

**Proposed New ISO rule –Section 207.3, *Shape of Demand Curve***

<b>Period of Comment:</b>	October 26, 2018	through	November 14, 2018	<b>Contact:</b>	Richard Penn
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403-903-7693
<b>Date [yyyy/mm/dd]:</b>	2018/11/14			<b>Email:</b>	Richard.penn@ipcaa.ca

***Please include any suggestions for alternative rule wording and accompanying rationale in the table below. Cut and paste the existing rule wording into column one below and track in your changes.***

Blackline of Suggested Rule Wording	Rationale
<p>4 (c) performance factor is equal to <u><b>X, determined annually by the AESO in consultation with Stakeholders.</b></u></p>	<p>It is still not clear to IPCAA why it is necessary in the Adjusted Net-CONE to have a performance factor of 0.8. This effectively raises the capacity cost. Can the AESO explain the value to ratepayers?</p> <p>The performance factor in 4. Adjusted Net-CONE should be determined annually by the AESO in consultation with stakeholders, rather than simply be stated as a fixed number of 0.8 .</p>

**Please provide your comments on the following (as set out in AUC Rule 017 s. 13(b-j)):**

Item #		Stakeholder comments
1	whether you agree that Section 207.3, <i>Shape of Demand Curve</i> relates to the capacity market and why or why not	It is still not clear to IPCAA why it is necessary in the Adjusted Net-CONE to have a performance factor of 0.8. This effectively raises the capacity cost. Can the AESO explain the value to ratepayers?
2	whether you agree that Section 207.3, <i>Shape of Demand Curve</i> should or should not be in effect for a fixed term and why or why not	A fixed term will work; however, this needs to be re-visited frequently.
3	whether you understand and agree with the objective or purpose of Section 207.3, <i>Shape of Demand Curve</i> and whether, in your view, Section 207.3, <i>Shape of Demand Curve</i> meets the objective or purpose	
4	how, in your view, Section 207.3, <i>Shape of Demand Curve</i> affects the performance of the capacity market and the electricity market	It is still not clear to IPCAA why it is necessary in the Adjusted Net-CONE to have a performance factor of 0.8. This effectively raises the capacity cost. Is this simply a factor of safety intended to raise the capacity cost? This effectively reduces the value of the calculated net revenue from the Reference Technology.
5	your views on any analysis conducted or commissioned by the AESO supporting Section 207.3, <i>Shape of Demand Curve</i>	
6	whether you agree with Section 207.3, <i>Shape of Demand Curve</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	
7	whether you would suggest any alternatives to Section 207.3, <i>Shape of Demand Curve</i>	Suggested Alternative: The performance factor in 4. Adjusted Net-CONE should be determined annually by the AESO in consultation with stakeholders, rather than simply be stated as a fixed number of 0.8.
8	whether you agree that the proposed provisional rule supports ensuring a reliable supply of electricity at a reasonable cost to customers and why or why not	It is not clear whether the performance factor adjustment is a reasonable cost.

Item #		Stakeholder comments
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	The performance factor in 4. Adjusted Net-CONE should be determined annually by the AESO in consultation with stakeholders, rather than simply be stated as a fixed number of 0.8. Using a fixed factor without any annual ability to review it is not in the public interest
10	whether you have any additional comments	