Comprehensive Market Design Stakeholder Comment Matrix
Design Working Group *FINAL*

The AESO is requesting written feedback from the Capacity Market Design Working Group (DWG) members about the content of the first draft Comprehensive Market Design (CMD 1) and about the working group session in which CMD 1 was discussed. This draft comment matrix is provided in advance to help working group members prepare for their upcoming session. Following the working group session, the AESO will post a **final comment matrix** one (1) day after the session. This final comment matrix should be completed by working group members within four (4) business days. The final feedback matrix is intended for working group members to provide written feedback about CMD 1 or the content of their working group session that is within the scope of their working group.

The AESO will post all comment matrices and any other feedback received from working group members on www.aeso.ca and on the Capacity Market SharePoint site. **Please note that the names of the parties submitting each completed comment matrix will be included in this posting.** The AESO does not intend to respond to individual submissions.

If you have any questions about this comment matrix, please email capacitymarket@aeso.ca

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CMD Key Design Questions	Comments and / or Recommendations
1. UCAP: Can you support using Availability factor for dispatchable resources? Does the approach meet the intent of a resource neutral approach to capacity volume that reflects the deliverability of energy during periods of tight system conditions?	Yes, and to be clear, the net to grid portion for cogeneration should take into consideration the available MW that were offered into the merit order and were not dispatched (even when dispatched gross due and paid net due to operational concerns). We support UCAP adjustments based on material issues that should not reasonably impact future years, such as force majeure events.
2. Payment Adjustment Mechanism: Can you support using a 60/40 performance/ availability framework? Does the approach achieve the intent of higher adjustments to performance periods?	Because it is unlikely that participants will be able to forecast EEA hours, it seems reasonable to move more of the penalties into the 100 hour bucket and reduce the risk that will be priced into the capacity market by suppliers.
3. Payment Adjustment Mecham: Can you support a monthly cap at 300%? Does the approach achieve the intent of reasonably limiting adjustment payments?	We support limiting adjustment payments to reduce the risk on capacity assets and decreasing the risk that is priced into the capacity market.
4. Payment Adjustment Mechanism: Can you support a 1.3x annual revenue/ rebalancing assessment limit? Does the approach achieve the intent of ensuring capacity resources are available for the obligation period?	Yes, The AESO seems to have fairly balanced the risk of non-performance vs adding unnecessary risk to a supplier that will be priced into the capacity market.
5. Market Power Mitigation: Can you support setting a market power screen as a fixed percentage of aggregate UCAP requirement for the auction? Does the approach meet the needs of mitigating supplier market power?	Yes, we support this approach given that it only mitigates market participants that have a large enough portfolio to exercise market power, and will not be administratively burdensome. It is important that this fixed percentage is not set too low such that a majority of capacity available in the market fails this screen test. Given that the AESO has stated that the size of capacity portfolio where withholding capacity is incented is dependent on the demand curve, a fixed percentage cannot be chosen until after the demand curve is finalized.
6. Market Power Mitigation: Is a price cap of 50% of net	The market power cap should be set at 1 X net-CONE, allowing competition to set the correct price and further ensuring existing

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CONE appropriate to mitigate the offers of suppliers with market power?	generators the opportunity to earn a fair return which in turn aligns with the principles of FEOC in the market.
7. Market Power Mitigation: Do you think there is sufficient support that mitigation of buyer side market power is not initially required in the capacity market?	Yes
8. Delisting: Are there some circumstances where the delist bid of an asset does not clear but the asset continues to participate in the energy market?	It seems inappropriate for an asset to be removed from capacity obligations on purpose, but still participate in the energy market.
9. Delisting: Should a resource be able to delist from the capacity market but be eligible to participate in the energy and ancillary services market? For example: a. An asset of a non-mitigated supplier fails to clear, should it be allowed to continue energy market participation? b. For long outage requirements that are for a substantial portion of the year?	Retirement should simply require sufficient notice that the market can adjust. Mothballing should be subject to the more stringent rules. a) Yes if a new asset is built & can generate before it has a capacity obligation, it should be able to offer into the energy market. b) This seems reasonable assuming there is enough time for the procurement in auctions to be adjusted.
10. Transition to Capacity Market: Is a rebalancing auction for first obligation period 2021/22 required and practical?	The first auction is likely at a higher risk of inaccuracies than other auctions as participants need to learn the rules of a new system. It is important to provide market participants the option to sell out of their capacity obligations if they consider themselves overcommitted when reaching the 3-month mark (again so they don't price in the risk of unpredictable penalties in their auction bids).

General Comments