

Date of Request for Comment: <u>April 7, 2017</u> Period of Comment: <u>April 7, 2017</u> through <u>May 5, 2017</u> Comments From: <u>Capital Power</u> Date [yyyy/mm/dd]: <u>2017/05/05</u>	<b>Contact:</b> <u>Grant Berry</u> <b>Phone:</b> <u>780-392-5294</u> <b>Email:</b> <u>gberry@capitalpower.com</u>
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Listed below is the summary description of changes for the proposed amended Section 202.5. Please refer back to the Letter of Notice under the “Attachments to Letter of Notice” section to view the actual proposed content changes to the ISO rules. Please place your comments/reasons for position underneath (if any).

1. ISO Rules	Market Participant Comments and/or Alternate Proposal
<p><b>Amended</b></p> <p>The AESO is seeking comments from market participants with regard to the following matters:</p> <ol style="list-style-type: none"> <li>Do you agree or disagree with the proposed amended Section 202.5? If you disagree, please provide comments.</li> <li>Are there any subsections where the language does not clearly articulate the requirement for either the AESO or a market participant? If yes, please indicate the subsections and suggest language that would improve the clarity.</li> </ol>	<p>Comment # 1:</p> <ol style="list-style-type: none"> <li>Capital Power disagrees with the proposed amended Section 202.5, and specifically the AESO’s proposed changes to what would constitute a supply surplus event in the province and the proposed procedures and sequencing to address such events. Further comments are provided below.</li> </ol> <p><b><u>The AESO must clarify its rationale for changing what constitutes a supply surplus event and must specify a procedure for the curtailment of flexible offer blocks</u></b></p> <p>Capital Power is concerned that the changes the AESO has proposed may unfairly impact flexible offer blocks in Alberta (including Alberta wind generation) relative to out-of-province imports in events of supply surplus. Further clarity regarding the rationale for the change and how such changes will impact the operational steps taken by the AESO to curtail generation during a supply surplus event is required.</p> <p>It is Capital Power’s understanding that under subsection 2(1) of the current Section 202.5, a supply surplus event is declared when in merit electricity supply consists of only multiple \$0 offers – <u>flexible and inflexible blocks</u> – and the supply available at \$0 exceeds the system load. If during a current hour the AESO forecasts a supply surplus event in the next hour it may curtail next hour imports to manage system supply/ load.</p> <p>In accordance with subsection 2(2) of the current Section 202.5, Capital Power also understands that if during a current hour the AESO determines that a state of supply surplus is imminent in the current hour or already exists, then the AESO manages system supply/ load applying the</p>

	<p>following procedures in the sequence provided:</p> <ol style="list-style-type: none"><li>1) one curtailment of current hour imports if it can be completed in the current hour;</li><li>2) allow restatement of export offers within T-2;</li><li>3) allow restatement of generating unit output within T-2;</li><li>4) issue, on a pro rata basis: dispatches to generating units for partial volumes of flexible blocks of the \$0 offers; and directives to any available wind aggregated generating facilities (“WAGF”);</li><li>5) dispatch down inflexible blocks to minimum stable generation (MSG) starting with the source asset having the greatest difference in MW between the then current dispatch level and minimum stable generation and continuing in descending order until all those source assets have received directives; and</li><li>6) other directives as necessary.</li></ol> <p>Hence, during a supply surplus event, the existing rule curtails imports and allows for T-2 restatements in advance of curtailing flexible \$0 offer blocks and issuing directives to WAGF.</p> <p>Capital Power’s understanding of the AESO’s proposed changes to Section 202.5 is that flexible \$0 offers and WAGF would now be removed from triggering the declaration of a supply surplus event and, as such, would be curtailed prior to the use of any of the steps outlined in new subsection 2(2), including curtailment of imports and use of T-2 restatements to manage system supply/ load.</p> <p>The AESO should manage supply surplus energy curtailment in a manner that is transparent and consistent with existing ISO Rules, the AESO’s Tariff, and FEOC principles. If Capital Power’s interpretation above is correct, the sequencing of procedures to mitigate a supply surplus event as proposed would be inconsistent with the current sequencing employed by the AESO under Section 302.1 to mitigate a real-time transmission constraint. Under 302.1, the procedures for mitigating constraints are to follow a sequence that curtails applicable effective opportunity services – including Rate Import Opportunity Service (“IOS”) – prior to curtailing internal Alberta generating units served under Rate Supply Transmission Service (“STS”) in reverse merit order.</p> <p>Capital Power recognizes that these rules are used to address different issues; however, believes that consistency regarding the treatment of imports relative to internal Alberta generation should be maintained. Imports are provided access to Alberta’s transmission system as an opportunity service under Rate IOS and as such should be curtailed prior to internal Alberta generation during times of supply surplus as is the procedure to mitigate real-time transmission constraints.</p> <p>Further, the procedures outlining how in-merit supply consisting of only multiple <u>flexible block</u> \$0 offers would now be curtailed when available \$0 supply exceeds system load are unclear as they have been excluded from proposed Section 202.5. The AESO must specify these procedures in</p>
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	<p>the new rule or an associated Information Document so that they are clear and transparent to all market participants. In this respect, Capital Power believes that answers to the following questions would provide clarity and be helpful for all market participants: “How will the AESO determine curtailment of flexible blocks and directives to WAGF under the amended Section 202.5? Will this be on a pro-rata-basis? Will other considerations be taken into account when curtailing such offers? If so, please describe.” The lack of clarity regarding the curtailment mechanisms and underlying principles associated with the AESO’s proposals limit Capital Power’s ability to provide a more complete response.</p> <p>The rationale provided by the AESO in its Letter of Notice for removing \$0 flexible offer blocks from constituting a supply surplus event was that the anticipated increase in renewable generation will likely result in more \$0 offers, and that the existing Rule may cause supply surplus events to be declared inappropriately. Capital Power requests that the AESO provide further explanation for the rationale for this change, including why it is inappropriate to declare a supply surplus event when in-merit supply consists only of flexible \$0 offers or a mix of flexible and inflexible \$0 offers.</p> <p>2. See comments above concerning clarity of procedures and sequencing for the curtailment of multiple inflexible \$0 offer blocks when supply available at \$0 exceeds the system load. Capital Power has no further comments at this time.</p>
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