comment subheading is 8(2).

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~~where:~~ ~~(a) adjustment penalty rate is the adjustment rate in $/MWh calculated in accordance with subsection 8(2); and~~ ~~(b) assessment volume is the assessment volume in MWh calculated in accordance with subsection 7(2).~~	
Over-availability Adjustment **Subsection 9(1)**	
TransAlta Corporation (“TransAlta”) **Minor update to subsection numbering to reflect proposed subsection 7(2) above.** **9(1)** The **ISO** must, when the assessment volume calculated in accordance with subsection 7(3)~~(2)~~ is positive, calculate the over-availability adjustment in dollars for an asset subject to a **capacity commitment** in accordance with the following formula: $over\text{-}availability\ adjustment = adjustment\ rate \times assessment\ volume$ where: (a) *adjustment rate* is the adjustment rate calculated in accordance with subsection 9(2); and (b) *assessment volume* is the volume in MWh calculated in accordance with subsection 7(3)~~(2).~~	Please see the AESO’s reply to TransAlta’s comment on subsection 7(2) above.
Subsection 9(2)	
TransAlta Corporation (“TransAlta”) **Minor update to subsection numbering to reflect proposed subsection 7(2) above.** **9(2)** The **ISO** must, in calculating the over-availability adjustment in subsection 9(1), calculate the adjustment rate in $/MWh in accordance with the following formula:	Please see the AESO’s reply to TransAlta’s comment on subsection 6(1) above.

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$\lvert adjustment\ rate \rvert = \Sigma under\text{-}availability\ adjustments / \Sigma positive\ assessment\ volumes$ where: (a) *under-availability adjustments* is the sum of all under-availability adjustments determined in accordance with 8(3) for all assets subject to a **capacity commitment** in an **obligation period**; and (b) *positive assessment volumes* is the sum of all positive assessment volumes calculated in accordance with subsection 7(3)~~(2)~~ for all assets subject to a **capacity commitment** in an **obligation period**.	
Asset-specific Penalty Rate for Delivery Assessments **Subsection 10(1)**	
TransAlta Corporation (“TransAlta”) **References to an asset-specific penalty rate should be removed from this subsection. Please see our recommendation in subsection 6(1) for an explanation of our proposed changes to the penalty rate calculation.** **10(1)** The **ISO** must calculate the ~~asset-specific~~ penalty rate in $/MWh for an asset, to be applied during the delivery assessments in accordance with the following formula: $$\text{~~asset-specific~~}\ penalty\ rate = \frac{capacity\ award \times 12}{capacity\ commitment \times delivery\ hours}$$ where: (a) *capacity award* is the capacity award in $/month calculated ~~for the asset in accordance with Section 103.10 of the **ISO rules**, *Capacity Award Calculation*~~ as a weighted average of capacity auction prices based on volumes procured by the AESO in the base and rebalancing auctions; (b) *capacity commitment* is the **capacity commitment** associated with an asset; and (c) *delivery hours* is the greater of: (i) 20; or (ii) the forecasted number of energy supply shortfall hours for the **obligation period** as given in the *Capacity Market Auction Guidelines* published for the last **rebalancing**	Please see the AESO’s reply to TransAlta’s comment on subsection 6(1) above.

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auction of the **obligation period**.	
Subsection 10(2)	
Solas Energy Consulting on behalf of the Renewable Energy Coalition ("Solas") Using the formula proposed in the Renewable Energy Coalition Comment Matrix for section 103.10, there can be no negative capacity awards and these sections are not needed. 10(2) The ISO must establish the asset-specific penalty rate as: ~~(a) $1,667/MWh, if the rate calculated in accordance with subsection 10(1) is less than $1,667/MWh and the clearing price of the base auction was greater than $33/kW-year;~~ ~~(b) $0/MWh, if the rate calculated in accordance with subsection 10(1) is less than $0/MWh and the clearing price of the base auction was less than or equal to $33/kW-year; or~~ (c) the rate calculated in accordance with subsection 10(1)~~, in all other cases~~.	Please see the AESO's reply to Solas' comment on subsection 2 in the AESO's Replies to Proposed Section 103.10, *Capacity Award Calculation* matrix.
TransAlta Corporation ("TransAlta") **This subsection should be removed. Please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for subsection 10(2).** ~~**10(2)** The **ISO** must establish the asset-specific penalty rate as:~~ ~~(a) $1,667/MWh, if the rate calculated in accordance with subsection 10(1) is less than $1,667/MWh and the clearing price of the **base auction** was greater than $33/kW-year;~~ ~~(b) $0/MWh, if the rate calculated in accordance with subsection 10(1) is less than $0/MWh and the clearing price of the **base auction** was less than or equal to $33/kW-year; or~~ ~~(c) the rate calculated in accordance with subsection 10(1), in all other cases.~~	Please see the AESO's reply to TransAlta's comment on subsection 6(1) above.
Delivery Assessments **Subsection 11(1)**	
Powerex Corp ("Powerex") **Issues with proposed rule 11(1)(e) – Delivery Assessment for Import Asset:**	Please see the AESO's reply to Powerex's comment on subsection 7(1)(f) above.

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Rationale for striking out Subsection 11(1)(e)(i): The AESO's CMD final incents system reliability during times of system stress by offering high energy prices and performance incentives to resources. These two revenue streams collectively help to incent reliability. The AESO has included a large volume of import energy, which far exceeds the interties' Transfer Path Capability, within Alberta's Resource Adequacy Requirement. However, subsection 11(1)(e) limits an import asset's Delivery Assessment to the Market Participant's firm transmission capacity. If an import asset with a Capacity Commitment provided energy beyond its firm transmission capacity, why should the import asset not receive a performance incentive? The additional energy the import asset has provided is critical during an EEA event. The proposed Delivery Assessment for an Import asset ((11(1)(e)) represents asymmetric treatment of internal and external resources, without justification. The Delivery Assessment for an internal asset (subsection 11(1)(a)), states that an internal asset's delivered volume will be based on the asset's metered energy, or volume provided in accordance with Sections 205.4, 205.5 or 205.6. The same Delivery Assessment should be applied to import assets.	
Rationale for changes to Subsection 11(1)(e)(ii)(a) [e-tags]: An import asset can have multiple e-tags. One or multiple e-tags may be associated with the import asset's Capacity Commitment. Further, one or multiple e-tags could be associated with additional energy, above the import asset's Capacity Commitment, along the flow path. The Delivery Assessment for import assets (rule 11(1)(e)) should be based on all e-tags along the transfer path from that import asset within that hour. **11(1)** The **ISO** must, as soon as practicable in the **settlement period** following each delivery hour established in subsection 3(2), identify an asset's delivery volume in MWh during each of the delivery hours as follows: (e) for an import asset, delivery volume is ~~the lesser of~~: (i) ~~the long-term firm transmission capacity associated with the import asset; or~~ (ii) the sum of: (a) The volume of ~~in a~~ valid e-tags;	The AESO agrees with Powerex's comment regarding multiple e-tags and will incorporate it into Proposed Section 206.8.

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(b) where the **offer** price is greater than or equal to $0.01/ MWh and the asset is subject to the limits referenced in Section 303.2 of the **ISO rules**, *Available Transfer Capability*, the volume in the **offer** during the first 2 delivery hours where the asset is subject to the limits.	
TransCanada Energy Ltd. ("TCE") TCE submits that the AESO must be careful to ensure equal treatment of all electric energy. TCE understands that for other source assets, the AESO counts all of the volume that asset delivered to the grid. TCE submits that such treatment must be provided to all source assets. **11(1)** The **ISO** must, as soon as practicable in the **settlement period** following each delivery hour established in subsection 3(2), identify an asset's delivery volume in MWh during each of the delivery hours as follows: (e) for an import asset, delivery volume is ~~the lesser of~~: (i) ~~the long-term firm transmission capacity associated with the import asset; or~~ (ii) the sum of: (a) The volume in ~~a~~ valid e-tags; where the **offer** price is greater than or equal to $0.01/ MWh and the asset is subject to the limits referenced in Section 303.2 of the **ISO rules**, *Available Transfer Capability*, the volume in the **offer** during the first 2 delivery hours where the asset is subject to the limits.	The AESO agrees with TCE's comment regarding e-tags. Please see the AESO's reply to Powerex's comments on subsection 11(1) above.
Under-delivery Adjustment **Subsection 12(1)**	
TransAlta Corporation ("TransAlta") **The asset-specific adjustment should be removed from the calculation approach in this subsection. Please see our recommendation in subsection 6(1) for an explanation of our proposed changes to the penalty rate calculation.** **12(1)** The **ISO** must, if the assessment volume determined in accordance with subsection 11(3) is negative, calculate the under-delivery adjustment in dollars for an asset subject to a **capacity**	Please see the AESO's reply to comment on subsection 6(1) above.

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commitment in accordance with the following formula: $under\text{-}delivery\ adjustment = 60\%\ x\ 1.3\ x\ penalty\ rate$ ~~$adjustment\ rate$~~ $\times\ assessment\ volume$ where: (a) *penalty* ~~*adjustment*~~ *rate* is the ~~adjustment~~ rate calculated in subsection 6(1)~~12(2)~~; and (b) *assessment volume* is the assessment volume determined in subsection 11(3).	
Subsection 12(2)	
TransAlta Corporation ("TransAlta") **This subsection should be removed. Please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for subsection 10(2).** ~~**12(2)** The **ISO** must, in calculating the under-delivery adjustment rate in subsection 12(1), calculate the adjustment rate in $/MWh in accordance with the following formula:~~ ~~$adjustment\ rate = 0.6 \times 1.3 \times asset\text{-}specific\ penalty\ rate$~~ ~~where:~~ ~~(a) *asset-specific penalty rate* is the asset-specific penalty rate determined in subsection 10.~~	Please see the AESO's reply to TransAlta's comment on subsection 6(1) above.
Maximum Payment Adjustments for Under-availability and Under-delivery **Subsection 14(1)**	
Solas Energy Consulting on behalf of the Renewable Energy Coalition ("Solas") Using the formula proposed in the Renewable Energy Coalition Comment Matrix for section 103.10, there can be no negative capacity awards and these sections are not needed. 14(1) The ISO must cap under-delivery adjustments for an asset during a settlement period at: (a) 3 times the capacity award calculated in accordance with Section 103.10 of the ISO rules, Capacity Award Calculation; or ~~(b) an amount calculated in accordance with the following formula, if the asset-specific penalty rate for an asset's delivery assessments is established at $1,667/MWh in accordance with~~	Please see the AESO's reply to Solas' comment on subsection 2 in the AESO's Replies to Proposed Section 103.10, *Capacity Award Calculation* matrix.

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~~subsection 10(2)(a):~~ ~~$monthly\ under\ delivery\ payment\ adjustment\ cap = default\ rate \times capacity\ commitment / 12 \times 3$~~ ~~where: (i) default rate is $33/kW-year * 1000; and (ii) capacity commitment is the capacity commitment associated with the asset.~~ (2) The ISO must, subject to subsection 14(3), cap the sum of any under-availability adjustment and under-delivery adjustments for an asset in an obligation period at an amount in dollars calculated in accordance with the following formula: $annual\ under\ performance\ cap = capacity\ award \times 12 \times 1.3$ where: (a) capacity award is the asset's monthly capacity award calculated in accordance with Section 103.10 of the ISO rules, Capacity Award Calculation. ~~(3) The ISO must, if the asset-specific penalty rate for an asset's availability assessment is established at $133/MWh in accordance with subsection 6(2)(a), or if the asset-specific penalty rate for an asset's delivery assessments is established at $1,667/MWh in accordance with subsection 10(2)(a), cap the sum of any under-availability adjustment and under-delivery adjustments for such asset in an obligation period at an amount in dollars equal to: $annual\ under\ performance\ cap = default\ rate \times capacity\ commitment$ × 1.3 where: (a) default rate is $33/kw-year x 1000; and (b) capacity commitment is the capacity commitment associated with an asset.~~	
TransAlta Corporation ("TransAlta") **It is unclear how the default rate value of $33/kW-year * 1000 was determined, or whether it is a reasonable estimate. Therefore, the language should be amended so that it references the term defined in the Consolidated Authoritative Document Glossary rather than the specific numerical value.** We are also unclear if the AESO plans to select the lesser of or greater of 14(1)(a) or 14(1)(b). We recommend that the AESO clarify "the lesser of" the two so that the monthly cap cannot exceed 3x monthly capacity revenues. **14(1)** The **ISO** must cap under-delivery adjustments for an asset during a **settlement period** at the lesser of: (a) 3 times the capacity award calculated in accordance with Section 103.10 of the **ISO rules**, *Capacity Award Calculation*; or (b) an amount calculated in accordance with the following formula~~, if the asset-specific penalty~~	In order to maintain the proper incentives for asset performance when asset-specific capacity awards are low or negative, the availability and delivery penalty rates are determined as follows: (a) The AESO sets the under delivery adjustment rate at $1000/MWh, prior to the 1.3 multiplier. This rate aligns with the opportunity cost of not delivering in the energy market. (b) The delivery adjustment makes up 60% of the payment adjustment structure (as per subsection 12(2) of Proposed Section 206.8) which leads to an asset-specific penalty rate of $1667/MWh for delivery assessments, derived as follows: under delivery adjustment rate ÷ delivery adjustment percentage = $1000/MWh ÷ 60%. (c) The AESO sets the energy shortfall hours at a minimum of 20 hours per year (as per proposed

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~~rate for an asset's delivery assessments is established at $1,667/MWh in accordance with subsection 10(2)(a)~~: $monthly\ under\ delivery\ payment\ adjustment\ cap\ =\ default\ rate\ \times\ capacity\ commitment\ /\ 12\ \times\ 3$ where: (i) *default rate* is ~~$33/kW-year * 1000~~ a defined term in the *Consolidated Authoritative Document Glossary*; and (ii) *capacity commitment* is the **capacity commitment** associated with the asset.	subsection 10(1)(c) of Section 206.8) which results in a $33/kW-year value for the default rate for the annual capacity award, derived as follows: asset-specific penalty rate for delivery assessments * energy shortfall hours = $1667/MWh * 20 hours/year ÷ 1000kW/MW. (d) Availability performance is assessed over 250 hours (as per subsection 2(1) of Proposed Section 206.8) which results in an asset-specific penalty rate of $133/MWh for availability assessments, derived as follows: default rate for the annual capacity award / availability assessment hours = $33/kW-year ÷ 250 hours/year * 1000kW/MW. With respect to TransAlta's proposal to include the default rate as a definition in the AESO's *Consolidated Authoritative Document Glossary*, please see the AESO's reply to TransAlta's comment on subsection 9(2) in the AESO's Replies to Proposed Section 206.1, *Qualification of Capacity* matrix.
Subsection 14(3)	
TransAlta Corporation ("TransAlta") **Please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for consideration of asset-specific penalties in subsection 14(3).** Additionally, it is unclear how the default rate value of $33/kW-year * 1000 was determined, or whether it is a reasonable estimate. Therefore, the language should be amended so that it references the term defined in the Consolidated Authoritative Document Glossary rather than the specific numerical value. **14(3)** The **ISO** must~~, if the asset-specific penalty rate for an asset's availability assessment is established at $133/MWh in accordance with subsection 6(2)(a), or if the asset-specific penalty rate for an asset's delivery assessments is established at $1,667/MWh in accordance with subsection 10(2)(a),~~ cap the sum of any under-availability adjustment and under-delivery adjustments for such asset in an **obligation period** at an amount in dollars equal to: $annual\ under\ performance\ cap\ =\ default\ rate\ \times\ capacity\ commitment\ \times\ 1.3$ where: (a) *default rate* is ~~$33/kw-year x 1000~~ a defined term in the *Consolidated Authoritative*	Please see the AESO's reply to TransAlta's comment on subsection 6(1) above.

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Document Glossary; and (b) *capacity commitment* is the **capacity commitment** associated with an asset.	
Maximum Payment Adjustments for Over-availability and Over-delivery **Subsection 15(1)**	
Solas Energy Consulting on behalf of the Renewable Energy Coalition ("Solas") Using the formula proposed in the Renewable Energy Coalition Comment Matrix for section 103.10, there can be no negative capacity awards and these sections are not needed. 15(1) The ISO must, notwithstanding subsection 15(2), cap the sum of any over-availability adjustment and over-delivery adjustments for an obligation period at an amount in dollars for an asset in accordance with the following formula: $annual\ over\ performamce\ cap = capacity\ award \times 12$ where: (a) capacity award is the asset's monthly capacity award in $/month calculated in accordance with Section 103.10 of the ISO rules, Capacity Award Calculation. ~~(2) The ISO must, if the asset-specific penalty rate for an asset's availability assessment is established at $133/MWh in accordance with subsection 6(2)(a) or if the asset-specific penalty rate for an asset's delivery assessments is established at $1,667/MWh in accordance with subsection 10(2)(a), cap the sum of any over-availability adjustment and over-delivery adjustments for each obligation period at an amount in dollars for such asset in accordance with the following formula:~~ ~~$annual\ over\ performance\ cap = default\ rate \times capacity\ commitment$~~ ~~where:~~ ~~(a) default rate is $33/kw-year x 1000; and (b) capacity commitment is the capacity commitment associated with an asset.~~	Please see the AESO's reply to Solas' comment on subsection 2 in the AESO's Replies to Proposed Section 103.10, *Capacity Award Calculation* matrix.
Subsection 15(2)	
TransAlta Corporation ("TransAlta") **Please see our recommendation in subsection 6(1) for a penalty rate calculation approach that eliminates the need for consideration of asset-specific penalties in subsection 15(2).**	Please see the AESO's reply to TransAlta's comment on subsection 6(1) above.

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Additionally, it is unclear how the default rate value of $33/kW-year * 1000 was determined, or whether it is a reasonable estimate. Therefore, the language should be amended so that it references the term defined in the Consolidated Authoritative Document Glossary rather than the specific numerical value. **15(2)** The **ISO** must~~, if the asset-specific penalty rate for an asset's availability assessment is established at $133/MWh in accordance with subsection 6(2)(a) or if the asset-specific penalty rate for an asset's delivery assessments is established at $1,667/MWh in accordance with subsection 10(2)(a),~~ cap the sum of any over-availability adjustment and over-delivery adjustments for each **obligation period** at an amount in dollars for such asset in accordance with the following formula: $$annual\ over\ performance\ cap = default\ rate \times capacity\ commitment$$ where: (a) *default rate* is ~~$33/kw-year x 1000~~ a defined term in the *Consolidated Authoritative Document Glossary*; and (b) *capacity commitment* is the **capacity commitment** associated with an asset.	
General Comments	
Alberta Federation of Rural Electrification Associations ("AFREA") All the way through this section reference is made to capacity commitment and settlement period. It should be made clear whether a capacity commitment and settlement period was for the previous or current obligation period. It is hard to know from the text which is which. In some cases you should also clarify whether you are referring to the current or previous obligation period as well.	The AESO does not agree with AFREA's comment. The AESO believes that in the context of Proposed Section 206.8, the reference to a capacity commitment or settlement period is for the previous or current obligation period is sufficiently clear.
Capital Power Corporation ("Capital Power") **Section 206.8 must clarify that transmission outages and transmission curtailments (that are not the result of a capacity asset being electrically disconnected from the transmission system due to its own actions) will not impact an internal Alberta generation asset's performance or availability assessment.** It is Capital Power's understanding, based on its participation in the AESO's capacity market design consultation and its reading of CMD Final, that transmission outages and transmission curtailments, including congestion, will not impact an asset's performance or availability assessment (with the exception of transmission outages where a capacity asset is electrically disconnected from the	Please see the AESO's reply to Capital Power's comment on subsection 6(1) in the AESO's Replies to Proposed Section 206.3, *Uniform Capacity Value Determination* matrix.

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transmission system due to its own actions). This approach is consistent with current Alberta transmission policy and supported by Capital Power. It is unclear, however, based on the current drafting language in Section 206.8 and associated capacity market definitions, whether the rule reflects this intent. Additionally, proposed changes to the definition of "acceptable operational reason" in the energy market create further confusion as they appear misaligned with the above understanding. This issue also exists with respect to Section 206.3 is described more fully below. For an asset's availability assessment per subsection 7 availability volume is equal to and asset's "available capability" submitted to ETS where the electric energy was available for dispatch for that settlement interval. The issue is that the AESO appears to have changed the meaning of "available capability" (defined for a generating source asset as the maximum MW that the is physically capable of providing) through a proposed change to the definition of "acceptable operational reason" which would add re-positioning of a generating source asset within the energy market in response to a distribution constraint or transmission outage that results in the generating source asset being electrically disconnected from the transmission system to the definition. Capital Power does not support this change and believes that it is inconsistent with the definition of "available capability." This creates confusion as to whether transmission outages will impact a dispatchable asset's availability assessment. Similar confusion exists with determining an asset's performance assessment per subsection 11 as delivery volumes are adjusted per 11(2) to include volumes impacted by a transmission market constraint – a new definition that may not include transmission outages. **Solution: Remove subsection (vii) from the proposed definition of "acceptable operational reason".** **To further clarify the impact of transmission curtailments on an internal Alberta generation asset's performance or availability assessment, Capital Power also proposes adding a new term, "transmission system outage", to the list of defined capacity market terms in addition to the concept of "transmission (market) constraint". See Capital Power's comments with respect to the capacity and energy market definitions.** **Section 206.8 must be explicit that the only transmission related issues that can impact an asset's an internal Alberta generation asset's performance or availability assessment are those where a capacity asset is electrically disconnected from the transmission system due to its own actions.**	

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To increase fungibility of the capacity product, the AESO should consider calculating an obligation period-specific penalty rate as opposed to an asset-specific penalty rate. Capital Power believes that calculating an obligation period-specific penalty rate as opposed to an asset-specific penalty rate may be more consistent with the AESO's starting assumption that capacity is a single product. Applying the same penalty rate for each MW of uniform capacity in an obligation period creates a more fungible capacity product that will better facilitate transactions between capacity resources to manage performance risk. The simplest way to calculate an obligation period-specific penalty rate would be to set the capacity payment in the formula to the left as the capacity clearing price of the base auction. Not only does this eliminate the need to establish default penalty rates as per subsections 6(2) and 10(2) below, but it also addresses concerns with respect to capacity revenues being commensurate with penalty rates, as resources participating in the rebalancing auctions, knowing the base auction clearing price, would be able to include a penalty risk premium in their offers.	Please see the AESO's reply to TransAlta's comment on subsection 6(1) 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 206.8 of the ISO Rules, *Obligation Period Performance Assessments* relates to the capacity market and why or why not	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's reply 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 to TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
2	whether you agree that Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments* 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 reply 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.
		TransAlta Corporation ("TransAlta") Please see Appendix 1 to TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
3	whether you understand and agree with the objective or purpose of Section 206.8 of the ISO Rules, *Obligation Period Performance*	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's reply to AFREA's comment in Item #10 below.

	Assessments and whether, in your view, Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments* meets the objective or purpose	Capital Power Corporation ("Capital Power") Capital Power has no comments at this time.	
		TransAlta Corporation ("TransAlta") Please see Appendix 1 to TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
4	how, in your view, Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments* affects the performance of the capacity market and the electricity market	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's reply to AFREA's comment in Item #10 below.
		Capital Power Corporation ("Capital Power") See Capital Power's concerns above regarding the impact of transmission outages and congestion on performance and availability assessments as well as the use of an asset-specific penalty rate.	Please see the AESO's reply to Capital Power's comment in Item #4 in the Proposed Section 201.13, *Capacity Market Clearing*.
		TransAlta Corporation ("TransAlta") Please see Appendix 1 to TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
5	your views on any analysis conducted or commissioned by the AESO supporting Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments*	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's reply 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 to TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
6	whether you agree with Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments* taken together with all ISO rules	Alberta Federation of Rural Electrification Associations ("AFREA") See below.	Please see the AESO's reply to AFREA's comment in Item #10 below.

	and in light of the principle of a fair, efficient and openly competitive market	Capital Power Corporation (“Capital Power”) See Capital Power’s concerns above regarding the impact of transmission outages and congestion on performance and availability assessments as well as the use of an asset-specific penalty rate.	Please see the AESO’s reply to Capital Powers comments on subsection 6(1) of Proposed Section 206.3, *Uniform Capacity Value Determination*.
		TransAlta Corporation (“TransAlta”) Please see Appendix 1 to TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
7	whether you would suggest any alternatives to Section 206.8 of the ISO Rules, *Obligation Period Performance Assessments*	Alberta Federation of Rural Electrification Associations See below.	Please see the AESO’s reply 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 to TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
8	whether you agree that the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to customers and why or why not	Alberta Federation of Rural Electrification Associations (“AFREA”) See below.	Please see the AESO’s reply to AFREA’s comment in Item #10 below.
		Capital Power Corporation (“Capital Power”) See Capital Power’s concerns above regarding the impact of transmission outages and congestion on performance and availability assessments as well as the use of an asset-specific penalty rate.	Please see the AESO’s reply to Capital Powers comments on subsection 6(1) of Proposed Section 206.3, *Uniform Capacity Value Determination*.
		Solas Energy Consulting on behalf of the Renewable Energy Coalition (“Solas”) The cost to consumers is increased by the AESO’s version of section 103.10 and the consequent adjustments made to the performance assessment methodology to account for the possibility of negative	Please see the AESO’s reply to Solas’ comments on Item #8 in the Section 103.9, *Capacity Market Financial Settlement* matrix.

		capacity awards. The changes proposed the Renewable Energy Coalition simplify and remove unwanted consequences from the purchases of capacity by the market participant in the rebalancing auction.	
		TransAlta Corporation (“TransAlta”) Please see Appendix 1 to TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	Alberta Federation of Rural Electrification Associations (“AFREA”) See below.	Please see the AESO’s reply 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 to TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
10	whether you have any additional comments	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. 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.

		Capital Power Corporation (“Capital Power”) Capital Power has no further comments at this time.	
		TransAlta Corporation (“TransAlta”) Please see Appendix 1 to TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.