



450 - 1st Street S.W.  
Calgary, Alberta, Canada T2P 5H1

Tel: (403) 920-5005  
Fax: (403) 920-2364  
Email: markj\_thompson@transcanada.com

September 16, 2016

Via email

Alberta Electric System Operator  
Suite 2500, 330 – 5<sup>th</sup> Avenue SW  
Calgary, AB T2P 0L4

**Attention: Mr. William Chow**

Dear William,

**Re: Consultation on Mothball Outages and Related Issues;  
TransCanada Energy Ltd. (TCE) Comments**

TCE provides the following comments in response to the AESO's August 23, 2016 letter requesting written comments from parties regarding whether mothball outages should be a permanent feature of the Alberta market design framework.

TCE's view is that mothball outages are consistent with a FEOC market, can allow the AESO to adhere to its reliability mandate and should be a permanent feature of the Alberta market design framework, but that there is no need for the associated market rule to be overly prescriptive.

More specifically, TCE believes that the fundamentals of a FEOC market are a necessity to the success of Alberta's electricity market. Appropriate market signals, as well as appropriate market rules are essential to help facilitate this success. In the absence of a market rule permitting mothball outages, circumstances may arise whereby the alternatives facing a generator are to operate at a loss or to retire a generating unit prematurely. TCE submits that either outcome would be neither fair nor efficient. As such, generators ought to be provided the option to take a mothball outage.

TCE acknowledges that transparency is an important consideration for a FEOC market to ensure that all market participants are aware not only of when a generating facility is taking a mothball outage, but also when said facility is coming back into service. Transparency can also facilitate dynamic efficiency in the sense that it would be important for market participants, especially those developing new generation, to be able to distinguish between a generating facility that is on a mothball outage and one that has been effectively retired. In this context, however, in order to ensure fairness, any transparency requirements must be applied symmetrically between those facilities on a mothball outage and those in the connection queue.

TCE understands that the AESO's reliability mandate may, during a significant supply shortfall event, necessitate it to issue a directive that would require a mothballed generating unit to return to service. Even though it would seem unlikely for such an event to occur while a facility is on a mothball outage, TCE recognizes the need for such consideration in a market rule concerning mothball outages. However, in order to meet the fairness principle, TCE submits that any mothballed generating facility directed to return to service ought to be reasonably compensated.

While, as expressed above, TCE believes that market rule are essential to facilitate a FEOC market, TCE believes that a FEOC market can generally be achieved with little market interference. Accordingly, market rules, including one governing mothball outages, need not be overly prescriptive as market forces will in most cases achieve the desired result. However, should any anti-competitive concerns arise, such concerns could be addressed by the MSA in its application of its mandate and could include the development of enforcement guidelines identifying mothball outage behaviour that it would consider inappropriate.

If you have any questions or comments, please feel free to contact me at (403) 920-5005 or via e-mail at [markj\\_thompson@transcanada.com](mailto:markj_thompson@transcanada.com).

Yours truly,

***Original Signed by***

Mark Thompson  
Manager, Market Services