

Stakeholder Comments and AESO Replies Matrix



Proposed Amended Section 202.6 of the ISO Rules, Adequacy of Supply

Date of Request for Comment: October 26, 2018
Period of Comment: October 26, 2018 through November 14, 2018

Stakeholder Comments and/or Proposed Alternative Rule Wording	AESO Replies
<p>Adequacy Assessments Subsection 2</p>	
<p><u>Capital Power Corporation (“Capital Power”)</u></p> <p>In assessing the adequacy of supply, the draft rule refers to the maximum capability associated with the offers of generating units or load sink assets in producing a forecast of supply and load for a minimum 2-year period the requirement. However, it would be more appropriate to simply refer to the maximum capability of the generating unit or load sink asset rather than to energy market offers since energy market offers are only submitted up to seven days in advance.</p> <p>Subsections 2(a) and (b)</p> <ul style="list-style-type: none"> the maximum capability from generating units that is associated with offers in the Alberta energy market, from all generating units in Alberta; the maximum capability from load sink assets that is associated with offers in the Alberta energy market, from load sink assets; <p>Broader understanding of AESO’s adequacy assessment process could be improved by expanding in the information document associated with this rule what the AESO intends by the phrase “program that increases” available transfer capability.</p> <p>Subsections 2(d)</p> <ul style="list-style-type: none"> Clarify what the AESO intends by the phrase “program that increases” available transfer capability. 	<p>The AESO agrees that “from all generating units” should be moved as suggested by Capital Power. However, the AESO considers that “is associated with” provides clarity that it is the pool participant that submits offers, not the generating unit.</p> <p>Currently, the program that increases available transfer capability is load shed service for import. The AESO will consider providing clarity in an Information Document.</p>

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<p>TransCanada Energy Ltd. (“TCE”)</p> <p>Because it is unclear what “a program that increases available transfer capability” is referring to, the AESO should replace this term with “an estimate of the import available transfer capability on interconnections”, as indicated in our recommended changes to the rule language in yellow highlighted text.</p> <p>We do not know of any program that the AESO has in place to increase available transfer capability but for the Load Shed Service for Imports. In any regard, the AESO should be required to use a realistic estimate of import available transfer capability to complete its supply and load forecast.</p> <p>2 The ISO must, in order to assist in determining whether to cancel a planned outage or unplanned outage of generation or delist outage under section 306.9 of the ISO rules, <i>Outage Cancellation</i>, assess the adequacy of supply by, at a minimum, completing a supply and load forecast using the peak demand hour of every day for a minimum 2 year period, calculated as the sum of the following:</p> <ul style="list-style-type: none"> (a) the maximum capability that is associated with offers in the Alberta energy market, from all generating units in Alberta; plus (b) the maximum capability that is associated with offers in the Alberta energy market, from load sink assets; plus (c) an estimate of the output from aggregated generating facilities; plus (d) an estimate of the import available transfer capability on interconnections with a program that increases available transfer capability; minus (e) declared maximum capability derates from a generating unit, or load; minus (f) any capacity of generating units which are affected by transmission market constraints; 	<p>Please see the AESO’s response to Capital Power’s comment on subsection 2(d) above. This change proposed by TCE is outside the scope of required ISO rule amendments for the implementation of the capacity market</p>

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<p>minus</p> <p>(g) anticipated maximum capability derates from a generating unit or load;</p> <p>minus</p> <p>(h) the daily forecast Alberta internal load;</p> <p>minus</p> <p>(i) operating reserves requirements;</p> <p>plus</p> <p>(j) price responsive load, excluding the maximum capability of a load sink asset referred to in subsection 2(b);</p> <p>plus</p> <p>(k) aggregate planned outage, unplanned outage and forced outage records for load;</p> <p>plus</p> <p>(l) load for demand opportunity service.</p>	
<p>Short Term Adequacy Assessments</p> <p>Subsection 3</p>	
<p><u>Capital Power Corporation (“Capital Power”)</u></p> <p>Capital Power understands that load sink assets are to submit bids and, therefore, suggests that the term “bids” be added for consistency</p> <p>Subsection 3(a)</p> <ul style="list-style-type: none"> • available capability that is associated with bids or offers in the Alberta energy market, from all load sink assets, generating units, and aggregated generating facilities, excluding wind and solar aggregated generating facilities and generating units with a start-up time less than or equal to 1 hour or with a submitted start time at or before the period being assessed; 	<p>The AESO does not agree with changes proposed by Capital Power. Load assets that have a capacity commitment will submit offers instead of bids in the energy market. Load assets that do not have a capacity commitment may continue to submit bids in the energy market.</p>

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<p>Resource Adequacy Standard Assessment Subsection 4</p>	
<p><u>TransAlta Corporation (TransAlta”)</u></p> <p>The studies that identify an exceedance in the resource adequacy standard or a need for the ISO to consider taking preventative action should be made publicly available, as indicated in our recommended changes to the rule language in yellow highlighted text.</p> <p>We agree that the AESO should verify its determination before taking preventative action. However, we also believe that the AESO should engage with industry stakeholders to ensure the market is aware of the issue and publish its studies to help inform industry about the potential need to take action. This early engagement allows industry to provide assistance and may provide opportunities to explore alternative solutions that do not involve AESO intervention.</p> <p>4 The ISO must , if the ISO determines that:</p> <ul style="list-style-type: none"> (a) the normalized expected unserved energy in 1 year on average exceeds the resource adequacy standard; and (b) the percentage of the total load on the interconnected electric system in a year in MWh that is not expected to be served indicates a need for the ISO to consider taking preventative action, <p>undertake further studies to verify the likely cause, magnitude and timing of the potential adequacy issue and make its studies and findings publicly available.</p>	<p>The AESO agrees with TransAlta’s proposal to make the studies and findings publicly available, but only when preventative action is required. The AESO will amend subsection 4 accordingly.</p>
<p>Recovery of Resource Adequacy Standard Threshold Actions Costs Subsection 7(2)</p>	
<p><u>TransAlta Corporation (TransAlta”)</u></p> <p>The charge to load of resource adequacy standard threshold actions should follow the cost allocation methodology that is approved by the AUC – therefore, this subsection should be removed, as indicated in our recommended changes to the rule language in yellow highlighted text.</p>	<p>The AESO does not agree with the change proposed by TransAlta. The cost allocation methodology in Section 202.6 specifically applies to out of market action taken for adequacy in the energy market, not for the procurement of capacity within the capacity market. The changes proposed by TransAlta to the</p>

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<p>This requirement suggests that the cost allocation for resource adequacy standard threshold actions should be based upon higher price hours. However, this method is not consistent with the manner in which resource adequacy modeling is conducted, since resource adequacy modeling is not based on energy pricing. While we agree that there may be correlation among energy prices, scarcity, and supply shortfalls, we disagree that this correlation is consistent with cost causation for resource adequacy standard threshold actions. Therefore, the ISO Rule should not include a provision that could be inconsistent with the cost allocation methodology that will be filed with the AUC for approval.</p> <p>(2) The ISO must institute a charge to load, primarily directed to the pool participants who consume energy during higher priced hours, which recovers the costs of resource adequacy standard threshold actions.</p>	<p>existing provision are not necessary for the implementation of the capacity market.</p>

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

Item #		Stakeholder comments	AESO Replies
1	whether you agree that Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i> relates to the capacity market and why or why not	<u>Capital Power Corporation (“Capital Power”)</u> Capital Power agrees that the proposed rule changes relate to the implementation and operation of the capacity market.	The AESO acknowledges Capital Power’s comment.
		<u>TransAlta Corporation (TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
2	whether you agree that Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i> should or should not be in effect for a fixed term and why or why not	<u>Capital Power Corporation (“Capital Power”)</u> Capital Power does not see any rationale for prescribing a fixed term for the proposed rule and, as such, believes that the proposed rule should not be in effect for a fixed term. This will provide needed certainty to market participants regarding the longevity of the capacity market rules and design.	The AESO acknowledges Capital Power’s comment.
		<u>TransAlta Corporation (TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
3	whether you understand and agree with the objective or purpose of Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i> and whether, in your view, Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i> meets the objective or purpose	<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	
		<u>TransAlta Corporation (TransAlta”)</u> Please see Appendix 1 of TransAlta’s submission.	Please see the AESO’s replies to Appendix 1 of TransAlta’s November 14, 2018 submission in the AESO Replies to TransAlta’s Appendix 1 matrix.
4	how, in your view, Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i> affects the performance of the capacity market and the	<u>Capital Power Corporation (“Capital Power”)</u> Capital Power has no comments at this time.	

	electricity market	<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
5	your views on any analysis conducted or commissioned by the AESO supporting Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i>	<u>Capital Power Corporation ("Capital Power")</u> Capital Power is not aware of any analysis conducted or commissioned by the AESO supporting the proposed amendments to this ISO rule. As such, Capital Power has no comments at this time.	
		<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
6	whether you agree with Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	<u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time.	
		<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
7	whether you would suggest any alternatives to Section 202.6 of the ISO Rules, <i>Adequacy of Supply</i>	<u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time.	
		<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix.
8	whether you agree that the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to	<u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time.	

	customers and why or why not	<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	<u>Capital Power Corporation ("Capital Power")</u> Capital Power has no comments at this time.	
		<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix
10	whether you have any additional comments	<u>Capital Power Corporation ("Capital Power")</u> Capital Power has no further comments at this time.	
		<u>TransAlta Corporation (TransAlta)</u> Please see Appendix 1 of TransAlta's submission.	Please see the AESO's replies to Appendix 1 of TransAlta's November 14, 2018 submission in the AESO Replies to TransAlta's Appendix 1 matrix