

Glossary

This Glossary is intended to supplement and assist stakeholders in their understanding of CMD Final. The proposed definitions remain in draft form, but are being provided for review and comment at this time to help inform the AESO's further consultation on these terms, which are expected to be included in future authoritative documents.

Term	Definition
Actual availability	means, for availability-factor assets, available capability, and for capacity-factor assets, metered volume plus applicable ancillary services volumes.
Actual delivery	means metered volumes plus applicable ancillary services volumes.
Annual capacity payment adjustment cap	means the combined payment adjustment exposure cap on availability and delivery payment adjustments based on an asset's annual obligation price per MW.
Asset substitution	means, for the purposes of a capacity market, a mechanism for a capacity market participant to manage performance risk by making arrangements to substitute delivery requirements with other qualified capacity assets.
Asset-specific offer price cap	means the offer price cap established above the default offer price cap applied to an asset under the offer control of a firm that fails the market power screen in the capacity market.
Asset-specific reference price	means the price to which an offer will be changed if the offer is mitigated in the energy market.
Auction clearing	means the process to select capacity asset offers in a capacity auction and set the clearing price.
Availability assessment period	means a period during which an asset with a capacity obligation must demonstrate its ability to be available to its obligation volume. Availability will be assessed during a fixed number of the tightest supply cushion hours of the obligation period.
Avoidable costs	means the costs associated with operation of a capacity asset for an obligation period. If the capacity asset did not operate for that obligation period, the avoidable costs of the asset would not be incurred.

Term	Definition
Balancing ratio	means the ratio of the energy and reserves produced by all capacity committed assets during a delivery assessment period to the total capacity the AESO procured for an obligation period and is a number less than or equal to 1.
Base auction	means the first auction for capacity for a specific obligation period.
Block	means a price-quantity pair offered into a capacity auction.
Capacity	means the ability to supply electric energy or reduce electric energy consumption as measured in MW.
Capacity asset	means a generating unit, aggregated generating facility, demand response (load), external asset (import), storage facility, or an acceptable aggregation thereof.
Capacity auction	means a base auction or rebalancing auction.
Capacity commitment	means an obligation to deliver capacity to an obligation volume during an obligation period as a result of a capacity asset clearing a base auction, or a rebalancing auction.
Capacity committed asset	means a capacity asset that has cleared in a base auction, or in a rebalancing auction, and has an obligation volume.
Capacity cost allocation	means the method by which the costs of capacity are allocated to consumers (load).
Capacity market price cap	means the highest price that the AESO will pay for capacity as defined by the demand curve.
Capacity supplier	means the capacity market participant who has an obligation to provide capacity in the capacity market.
Clearing price	means the price established through auction clearing.
Deadweight loss	means the loss of social surplus when the market does not clear at the optimal (or economically efficient) equilibrium.
Default offer price cap	means the maximum capacity offer price for existing assets under the offer control of a firm that fails the market power screen.
Delisting	means the mechanism to remove a capacity asset from participation in the capacity market and restrict its participation in the energy and ancillary services markets for at least one obligation period.

Term	Definition
Delivery assessment period	means the period during which obligation volumes must be delivered, which coincides with the period of time an EEA has been declared.
Delivery payment adjustment	means a payment adjustment assessed based on an asset's delivery volume relative to its expected obligation amount.
Demand curve	means a downward sloping curve that sets the price and quantity demand parameters of a capacity auction.
Demand response asset (load asset)	means a capacity asset that can respond to a dispatch issued by the AESO system controller to reduce consumption.
Energy and ancillary services offset	means the expected energy revenues less the variable costs required to be incurred to generate those revenues of a capacity asset or the reference unit for an obligation period.
Energy emergency alert (EEA)	means an alert declared by the AESO communicating energy emergency conditions on the system. There are three types of EEA events: EEA 1: All available assets in use; EEA 2: Load management procedure in effect; EEA 3: Firm load interruption imminent or in progress. A declaration of EEA 0 by the AESO indicates a termination of previous EEAs.
Existing capacity asset	means a capacity asset that is: (a) operational and in service at the commencement of a capacity auction prequalification period; (b) mothballed at the beginning of a capacity auction prequalification period; or (c) not yet in service but has cleared in a previous capacity auction. At the commencement of the capacity market, demand response and external assets will not be considered existing capacity assets.
Expected delivery	means an amount that is equal to an asset's obligation volume adjusted for the balancing ratio.
External capacity asset (import)	means a capacity asset whose capacity is delivered by way of an intertie.
Firm	means a market participant that has offer control over capacity.
Firm consumption level	means the maximum MW volume that a demand response asset will consume during a delivery period as declared by the capacity market participant.
Flexible block	means a block that can be partially cleared in a capacity auction.
Forward period	means the time between the end of a capacity auction and the start of the associated obligation period.

Term	Definition
Gross clearing	means, in a rebalancing auction, a capacity asset that is cleared with the demand curve representing the entire AESO capacity requirement for that obligation period. All capacity asset offers and bids, including the previously cleared volumes, will be represented on the supply curve. Previously cleared supply that does not submit a demand bid will be priced at \$0/kW year.
Gross dispatch	means, with respect to a self-supply participant, a dispatch received by an asset at the terminus of the generator rather than the point of connection to the grid.
Gross generation	means, with respect to a self-supply participant, the generation of the site without consideration for on-site load.
Gross load	means, with respect to a self-supply participant, the total load of the site without consideration for on-site generation.
Gross meters	means, with respect to a self-supply participant, a meter or a metering calculation that measures either the gross generation or gross load.
Gross-CONE	means the total annualized capital, return on capital, and fixed operating costs associated with the reference technology.
Guaranteed load reduction	means the capacity provided by a demand response asset by reducing energy consumption during a delivery assessment period.
Incremental capacity asset	means a capacity asset that may increase the maximum capability from the asset by making additional capital investment in the asset. This results in an increase in the asset's UCAP, as described in subsection 2.1.14 in the CMD.
In-day adjustment factor	means, for a guaranteed load reduction asset, a factor applied to establish a standard day baseline from which load reduction will be assessed relative to expected delivery.
Inflexible block	means a block that cannot be partially cleared in a capacity auction.
Market power screen	means a test that identifies a firm that may be subject to market power mitigation.
Monthly capacity payment adjustment cap	means the maximum amount of non-delivery payment adjustments that can be assessed against a capacity asset in one settlement period.
Net avoidable costs	means avoidable costs less the energy and ancillary service offset.
Net capacity payment	means a capacity payment minus the lesser of the payment adjustment balance or the capacity payment.

Term	Definition
Net dispatch	means, with respect to self-supply participants, a dispatch received by an asset whose energy flows are measured at the point of connection to the grid.
Net-CONE	means gross-CONE reduced by the expected energy and ancillary services offset.
New capacity asset	means: (a) an asset that has not qualified for a previous capacity auction or that is not currently operational; (b) is a refurbished capacity asset that has not previously cleared in an auction; or (c) the incremental volume of an incremental capacity asset that has not previously cleared in an auction. At the commencement of the capacity market demand response and external assets will be considered new capacity assets.
Non-delivery payment adjustment	means a payment adjustment that is assessed against capacity suppliers that do not deliver on their expected obligation volume during a delivery assessment period.
Obligation period	means a 12 month period running continuously from November 1 to October 31 of the following year.
Obligation volume	means the cumulative UCAP that has cleared all capacity auctions for an obligation period.
Offering window	means the period in a capacity auction during which market participants can submit offers or bids.
Out-of-market payment	means a payment made to an eligible capacity asset by the provincial government, an agency, or a regulated entity, funded by Alberta rate-payers or tax payers, and meant to contribute to the return on or return of investment outside the capacity market. The payments made by way of bilateral contracts completed for a customer's own use are not considered an out of market payment.
Over-availability payment adjustment	means a payment adjustment provided to capacity committed assets that demonstrate greater than expected availability during availability assessment periods.
Over-delivery payment adjustment	means a payment adjustment provided to capacity committed assets that deliver above their expected obligation volume during a delivery assessment period.
Payment adjustment balance	means the total of all outstanding payment adjustments.

Term	Definition
Permanent delist notification	means a notification from a capacity asset owner to the AESO to permanently remove a capacity asset from each of the capacity, energy, and ancillary services markets.
Prequalified capacity asset	means a capacity asset that has been prequalified by the AESO to participate in a capacity auction.
Procurement volume	means the amount of capacity to be procured in a capacity auction.
Qualified capacity asset	means a capacity asset that has been qualified by the AESO to participate in a capacity auction for a specific obligation period.
Rebalancing auction	means an auction conducted after a base auction for a given obligation period.
Reference technology	means a notional power plant selected for the calculation of gross-CONE and net-CONE.
Refurbished capacity asset	means a capacity asset that will make significant investment to continue operations or that will undergo material increases in capability, as described in subsection 2.1.12 of the CMD.
Resource adequacy	means a measure of the ability for capacity assets to meet reliability requirements.
Self-supply	means a form of physical bilateral arrangement that is only available to a load with on-site generation that can be used to satisfy (fully or partially) its capacity requirement.
Social surplus	means the total value, to buyers and sellers, of transacting in the market and is represented by the area between the demand curve and the supply curve to the left of the cleared quantity.
Standard day baseline	means, for a guaranteed load reduction asset, the load level from which a load reduction will be measured relative to its expected delivery.
Supply curve	means the collection of capacity offer price-quantity pairs ranked from the lowest offer price to the highest offer price.
Supply cushion	means the volume of energy that is not dispatched in the energy market merit order.
Temporary delist request	means a request to remove a prequalified capacity asset (or a portion of the capacity asset) from the capacity, energy, and ancillary services markets for an obligation period due to physical or economic reasons.

Term	Definition
Tightest supply cushion hours	means the hours in which the tightest supply cushions were observed, defined by ranking all hourly supply cushions from smallest to largest. These hours are used for both UCAP determination and for availability assessment.
UCAP	means a uniform measure, in MW, of an asset's ability to delivery capacity.
Unavailability payment adjustment	means a payment adjustment assessed against capacity assets with actual availability volumes less than obligation volumes.