

Proposed New Definition “Obligation Period”

<b>Period of Comment:</b>	January 3, 2019	through	January 18, 2019	<b>Contact:</b>	Grant Berry
<b>Comments From:</b>	Capital Power			<b>Phone:</b>	780-392-5294
<b>Date [yyyy/mm/dd]:</b>	2019/01/18			<b>Email:</b>	gberry@capitalpower.com

**Please include any suggestions for alternative definition wording and accompanying rationale in the table below. Track in your changes to the existing definition wording in column one below.**

Blackline of Suggested Rule Wording	Rationale
<p>“<b>obligation period</b>” means a 12-month period running continuously from November 1 to October 31 of the following year.</p>	<p>Capital Power has reviewed Morrison Park Advisors’ (“MPA”) report, “Capital Markets Impacts of Electricity Capacity Market Length of Contract,” and remains supportive of the AESO’s CMD decision to offer the same capacity contract term (one-year) for all capacity resources, new and existing. The MPA report offers no new information that would warrant review or reconsideration of the proposed definition and the AESO’s decision to establish a one-year obligation period for all assets. Equal term length is a critical design element and honors the commitments made by the Government of Alberta with respect to treating existing investments fairly and is critical to ensuring a level playing field for new and existing assets.</p> <p>Capital Power previously proposed changes to the definition of “obligation period” that would ensure the definition explicitly references the fact that the obligation period is the same for all resources. Capital Power recognizes the AESO’s reply with respect to these proposed changes that “[t]he CMD and proposed ISO rules for the implementation of the capacity market do not consider different terms for different assets.” Capital Power agrees with the AESO, however, continues to believe that this critical design element – equal term length – should be explicitly referenced in the definition of “obligation period” or appropriate ISO rule.</p> <p>Capital Power also recognizes the AESO’s comment in its reply to Capital Power that it “will revise the definition to incorporate Capital Power’s proposed wording to clarify the obligation period includes October 31” and looks forward to this clarification being made.</p>

***Please provide any comments you have on other Capacity Market Definitions arising from the two documents referenced in the Letter of Notice. Include a description how the two documents relate to these other Capacity Market Definition.***

Capital Power has no further comments at this time.

## Proposed New ISO rule – Section 206.5, *Forward Period Milestone Assessment*

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***Please provide comments relating to the subsection of the proposed rule in the corresponding box. Please include any views on whether the language clearly articulates the requirement for either the AESO or a market participant, and provide any proposed alternative wording by blacklining the proposed language below.***

Section	Subsection	Proposed language	Stakeholder comments
		<b>Applicability</b>	
1		Section 206.5 applies to: (a) a <b>capacity market participant</b> ; and (b) the <b>ISO</b> .	See Capital Power’s comments below.
		<b>Requirements</b> <b>Milestone Assessment</b>	
2	(1)	The <b>ISO</b> must develop and publish on the AESO website, the critical milestones and associated target completion dates applicable to respective asset classes identified by the <b>ISO</b> .	See Capital Power’s comments below.
2	(2)	The <b>ISO</b> must prior to each <b>rebalancing auction</b> and in accordance with the timelines prescribed in the <i>Capacity Market Auction Guidelines</i> , determine if an asset with <b>new capacity</b> , incremental capacity, or refurbished capacity that is subject to a <b>capacity commitment</b> has achieved the critical milestones prior to the target completion date in advance of the <b>rebalancing auction</b> , as applicable.	See Capital Power’s comments below.

Section	Subsection	Proposed language	Stakeholder comments
2	(3)	<p>The <b>ISO</b> must, where it has determined under subsection 2(2) that an asset with <b>new capacity</b> has not achieved one or more critical milestones that have target completion dates prior to the date of the applicable <b>rebalancing auction</b>, reasonably determine whether or not such asset will be able to achieve such critical milestone(s):</p> <p>(a) in the case of the first <b>rebalancing auction</b>, within 8 <b>months</b> after the applicable target completion date(s); and</p> <p>(b) in the case of the second <b>rebalancing auction</b>, and in the case of the singular <b>rebalancing auction</b> within the transitional period, within 5 <b>months</b> after the applicable target completion date(s).</p>	See Capital Power's comments below.
<b>Unique Asset Classes</b>			
3	(1)	The <b>ISO</b> may, if it received a project plan for an asset with <b>new capacity</b> pursuant to Section 206.1 of the <b>ISO rules</b> , <i>Qualification of Capacity</i> that is not included in the asset classes set out in subsection 2(1), develop a set of proposed critical milestones and associated target completion dates for such asset.	See Capital Power's comments below.
3	(2)	The <b>ISO</b> must notify <b>capacity market participants</b> of its proposed critical milestones and associated target completion dates under subsection 3(1).	See Capital Power's comments below.
3	(3)	The <b>ISO</b> may add an asset class with the critical milestones and target completion dates as determined in subsection 3(1) to the list published in accordance with subsection 2(1).	See Capital Power's comments below.
3	(4)	The <b>ISO</b> must determine if an asset with <b>new capacity</b> has not achieved one or more critical milestones that have target completion dates prior to the date of the applicable <b>rebalancing auction</b> .	See Capital Power's comments below.
<b>Outcome of Milestone Assessment</b>			
4		A <b>capacity market participant</b> must, where the <b>ISO</b> has determined under subsection 2 that an asset will not achieve one or more critical milestones, submit a <b>bid</b> in respect of the <b>new capacity</b> , incremental capacity, or refurbished capacity of such asset in accordance with Section 206.4 of the <b>ISO rules</b> , <i>Offers and Bids for the Capacity Market</i> .	See Capital Power's comments below.
<b>Milestone Assessment for Load Assets</b>			

Section	Subsection	Proposed language	Stakeholder comments
5	(1)	The <b>ISO</b> must, prior to the last <b>rebalancing auction</b> for each load asset with <b>new capacity</b> that is subject to a <b>capacity commitment</b> , make a determination of whether the asset will be able to provide a minimum 75% of the <b>capacity commitment</b> based on the supporting evidence submitted pursuant to subsection 5(2).	See Capital Power's comments below.
5	(2)	A <b>capacity market participant</b> must submit evidence of sufficient contracted loads to meet the milestone in subsection 5(1) and any other information that the <b>ISO</b> requires.	See Capital Power's comments below.
5	(3)	The <b>ISO</b> must notify the <b>capacity market participant</b> of its determination under subsection 5(1).	See Capital Power's comments below.
5	(4)	A <b>capacity market participant</b> must, where the <b>ISO</b> has determined under subsection 5(1) that the asset will not be able to achieve the milestone by the last <b>rebalancing auction</b> , submit a <b>bid</b> in respect of the <b>new capacity</b> of such asset in accordance with Section 206.4 of the <b>ISO rules</b> , <i>Offers and Bids for the Capacity Market</i> .	See Capital Power's comments below.

***Please provide any additional comments on proposed new ISO Rule – Section 206.5, Forward Period Milestone Assessment arising from the two documents referenced in the Letter of Notice***

Notwithstanding Sargent & Lundy’s (“S&L”) report, “New Asset Development Milestone Schedules,” Capital Power remains concerned that the AESO’s overall approach for assessing critical milestones for new, incremental, and refurbished capacity with a capacity commitment is too rigid.

In its Set 2 rule comments, Capital Power proposed changes to the AESO with respect to Section 206.5 that would have made establishment of development milestones incumbent on capacity resources (as opposed to the AESO) and would have increased flexibility for developers with respect to assessment and potential revision of milestones. Capital Power reiterated the need for greater flexibility with respect to establishing and assessing development milestones in its comments on the final draft rules submitted on November 14, 2018. Capital Power recognizes the AESO’s replies to its comments and the comments of others on the Section 206.5, however still believes that it should be incumbent upon capacity market participants (i.e. developers) to specify target completion dates for specified critical milestones and capacity market participants should have the flexibility to revise these dates throughout the forward period subject to the ISO’s satisfaction. It should not be incumbent upon the ISO to specify “binding” target completion dates as currently proposed. The target completion dates for critical milestones posted on the AESO website should be non-binding date ranges (not maximums) and these ranges should be used only as reference for developers.

***Please provide any comments you have on other Capacity Market Rules arising from the two documents referenced in the Letter of Notice. Include a description how the two documents relate to these other Capacity Market Rules.***

Capital Power has no further comments at this time.