



September 16, 2016

Alberta Electric System Operator
Calgary Place
2500, 330 – 5th Ave SW

Dear Mr. Chow:

RE: **ATCO Power Comments on Mothball Outages and Related Issues**

On August 23, 2016 the Alberta Electric System Operator (AESO) invited stakeholders to provide written comments with regard to ISO Rule 306.7, *Mothball Outage Reporting*. This first written process addresses if mothball outages should be a feature of the Alberta market design framework. The written responses were asked to address the following issues:

Are there elements of the principles that are inconsistent or do not align with mothball outages? If so, please provide detail?

ATCO Power believes that a properly structured mothball outage reporting rule would not be inconsistent with the principles of fairness, efficiency, open competition, and reliability as outlined by the AESO presentation on July 25, 2016.

Are there requirements that could be implemented to mitigate the inconsistencies that mothball outages present in relation to the principles?

While ATCO Power views the current mothball outage reporting rule as a “work in progress”,¹ this is not due to inconsistencies with the stated principles. As such, this issue is not applicable.

Can mothball outages be included in the market design framework in a manner that adheres to the principles?

The inclusion of mothball outages not only can be done in a way that adheres to the principles as stated by the AESO, it can also enhance the market to better reflect these principles.

What considerations need to be made to ensure that mothball outages adhere to the principles?

ATCO Power believes that the considerations regarding a mothball outage reporting rule fall into three categories:

- i. consistent and clear categorization of generation units;
- ii. consistent and clear reporting of outages; and
- iii. clear rules surrounding cost recovery of cancelled outages.

¹ This also includes administrative issues.

ATCO Power believes that these categories would provide a good starting point for the agenda for the first working group session on September 23rd. In the following sections, ATCO Power will provide some brief thoughts around each category.

i. *Consistent, Clear Categorization*

The classification of generation units could benefit from greater clarity; ideally this would mean consistent and clearly defined categories that all units would be divided amongst. Currently there are normal units, long lead time units, mothballed units, and units that are either on planned or forced outage. It seems to ATCO Power that the AESO is considering two dimensions regarding the current state of a unit: whether the unit is operational, and how fast a unit can respond. As a third dimension, the AESO distinguishes *how* a unit became non-operational. In ATCO Power's view, a clear grid would be useful that defines all possible combinations and that ensures that all units are properly and transparently captured. (For example, under the current rule, a unit with a minimum return time greater than 6 months could not be reported as a *mothball outage* but instead would have to be reported as a *planned outage*. A better option would be to report these units as mothballed by removing the 6 months minimum return time restriction. In a similar vein, ATCO Power believes that the need for any of the limits currently embedded in the rule should be a topic for discussion.)

ii. *Consistent, Clear Reporting*

Consideration should also be given to reporting of mothball outages by the AESO. In ATCO Power's opinion this information could include the minimum time for a unit to return to normal operation, as indicated by the unit's submitted start-up time. This would report the soonest that the unit could return, but isn't necessarily the estimated time of return. Mothball outages could be reported like the other outage categories.

iii. *Clear Rules Regarding Cost Recovery*

Another consideration is the costs incurred by the unit that is on mothball outage when the outage is cancelled by the ISO. Section 6 of the current mothball outage reporting rule provides the mothball outage cancellation procedure, including that the ISO must be compliant with section seven (7) of ISO Rule 306.5 *Generation Outage Reporting and Coordination*. The covering of costs incurred by the generating unit due to the cancellation of the mothball outage is omitted from the mothball outage reporting rule, but is present in section eight (8) and eleven (11) of ISO Rule 306.5.

The mothball outage rule should include the consideration of costs incurred by the unit when the mothball outage is cancelled. Details around how the unit would get compensated and how and when this information would be available to the AESO should form part of the working group discussion.

If you have any questions, please feel free to contact me before the working group session. Otherwise I am looking forward to discussing the above items at that time.

Sincerely,

Horst Klinkenborg
Manager, Regulatory & Strategic Planning