

Proposed New ISO rule – Section 201.10 – *Capacity Market Participant Registration*

<b>Period of Comment:</b>	August 13, 2018	through	August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403 966 2700
<b>Date [yyyy/mm/dd]:</b>	2018/08/31			<b>Email:</b>	Vittoria.Bellissimo@IPCAA.ca

**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 201.10 applies to: <ul style="list-style-type: none"> <li>(a) a <b>person</b> with an asset that the <b>ISO</b> has qualified pursuant to Section 201.10 of the <b>ISO rules, Qualification of Capacity;</b></li> <li>(b) a <b>pool participant</b> with a <b>generating unit, aggregated generating facility or energy storage facility</b> an <b>maximum capability</b> equal to or greater than 1 MW, unless such <b>generating unit, aggregated generating facility or energy storage facility</b> is the subject of a renewable electricity support agreement in connection with rounds 1, 2 or 3 of the Renewable Electricity Program;</li> <li>(c) a <b>capacity market participant;</b> and</li> <li>(d) the <b>ISO.</b></li> </ul>	(a) Should this read: either " <b>Section 206.1</b> of the <b>ISO rules, Qualification of Capacity;</b> " or " <b>Section 201.10 of the ISO rules, Capacity Market Participant Registration;</b> "?

		<b>Requirements</b> <b>Capacity Market Participant</b>	
<b>2</b>		Each <b>person</b> or <b>pool participant</b> must register a <b>capacity market participant</b> in the manner the <b>ISO</b> specifies.	
		<b>ISO Requirement to Maintain Lists</b>	

3		<p>The <b>ISO</b> must maintain and make available on the AESO website, one or more lists containing up to date information on the <b>capacity market participant</b>, any <b>agents</b> and associated assets.</p>	<p>IPCAA is concerned that a capacity market participant may control a portion of an asset, and under this rule it is unclear whether the AESO would publish information relating to the portion of the asset or asset output. Proposed alternative wording as follows:</p> <p>The <b>ISO</b> must maintain and make available on the AESO website, one or more lists containing up to date information on the <b>capacity market participant</b>, any <b>agents</b> and associated assets, <b><u>including portions of assets or portions of asset output.</u></b></p> <p>IPCAA also recommends that the AESO provide similar information on the successful REP 1, 2 and 3 proponents. Consumers are interested in a complete database of the fleet, including the following information:</p> <ol style="list-style-type: none"> <li>1. Asset owner</li> <li>2. Agent, if applicable</li> <li>3. Name of generator and registered MWs</li> <li>4. Installation date</li> <li>5. Fuel type</li> <li>6. Dual fuel capabilities, if applicable, and to what extent.</li> <li>7. Connection type, either tx directly or through dx</li> </ol>
		<p><b>Capacity Market Participant Updates</b></p>	
4		<p>A <b>capacity market participant</b> must, if it is on the <b>ISO</b>'s list, provide updated information, as soon as practicable, regarding its <b>capacity market participant</b> registration, its <b>agents</b> and any asset listed opposite the <b>capacity market participant</b> on the <b>ISO</b>'s list.</p>	

		<b>Termination of Capacity Market Participant</b>	
5		The <b>ISO</b> may terminate a <b>capacity market participant</b> registration if the <b>capacity market participant</b> retires all assets listed opposite the <b>capacity market participant</b> on the <b>ISO</b> list.	
		<b>Liability of Capacity Market Participant</b>	
6		A <b>capacity market participant</b> that is or may become liable under the <b>ISO rules</b> in connection with its activities as a <b>capacity market participant</b> remains liable after the date of retirement of its associated asset and despite ceasing to be a <b>capacity market participant</b> .	IPCAA is concerned that this open ended liability could dissuade potential new capacity market participants from entering the market, thus limiting competition and raising prices for consumers. IPCAA recommends that the AESO consider mechanisms to limit the liability in an appropriate manner.

**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 the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because capacity market participants must be registered.
2	whether you agree that the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i> should [or should not] be in effect for a fixed term and why or why not	This rule will need to be in place for a fixed term.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i> and whether, in your view, the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i> meets the objective or purpose	IPCAA understands and agrees with the purpose of the proposed rule. IPCAA submits that with some amendments, as described above, this rule should meet the objective.
4	how, in your view, the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i> affects the performance of the capacity market and the electricity market	Consumers and suppliers will need accurate and up-to-date information on all capacity market participants. The availability of this information will impact the performance of the capacity market and the EAS markets.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.

Item #		Stakeholder comments
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 201.10 – <i>Capacity Market Participant Registration</i>	Please see comments above.
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	Consumers and suppliers will need accurate and up-to-date information on all capacity market participants. This is vital to ensuring a competitive outcome, which in turn, is vital to ensuring electricity is delivered at a reasonable cost to consumers.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	With the amendments suggested, this rule should support the public interest.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 201.10 – Capacity Market Participant Registration.***

No comment at this time.

**Proposed New ISO rule – Section 201.12 – Capacity Market Block Allocation**

<b>Period of Comment:</b>	August 13, 2018	through	August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403 966 2700
<b>Date [yyyy/mm/dd]:</b>	2018/08/31			<b>Email:</b>	Vittoria.Bellissimo@IPCAA.ca

***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 201.12 applies to:  (a) the ISO.	
		<b>Requirements</b>  <b>Capacity Block Allocation</b>	
2	(1)	The ISO must allocate to each <b>capacity market participant</b> one unique identifier for each associated asset.	If the asset is shared between multiple owners, it is not clear how the blocks are divided and how the asset is differentiated between owners. IPCAA recommends that the AESO provide some clarity on how this type of situation will be addressed.
2	(2)	The ISO must, subject to subsection 2(3), allocate 7 capacity blocks to submit an offer and 7 capacity blocks to submit a bid to each asset with a uniform capacity value equal to or greater than 1 MW.	
2	(3)	The ISO must, in the case of an asset with <b>refurbished capacity</b> that declares to submit two <b>offers</b> in accordance with Section 206.1 of the ISO rules, <i>Qualification of Capacity</i> ,	



Section	Subsection	Proposed language	Stakeholder comments
		allocate:  (a) one <b>capacity block</b> for the first <b>offer</b> referred to in Section 206.4 of the <b>ISO rules, Offers and Bids for Capacity</b> , and  (b) <b>7 capacity blocks</b> for the second <b>offer</b> referred to in Section 206.4 of the <b>ISO rules, Offers and Bids for Capacity</b> .	

**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 the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because capacity blocks must be allocated in order to run an auction.
2	whether you agree that the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i> should [or should not] be in effect for a fixed term and why or why not	This rule will need to be in place for a fixed term.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i> and whether, in your view, the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i> meets the objective or purpose	IPCAA understands and agrees with the purpose of the proposed rule. IPCAA submits that with some additional clarity, as described above, this rule should meet the objective.
4	how, in your view, the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i> affects the performance of the capacity market and the electricity market	No comment at this time.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 201.12 – <i>Capacity Market Block Allocation</i>	Please see comments above pertaining to Section 2(1).

Item #		Stakeholder comments
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	No comment at this time.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	No comment at this time.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 201.12 – Capacity Market Block Allocation***

No comment at this time.

Proposed New ISO rule – Section 201.13 – Capacity Market Clearing

<b>Period of Comment:</b>	August 13, 2018 through August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)	<b>Phone:</b>	403 966 2700
<b>Date [yyyy/mm/dd]:</b>	2018/08/31	<b>Email:</b>	Vittoria.Bellissimo@IPCAA.ca

*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 201.13 applies to: (a) the <b>ISO</b> .	
		<b>Requirements</b> <b>Auction Clearing</b>	
2	(1)	The <b>ISO</b> must use a clearing process that clears <b>offers</b> and <b>bids</b> , as applicable, in a manner that maximizes social surplus with consideration of the following: (a) a lower priced <b>capacity block</b> in an <b>offer</b> will be cleared before a higher priced <b>capacity block</b> in an <b>offer</b> ; (b) a higher priced <b>capacity block</b> in a <b>bid</b> will be cleared before a lower priced <b>capacity block</b> in a <b>bid</b> ; (c) when multiple equivalent <b>flexible blocks</b> are submitted at the clearing price and result in the same social surplus, clear such equivalent <b>flexible blocks</b> on a pro-rata	IPCAA submits that additional information is required for stakeholders to understand the “random basis” that will be used to clear equally priced inflexible blocks.  IPCAA also notes that the examples used by the AESO at the stakeholder session were confusing and customers would appreciate updated examples with more explanation.

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		<p>basis; and</p> <p>(d) when multiple equivalent <b>inflexible blocks</b> are submitted at the clearing price and result in the same social surplus, clear such equivalent <b>inflexible blocks</b> on a random basis.</p>	
2	(2)	The <b>ISO</b> may perform the clearing process more than once prior to establishing the clearing price.	
		<b>Transfer Path Limits Calculation</b>	
3		<p>The <b>ISO</b> must determine the limits, for each <b>base auction</b> or <b>rebalancing auction</b>, on each of the British Columbia transfer path, Montana transfer path, the Saskatchewan transfer path, and the combined British Columbia and <b>Montana transfer</b> paths by averaging the hourly limits for each of the above as follows:</p> <p>(a) for the British Columbia transfer path, for each of the 250 <b>tightest supply cushion hours</b> per year for the previous 5 years to the <b>base auction</b> or <b>rebalancing auction</b>, as applicable, by assigning a hourly limit based on the minimum of:</p> <p>(i) the hourly import <b>available transfer capability</b> for the British Columbia transfer path; or</p> <p>(ii) the long-term firm transmission service on the British Columbia transfer path.</p> <p>(b) for the Montana transfer path, for each of the 250 <b>tightest supply cushion hours</b> per year for the previous 5 years to the <b>base auction</b> or <b>rebalancing auction</b>, as applicable, by assigning a hourly limit based on the minimum of:</p> <p>(i) the hourly import <b>available transfer capability</b> for the Montana transfer path; or</p>	<p>IPCAA submits that this section is unnecessarily complicated. Since the British Columbia transfer path limit and the Montana transfer path limit are effectively linked, why not simply refer to the combined limit? This could then be broken out as required.</p> <p>Can the AESO explain the rationale for addressing these transfer paths separately?</p> <p>IPCAA is also concerned with the LSSi exclusion. IPCAA submits that this is undervaluing the external resources and as such artificially reducing the supply that is available to the capacity market. Why should the transfer path limit not include the benefits of LSSi, particularly when we had an equivalent product in existence even before the 500 kV tie line was built? The AESO is in control of the LSSi procurement, and is in a position to ensure it is an effective product. Consumers are paying for this product. Consumers deserve to have the higher transfer path limit, and any additional supply made possible by this product, available to the capacity market.</p>

Section	Subsection	Proposed language	Stakeholder comments
		<p>(ii) the long-term firm transmission service on the Montana transfer path.</p> <p>(c) for the Saskatchewan transfer path, for each of the 250 <b>tightest supply cushion hours</b> per year for the previous 5 years to the <b>base auction</b> or <b>rebalancing auction</b>, as applicable, by assigning a hourly limit based on the minimum of:</p> <p>(i) the hourly import <b>available transfer capability</b> for the Saskatchewan transfer path; or</p> <p>(ii) the long-term firm transmission service on the Saskatchewan transfer path.</p> <p>(d) for the combined British Columbia and Montana transfer paths, for each of the 250 <b>tightest supply cushion hours</b> per year for the previous 5 years to the <b>base auction</b> or <b>rebalancing auction</b>, as applicable, by assigning a hourly limit based on the minimum of:</p> <p>(i) the combined import <b>available transfer capability</b> for the British Columbia and Montana transfer paths prior to LSSi arming; or</p> <p>(ii) combined long-term firm transmission for the British Columbia and Montana transfer paths.</p>	
		<p><b>Consideration of Transmission Congestion Constraints and Transfer Path Limits in Clearing Process</b></p>	
4	(1)	<p>The <b>ISO</b> may, in the event that the <b>ISO</b> determines that the energy associated with an <b>offer</b> may be unable to be delivered to the <b>interconnected electric system</b> during the <b>obligation period</b> due to either a <b>transmission congestion constraint</b> or a limit on an Alberta <b>intertie</b> determined in accordance with subsection 3:</p>	<p>Can the AESO explain why Section 4(1) (c) does not refer to simply clearing a portion of the flexible blocks?</p>

Section	Subsection	Proposed language	Stakeholder comments
		<ul style="list-style-type: none"> <li>(a) not clear the <b>offer</b>;</li> <li>(b) clear a portion of the <b>offer</b>; or</li> <li>(c) if there are multiple <b>flexible blocks</b> impacted by the same <b>transmission congestion constraint</b> or limit on an Alberta <b>intertie</b> either:               <ul style="list-style-type: none"> <li>(i) not clear the <b>flexible blocks</b>; or</li> <li>(ii) when multiple equivalent <b>flexible blocks</b> are submitted at the same price and result in the same social surplus, clear such equivalent <b>flexible blocks</b> on a pro-rata basis.</li> </ul> </li> <li>(d) if there are multiple <b>inflexible blocks</b> impacted by the same <b>transmission congestion constraint</b> or limit on an Alberta <b>intertie</b> either:               <ul style="list-style-type: none"> <li>(i) not clear the <b>inflexible blocks</b>; or</li> <li>(ii) when multiple equivalent <b>inflexible blocks</b> are submitted at the same price and result in the same social surplus, clear such equivalent <b>inflexible blocks</b> on a random basis.</li> </ul> </li> </ul>	
4	(2)	The <b>ISO</b> may clear additional <b>offers</b> for the equivalent volume of the <b>offers</b> it did not clear pursuant to subsection 4(1).	This needs to be explained further.
4	(3)	The <b>ISO</b> must, for the additional <b>offers</b> cleared in accordance with subsection 4(2), provide an uplift payment for the difference between the <b>offer</b> price and the clearing price, if the <b>offer</b> price of such <b>offers</b> is higher than the clearing price.	<p>Can the AESO explain why it would clear an import block above the clearing price? The intent is for the clearing price to be set at a level that would assume sufficient capacity was available in Alberta.</p> <p>It would be useful for the AESO to explain and/or provide local market power rules to ensure that a generator in a transmission constrained area does not exercise excess</p>



Section	Subsection	Proposed language	Stakeholder comments
			market power.

**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 the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because the capacity market will need to clear.
2	whether you agree that the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i> should [or should not] be in effect for a fixed term and why or why not	This rule could be in place for a fixed term.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i> and whether, in your view, the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i> meets the objective or purpose	IPCAA understands and agrees with the purpose of the proposed rule. IPCAA submits that with some clarification and amendments, as described above, this rule should meet the objective.
4	how, in your view, the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i> affects the performance of the capacity market and the electricity market	Obviously, the capacity market will not perform if it cannot clear in a transparent, fair, competitive and efficient manner.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 201.13 – <i>Capacity Market Clearing</i>	Please see comments above pertaining to Sections 2, 3 and 4.
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	Please see comments above regarding LSSi, as well as the clarifications requested.

Item #		Stakeholder comments
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	This rule requires several clarifications.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 201.13 – Capacity Market Clearing***

1. Please see clarification requests listed above.
2. When the AESO provides rules of compensation for generators in transmission congested zones, it needs to also provide rules as to how it will deal with constrained on payments for the exercise of local market power.

Proposed New ISO rule – Section 206.1 – *Qualification of Capacity*

<b>Period of Comment:</b>	August 13, 2018	through	August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403 966 2700
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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 206.1 applies to: <ul style="list-style-type: none"> <li>(a) a <b>person</b> seeking to have the <b>ISO</b> qualify <b>new capacity</b> for the capacity market;</li> <li>(b) a <b>capacity market participant</b> seeking to have the <b>ISO</b> qualify <b>refurbished capacity</b> or <b>incremental capacity</b> for the capacity market; and</li> <li>(c) the <b>ISO</b>.</li> </ul>	
		<b>Requirements</b>	
		<b>Application for Qualification of Capacity</b>	
2	(1)	Each <b>person</b> or <b>capacity market participant</b> must, within the timelines prescribed by the <i>Capacity Market Auction Guidelines</i> , provide the <b>ISO</b> with a completed application including:	IPCAA is concerned that it may not be reasonable for the AESO to request “all information or documents that the ISO specifies”. We do not want to create unnecessarily burdensome regulatory requirements. There should be a list stating what is required and the rationale for requiring it. The requirements should apply to all capacity market participants equally.

Section	Subsection	Proposed language	Stakeholder comments
		<ul style="list-style-type: none"> <li>(a) all information or documents that the <b>ISO</b> specifies; and</li> <li>(b) any applicable application fee as set out in the <i>Schedule of ISO Fees</i>.</li> </ul>	<p>The Capacity Market Auction Guidelines need to be made public as soon as possible so that stakeholders can assess what should be in the rules and what should be in the guidelines. The AESO has stated that it plans to publish the guidelines in October. From a stakeholder perspective, sooner would be preferred.</p>
2	(2)	<p>The <b>ISO</b> may request additional clarification or information regarding the application or supporting documents from each <b>person</b> or <b>capacity market participant</b>.</p>	
		<p><b>Declarations for Incremental Capacity and Refurbished Capacity</b></p>	
3	(1)	<p>A <b>capacity market participant</b> must, if it has applied to provide proposed <b>incremental capacity</b> within the timelines prescribed by the <i>Capacity Market Auction Guidelines</i>, submit to the <b>ISO</b> a declaration, in the manner specified by the <b>ISO</b>, as to whether the anticipated <b>maximum capability</b> of the asset with proposed <b>incremental capacity</b> will be either:</p> <ul style="list-style-type: none"> <li>(a) the <b>maximum capability</b> of the asset had the <b>capacity market participant</b> not applied for proposed <b>incremental capacity</b>; or</li> <li>(b) remain as the anticipated <b>maximum capability</b> accounting for the proposed <b>incremental capacity</b>,</li> </ul> <p>in the event that a <b>capacity market participant</b> fails to receive a <b>capacity commitment</b> for such asset in the <b>base auction</b> or <b>rebalancing auction</b> for some or all of the proposed <b>incremental capacity</b>.</p>	<p>Please explain further. This provision, as written, is difficult to follow.</p>
3	(2)	<p>A <b>capacity market participant</b> must, within the timelines prescribed by the <i>Capacity</i></p>	<p>Is there a time limit associated with how long an asset can continue to participate in the</p>

Section	Subsection	Proposed language	Stakeholder comments
		<p><i>Market Auction Guidelines</i> and in the manner specified by the <b>ISO</b>, submit to the <b>ISO</b> a declaration, as to whether an asset with <b>refurbished capacity</b> will:</p> <ul style="list-style-type: none"> <li>(a) permanently delist in accordance with Section 206.X of the <b>ISO rules</b>, <i>Delisting</i>; or</li> <li>(b) continue to participate in the energy market and capacity market,</li> </ul> <p>in the event that a <b>capacity market participant</b> fails to receive a <b>capacity commitment</b> for such asset in the <b>base auction</b> or <b>rebalancing auction</b>.</p>	<p>energy and AS markets after failing to clear in the capacity market? If so, where is it specified? It would be helpful to reference it in this Section, otherwise, it appears to make the option open ended.</p>
		<p><b>Qualification of New Capacity, Incremental Capacity and Refurbished Capacity</b></p>	
4	(1)	<p>The <b>ISO</b> must, based on the information in the application and any supporting documents provided pursuant to subsection 2, be satisfied that the asset:</p> <ul style="list-style-type: none"> <li>(a) will be capable of providing energy to or reducing consumption from the <b>interconnected electric system</b>;</li> <li>(b) has a <b>uniform capacity value</b> greater than or equal to 1 MW;</li> <li>(c) will be developed, energized and commissioned in accordance with a project plan and timeline that aligns with the project milestones established by the <b>ISO</b>;</li> <li>(d) is not a <b>source asset</b> that is the subject of a renewable electricity support agreement in connection with rounds 1, 2 or 3 of the Renewable Electricity Program;</li> <li>(e) is not energy efficiency;</li> <li>(f) in the case of a load asset: <ul style="list-style-type: none"> <li>(i) can or will be able to reduce demand during the <b>obligation period</b> in a way that is measureable by the <b>ISO</b>;</li> <li>(ii) is or will be a retail or self-retail asset; and</li> <li>(iii) is not located on a site with an onsite <b>generating unit</b> or <b>aggregated</b></li> </ul> </li> </ul>	<p>(g) Do all assets have to meet the 4 hour energy production test or is it simply energy storage that must do so? Does this also impact hydroelectric facilities?</p> <p>(h) (iii) Should this provision read: “will <b>not</b> be curtailed...” instead of “will be curtailed...”? Also, it is unclear whether the AESO is referring to firm load being curtailed in Alberta or elsewhere. IPCAA’s expectation is that imports will be firm and will be maintained by the external balancing authority. Can the AESO confirm this and provide an explanation of the intent of this provision?</p> <p>(i)(i) Can the AESO explain the rationale for this provision?</p> <p>(l) This provision is overly restrictive. For example, a smaller facility may not be able to add a 20 MW reciprocating engine, even if it is economic to do so. What is the rationale for this?</p> <p>(k) This provision is also too restrictive. What is the rationale for this?</p>

Section	Subsection	Proposed language	Stakeholder comments
		<p><b>generating facility</b> that is participating in the capacity market.</p> <p>(g) in the case of an <b>energy storage facility</b>, is or will be capable of maintaining energy production at it <b>uniform capacity value</b> for a minimum of 4 hours;</p> <p>(h) in the case of an import asset:</p> <ul style="list-style-type: none"> <li>(i) has firm transmission from the import asset to the Alberta border for the duration of the <b>obligation period</b>;</li> <li>(ii) is not participating as non-recallable capacity in a resource adequacy program of another jurisdiction; and</li> <li>(iii) will be curtailed on a pro-rata basis by the <b>balancing authority</b> of the jurisdiction in which the import asset is located in when load, which is firm, is curtailed.</li> </ul> <p>(i) in the case of an aggregation of assets:</p> <ul style="list-style-type: none"> <li>(i) has a <b>uniform capacity value</b> less than or equal to the <b>uniform capacity value</b> of the largest generating unit in Alberta;</li> <li>(ii) has or will have the appropriate metering the <b>ISO</b> specifies for each asset in the aggregation;</li> <li>(iii) is comprised of assets that are either exclusively load assets or exclusively <b>generating units</b> or <b>aggregated generating facilities</b>; and</li> <li>(iv) is not comprised of any asset that will contribute capacity individually, or as part of another aggregation, to the capacity market;</li> </ul> <p>(j) in the case of <b>incremental capacity</b>, will be retrofitted in a manner that will, in the opinion of the <b>ISO</b>, increase the <b>maximum capability</b> of the asset by an amount in MW that is:</p> <ul style="list-style-type: none"> <li>(i) greater than or equal to 1 MW; and</li> <li>(ii) less than or equal to the greater of: <ul style="list-style-type: none"> <li>(A) 15% of the asset's <b>maximum capability</b>; or</li> <li>(B) 40 MW above the asset's <b>maximum capability</b>.</li> </ul> </li> </ul> <p>(k) in the case of <b>refurbished capacity</b>, will be retrofitted in a manner that will, in the opinion of the <b>ISO</b>, result in either:</p>	



Section	Subsection	Proposed language	Stakeholder comments
		<ul style="list-style-type: none"> <li>(i) an increase in the asset's <b>maximum capability</b> by an amount exceeding the greater of:               <ul style="list-style-type: none"> <li>(A) 15% of the asset's <b>maximum capability</b>; or</li> <li>(B) 40 MW above the asset's <b>maximum capability</b>; or</li> </ul> </li> <li>(ii) a capital investment of greater than or equal to \$200 per kW of the asset's <b>maximum capability</b> multiplied by a capital cost escalation rate that is specified by the <b>ISO</b>.</li> </ul>	
4	(2)	The <b>ISO</b> may, in a determination made pursuant to subsection 4(1)(k)(ii), reject any cost information submitted by the <b>capacity market participant</b> if the <b>ISO</b> determines that such costs are unreasonable.	
4	(3)	<p>The <b>ISO</b> must qualify an asset with <b>new capacity, refurbished capacity</b> or <b>incremental capacity</b> for the capacity market if:</p> <ul style="list-style-type: none"> <li>(a) the application provided pursuant to subsection 2 is complete; and</li> <li>(b) the <b>ISO</b> is satisfied pursuant to subsection 4(1), as applicable.</li> </ul>	
4	(4)	The <b>ISO</b> must, within the timelines prescribed by the <i>Capacity Market Auction Guidelines</i> , notify each <b>person</b> or <b>capacity market participant</b> as to whether the <b>new capacity, refurbished capacity</b> or <b>incremental capacity</b> is qualified for the capacity market.	

**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 the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because it will be necessary to qualify capacity to participate in the market.
2	whether you agree that the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i> should [or should not] be in effect for a fixed term and why or why not	This rule will need to be in place for a fixed term. The AESO has stated that it will consider energy efficiency as a qualified resource in future auctions. The term for this rule will need to be set taking that possible change into account.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i> and whether, in your view, the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i> meets the objective or purpose	IPCAA understands and agrees with the purpose of the proposed rule. IPCAA submits that with some amendments, as described above, this rule should meet the objective.
4	how, in your view, the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i> affects the performance of the capacity market and the electricity market	There are some concerns that need to be addressed in order to ensure fair treatment of resources, which will help with competition and capacity market performance.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 206.1 – <i>Qualification of Capacity</i>	Please see comments above.

Item #		Stakeholder comments
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	There are some concerns that need to be addressed in order to ensure fair treatment of resources, which will help with competition and hopefully provide reasonable cost to customers.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	There are some concerns that need to be addressed before the public interest test can be considered.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 206.1– Qualification of Capacity***

Please see clarifications requested above.

Proposed New ISO rule – Section 206.2 – Self Supply Configurations

<b>Period of Comment:</b>	August 13, 2018	through	August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403 966 2700
<b>Date [yyyy/mm/dd]:</b>	2018/08/31			<b>Email:</b>	Vittoria.Bellissimo@IPCAA.ca

*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 206.2 applies to: <ul style="list-style-type: none"> <li>(a) the <b>legal owner</b> of a load asset that is served by one or more onsite <b>generating units</b> or <b>aggregated generating facilities</b>;</li> <li>(b) the City of Medicine Hat; and</li> <li>(c) the <b>ISO</b>.</li> </ul>	Has the AESO considered including reference to energy storage units as well as generating units?
		<b>Requirements</b>	
		<b>Mandatory Requirements to Self-supply Capacity</b>	
2	(1)	The <b>legal owner</b> of a load asset that is served by one or more onsite <b>generating units</b> or <b>aggregated generating facilities</b> must self-supply <b>capacity</b> if such site is: <ul style="list-style-type: none"> <li>(a) metered on a net basis; or</li> <li>(b) is not capable of flowing energy on to the <b>interconnected electric system</b>.</li> </ul>	IPCAA is concerned with the introduction of the term “flowing energy”. Has the AESO considered referencing STS or DTS contracts instead? Is there a need to introduce a new definition?  Is the AESO satisfied that all possible configurations are addressed through this rule,

Section	Subsection	Proposed language	Stakeholder comments
			including sites where the load and generator are owned by different entities?
2	(2)	The City of Medicine Hat must self-supply <b>capacity</b> .	
		<b>Option to Self-supply Capacity</b>	
3		<p>The <b>legal owner</b> of a load asset that is served by one or more onsite <b>generating units</b> or <b>aggregated generating facilities</b> may choose to self-supply <b>capacity</b> if:</p> <ul style="list-style-type: none"> <li>(a) such site has a bi-directional net-interval meter;</li> <li>(b) the <b>generating units</b> or <b>aggregated generating facilities</b> are metered on a gross basis; and</li> <li>(c) the <b>generating units</b> or <b>aggregated generating facilities</b> are capable of flowing energy on to the <b>interconnected electric system</b>.</li> </ul>	<p>This is confusing. As discussed in the stakeholder meeting, loads with generation on site should proceed as follows:</p> <ul style="list-style-type: none"> <li>(i) if they are metered on a net basis, they must self-supply;</li> <li>(ii) if they are metered on a gross basis, they have the option to self-supply.</li> </ul> <p>A bi-directional net-interval meter is required in order to self-supply capacity.</p> <p>It is not clear if the AESO is intending for (a), (b) and (c) to all apply. Consider adding an additional “and” after (a).</p>
		<b>Application to Self-supply Capacity</b>	
4		The <b>legal owner</b> of a load asset that is served by one or more onsite <b>generating units</b> or <b>aggregated generating facilities</b> and the City of Medicine Hat must provide the <b>ISO</b> , within the timelines prescribed by the <i>Capacity Market Auction Guidelines</i> , a completed application to self-supply <b>capacity</b> including all information or documents that the <b>ISO</b> specifies.	
		<b>Approval to Self-supply Capacity</b>	
5		The <b>ISO</b> must, within the timelines prescribed by the <i>Capacity Market Auction Guidelines</i> , approve an application to self-supply <b>capacity</b> if the site meets the criteria set out in	

Section	Subsection	Proposed language	Stakeholder comments
		subsections 2 or 3, as applicable.	
		<b>Capacity from a Self-supply Configuration</b>	
6	(1)	<p>The <b>legal owner</b> of a <b>generating unit</b> or an <b>aggregated generating facility</b> in a self-supply configuration must, in the event that:</p> <ul style="list-style-type: none"> <li>(a) the <b>generating unit</b> or <b>aggregated generating facility</b> has excess <b>capacity</b> that is not serving the on-site load; and</li> <li>(b) the excess <b>capacity</b> that is not serving the on-site load has a <b>uniform capacity value</b> greater than or equal to 1 MW,</li> </ul> <p>participate in the capacity market with the excess <b>capacity</b> that is not serving the on-site load.</p>	It is not clear how the excess capacity level is determined. Is it based on the UCAP as determined by the AESO. Please clarify.
6	(2)	The <b>legal owner</b> of a load asset in a self-supply configuration may provide <b>capacity</b> in the capacity market with the portion of the load that is not supplied by onsite generation if the <b>capacity</b> has a <b>uniform capacity value</b> greater than or equal to 1 MW.	
		<b>Changes in Self-supply Status</b>	
7	(1)	<p>The <b>legal owner</b> of a load asset that is served by one or more onsite <b>generating units</b> or <b>aggregated generating facilities</b> that is required to self-supply <b>capacity</b> pursuant to subsection 2(1) may apply to the <b>ISO</b> to change its self-supply status if:</p> <ul style="list-style-type: none"> <li>(a) the <b>legal owner</b> installs a bi-directional net-interval meter at such site;</li> <li>(b) the <b>legal owner</b> changes <b>generating units</b> or <b>aggregated generating facilities</b> to be metered on a gross basis; and</li> <li>(c) the <b>generating units</b> or <b>aggregated generating facilities</b> are capable of</li> </ul>	<p>IPCAA is concerned that if a load with on-site generation has does not meet these criteria, it will be locked in, status-wise, for a four year period. Demand, and many other factors, can change on a much more frequent basis. We should be allowing these facilities to optimize.</p> <p>Perhaps the AESO should be considering an alternative such as allowing these status nominations to coincide with the establishment of the demand curve? This would be less punitive.</p>

Section	Subsection	Proposed language	Stakeholder comments
		<p>flowing energy on to the <b>interconnected electric system</b>.</p>	
7	(2)	<p>The <b>legal owner</b> of a load asset that is served by one or more onsite <b>generating units</b> or <b>aggregated generating facilities</b> that elects to self-supply <b>capacity</b> pursuant to subsection 3 must self-supply <b>capacity</b> for a minimum of 4 <b>obligation periods</b> unless it can demonstrate to the <b>ISO's</b> satisfaction that physical changes to the site warrant a change in self-supply status.</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 the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because it will be necessary to determine self-supply capacity in order to establish the required procurement volume.
2	whether you agree that the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i> should [or should not] be in effect for a fixed term and why or why not	This rule will need to be in place for a fixed term, but this should not be overly burdensome on self-suppliers and should allow them to optimize their configurations. Four years is too long.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i> and whether, in your view, the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i> meets the objective or purpose	IPCAA understands and agrees with the purpose of the proposed rule. IPCAA submits that with some clarification and amendments, as described above, this rule should meet the objective.
4	how, in your view, the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i> affects the performance of the capacity market and the electricity market	Self-suppliers form a considerable portion of the Alberta market, and as such, the performance of the capacity market and electricity market will require fair and transparent treatment of self-suppliers.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 206.2 – <i>Self Supply Configurations</i>	Please see comments and questions above.

Item #		Stakeholder comments
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	Customers with generation on site will need the opportunity to optimize their configurations. This will help optimize the entire system and provide a better opportunity to manage costs.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	This rule requires several clarifications.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 206.2 – Self Supply Configurations***

Please see clarification requests listed above.

Proposed New ISO rule – Section 206.4 – Offers and Bids for the Capacity Market

<b>Period of Comment:</b>	August 13, 2018	through	August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403 966 2700
<b>Date [yyyy/mm/dd]:</b>	2018/08/31			<b>Email:</b>	Vittoria.Bellissimo@IPCAA.ca

**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 206.4 applies to: <ul style="list-style-type: none"> <li>(a) a <b>capacity market participant</b> with an asset that has an assigned <b>uniform capacity value</b>; and</li> <li>(b) the <b>ISO</b>.</li> </ul>	A capacity market participant may control a portion of an asset, and under this rule it is unclear how the AESO will address bids and offers relating to the portion of the asset or a portion of asset output.
		<b>Requirements</b>	
		<b>Obligation to Offer and Offer Content for a Base Auction</b>	
2	(1)	A <b>capacity market participant</b> must submit an <b>offer</b> for a <b>base auction</b> in respect of an asset that: <ul style="list-style-type: none"> <li>(a) has an assigned <b>uniform capacity value</b>; and</li> <li>(b) is listed opposite the <b>capacity market participant</b> on the list the <b>ISO</b> publishes pursuant to Section 201.10 of the <b>ISO rules, Capacity Market</b></li> </ul>	

Section	Subsection	Proposed language	Stakeholder comments
		<i>Participant Registration.</i>	
2	(2)	A <b>capacity market participant</b> must ensure its <b>offer</b> volume for an asset in a <b>base auction</b> equals the asset's <b>uniform capacity value</b> .	
2	(3)	<p>A <b>capacity market participant</b> must include in each <b>capacity block</b> in an <b>offer</b> for a <b>base auction</b>:</p> <ul style="list-style-type: none"> <li>(a) a price in \$/kW-year to the nearest cent per kW-year which, subject to Section 206.7, of the <b>ISO rules</b>, <i>Capacity Market Mitigation</i>, is: <ul style="list-style-type: none"> <li>(i) greater than or equal to \$0/kW-year; and</li> <li>(ii) less than or equal to the maximum price established by the demand curve; and</li> </ul> </li> <li>(b) a quantity in MW that is greater than or equal to than 1 MW.</li> </ul>	For (b), the AESO clarified at the stakeholder meeting that the quantity in MW must be a whole number. It would be helpful if the AESO could specify in the rule that this is the case, otherwise, capacity market participants will assume that the quantity can include decimals.
2	(4)	The <b>ISO</b> must, if a <b>capacity market participant</b> does not submit an <b>offer</b> in accordance with subsections 2(1), 2(2) or 2(3), assign an <b>offer</b> price of \$0/kW-year for the <b>offer</b> volume equal to the asset's assigned <b>uniform capacity value</b> .	
		<b>Obligation to Offer and Offer Content for a Rebalancing Auction</b>	
3	(1)	<p>A <b>capacity market participant</b> must submit an <b>offer</b> for a <b>rebalancing auction</b> in respect of an asset that:</p> <ul style="list-style-type: none"> <li>(a) has an assigned <b>uniform capacity value</b> greater than the <b>capacity commitment</b>; and</li> <li>(b) is listed opposite the <b>capacity market participant</b> on the list the <b>ISO</b></li> </ul>	

Section	Subsection	Proposed language	Stakeholder comments
		publishes pursuant to Section 201.10 of the <b>ISO rules</b> , <i>Capacity Market Participant Registration</i> .	
3	(2)	A <b>capacity market participant</b> must ensure its <b>offer</b> volume for an asset in a <b>rebalancing auction</b> equals the difference between the asset's <b>uniform capacity value</b> and its <b>capacity commitment</b> .	
3	(3)	<p>A <b>capacity market participant</b> must include in each <b>capacity block</b> in an <b>offer</b> for a <b>rebalancing auction</b>:</p> <ul style="list-style-type: none"> <li>(a) a price in \$/kW-year to the nearest cent per kW-year which is: <ul style="list-style-type: none"> <li>(i) greater than or equal to \$0/kW-year; and</li> <li>(ii) less than or equal to the maximum price established by the demand curve; and</li> </ul> </li> <li>(b) a quantity in MW that is equal to or greater than 1 MW.</li> </ul>	Again, it would be helpful if the AESO could specify in the rule that the quantity in MW must be a whole number.
3	(4)	The <b>ISO</b> must, if a <b>capacity market participant</b> does not submit an <b>offer</b> in accordance with subsections 3(1), 3(2) or 3(3), assign an <b>offer</b> price of \$0/kW-year for the <b>offer</b> volume equal to the difference between the asset's <b>uniform capacity value</b> and its <b>capacity commitment</b> .	
		<b>Designation of Flexible Blocks or Inflexible Blocks for Offers</b>	
4	(1)	<p>A <b>capacity market participant</b> must, except for an asset with <b>incremental capacity</b>, designate in an <b>offer</b>:</p> <ul style="list-style-type: none"> <li>(a) the lowest priced <b>capacity block</b> as a <b>flexible block</b> or <b>inflexible block</b>; and</li> </ul>	

Section	Subsection	Proposed language	Stakeholder comments
		(b) all other <b>capacity blocks</b> as <b>flexible blocks</b> .	
4	(2)	<p>A <b>capacity market participant</b> must, for an asset with <b>incremental capacity</b>, designate in an <b>offer</b> all <b>capacity blocks</b> as <b>flexible blocks</b> except in the following circumstances:</p> <ul style="list-style-type: none"> <li>(a) the lowest priced <b>capacity block</b> may be designated as an <b>inflexible block</b>; or</li> <li>(b) in the event that: <ul style="list-style-type: none"> <li>(i) the lowest priced <b>capacity block</b> contains only <b>incremental capacity</b>;</li> <li>(ii) there is a <b>capacity block</b> that contains only non-<b>incremental capacity</b>; and</li> <li>(iii) there is no lower priced <b>capacity block</b> that contains both <b>incremental capacity</b> and non-<b>incremental capacity</b> than the lowest priced <b>capacity block</b> that contains no <b>incremental capacity</b>,</li> </ul> <p>the lowest priced <b>capacity block</b> containing only non-<b>incremental capacity</b> may be designated as an <b>inflexible block</b>, as demonstrated in Appendix 1.</p> </li> <li>(c) in the event that: <ul style="list-style-type: none"> <li>(i) the lowest priced <b>capacity block</b> contains only non-<b>incremental capacity</b>;</li> <li>(ii) there is a <b>capacity block</b> that contains only <b>incremental capacity</b>; and</li> <li>(iii) there is no lower priced <b>capacity block</b> that contains both <b>incremental capacity</b> and non-<b>incremental capacity</b> than the lowest priced</li> </ul> </li> </ul>	

Section	Subsection	Proposed language	Stakeholder comments
		<p><b>capacity block</b> that contains only <b>incremental capacity</b>, the lowest priced <b>capacity block</b> containing only <b>incremental capacity</b> may be designated as an <b>inflexible block</b>, as demonstrated in Appendix 1.</p>	
		<p><b>Additional Offer Content for Incremental Capacity</b></p>	
5		<p>A <b>capacity market participant</b> must, for an asset with <b>incremental capacity</b>, include in each <b>capacity block</b> in an <b>offer</b> a declaration of the quantity in MW within a <b>capacity block</b> that is <b>incremental capacity</b>.</p>	
		<p><b>Additional Offer Content for Refurbished Capacity</b></p>	
6	(1)	<p>A <b>capacity market participant</b> must, that has failed the market power screen in accordance with Section 206.7, of the <b>ISO rules</b>, <i>Capacity Market Mitigation</i>, for an asset with <b>refurbished capacity</b>, submit:</p> <ul style="list-style-type: none"> <li>(a) a first <b>offer</b> comprised of one <b>capacity block</b> that is an <b>inflexible block</b> for an asset with <b>refurbished capacity</b> qualified by the <b>ISO</b>; and</li> <li>(b) a second <b>offer</b> based on the <b>offer</b> the <b>capacity market participant</b> would have submitted had the <b>ISO</b> not qualified the <b>refurbished capacity</b>,</li> </ul> <p>unless the <b>capacity market participant</b> declared to permanently delist the <b>refurbished capacity</b> pursuant to Section 206.1 of the <b>ISO rules</b>, <i>Qualification of Capacity</i> in the event it fails to obtain a <b>capacity commitment</b>.</p>	<p>Wording: move “must” in front of “submit:”</p> <p>This section requires additional clarity. Is the AESO essentially intending to say that coal-to-gas conversions (and other refurbished assets) get only one opportunity to offer both their refurbished and their coal (un-refurbished) capacity into the market?</p> <p>How will this two offer system be fair to consumers, particularly in the initial auction? Prior to 2021 and possibly 2022, there will be insufficient time to build new supply to compete with the potential refurbished capacity. Thus, in 2021/22, how will the market be competitive enough to discipline the behavior of coal-to-gas conversions with their two offer system? This is effectively a free opportunity to price up.</p> <p>This is a major concern for consumers and IPCAA requests a better explanation from the AESO on how consumers will be protected from unnecessarily high prices, particularly in the transition period.</p>



Section	Subsection	Proposed language	Stakeholder comments
6	(2)	<p>A <b>capacity market participant</b> may, if it has submitted an <b>offer</b> in accordance with subsection 6(1) and the <b>offer</b> that is referred to in subsection 6(1)(a) does not clear, submit in the next <b>base auction</b>:</p> <ul style="list-style-type: none"> <li>(a) an <b>offer</b> comprised of one <b>capacity block</b> that is an <b>inflexible block</b> for an asset with <b>refurbished capacity</b> qualified by the <b>ISO</b>; or</li> <li>(b) an <b>offer</b> based on the <b>offer</b> the <b>capacity market participant</b> would have submitted had the <b>ISO</b> not qualified the <b>refurbished capacity</b>.</li> </ul>	See comments in 6(1).
6	(3)	A <b>capacity market participant</b> must, in the event that the <b>capacity market participant</b> submitted an <b>offer</b> in accordance with subsection 6(2)(a) and the <b>offer</b> did not clear, permanently delist the asset.	See comments in 6(1).
6	(4)	A <b>capacity market participant</b> must ensure that an <b>offer</b> has not been submitted for the asset in the manner described in subsection 6(1) prior to submitting an <b>offer</b> in accordance with subsection 6(1).	
		<b>Bid Content</b>	
7	(1)	<p>A <b>capacity market participant</b> with a <b>capacity commitment</b> may submit a <b>bid</b> in a <b>rebalancing auction</b>:</p> <ul style="list-style-type: none"> <li>(a) for a quantity in MW that is equal to or greater than 1 MW and less than or equal to the <b>capacity commitment</b>; and</li> <li>(b) that is priced at a price in \$/kW-year to the nearest cent per kW-year which is greater than or equal to \$0/kW-year.</li> </ul>	Again, it would be helpful if the AESO could specify in the rule that the quantity in MW must be a whole number.
7	(2)	A <b>capacity market participant</b> with a <b>capacity commitment</b> must submit a <b>bid</b> , priced at	It would be helpful to provide examples of these situations.

Section	Subsection	Proposed language	Stakeholder comments
		<p>\$0.01/kW-year above the maximum price established by the demand curve, in accordance with the following:</p> <ul style="list-style-type: none"> <li>(a) if the asset’s assigned <b>uniform capacity value</b> for the last <b>rebalancing auction</b> is lower than its <b>capacity commitment</b>, the <b>capacity market participant</b> must submit a <b>bid</b> for the difference between the <b>capacity commitment</b> and the assigned <b>uniform capacity value</b>;</li> <li>(b) subject to subsection 7(2)(d), if the <b>ISO</b> determines, before the first <b>rebalancing auction</b>, that an asset is unable to meet the milestone requirements in accordance with Section 206.5 of the <b>ISO rules, Forward Period Requirements</b>, a <b>capacity market participant</b> must submit a <b>bid</b> equal to its entire <b>capacity commitment</b> in the first <b>rebalancing auction</b>;</li> <li>(c) subject to subsection 7(2)(d), if the <b>ISO</b> determines, before the last <b>rebalancing auction</b>, that an asset is unable to meet the milestone requirements in accordance with Section 206.5 of the <b>ISO rules, Forward Period Requirements</b>, a <b>capacity market participant</b> must submit a <b>bid</b> equal to its entire <b>capacity commitment</b> in the last <b>rebalancing auction</b>; or</li> <li>(d) if the <b>ISO</b> determines, before the last <b>rebalancing auction</b>, that an aggregation of load assets is unable to meet the milestone requirements in accordance with Section 206.5 of the <b>ISO rules, Forward Period Requirements</b>, a <b>capacity market participant</b> must submit a <b>bid</b> for the difference between the <b>capacity commitment</b> and the assigned <b>uniform capacity value</b> for the last <b>rebalancing auction</b>.</li> </ul>	
7	(3)	The <b>ISO</b> must, if a <b>capacity market participant</b> does not submit a <b>bid</b> in accordance with	

Section	Subsection	Proposed language	Stakeholder comments
		subsection 7(2), assign a <b>bid</b> price of \$0.01/kW-year above the maximum price established by the demand curve for the <b>bid</b> volume required in subsection 7(2).	
		<b>Submission of Offer and Bid for the Same Asset in a Rebalancing Auction</b>	
8		A <b>capacity market participant</b> that submits an <b>offer</b> and <b>bid</b> for the same asset in a <b>rebalancing auction</b> must price the <b>capacity blocks</b> such that the highest priced <b>capacity block</b> for the <b>bid</b> is less than the lowest priced <b>capacity block</b> for the <b>offer</b> .	It would be helpful if the AESO can provide an example of the type of asset that would submit both a bid and an offer simultaneously.
		<b>Designation of Flexible Blocks or Inflexible Blocks for Bids</b>	
9		A <b>capacity market participant</b> must designate in a bid: <ul style="list-style-type: none"> <li>(a) the lowest priced <b>capacity block</b> as a <b>flexible block</b> or <b>inflexible block</b>; and</li> <li>(b) all other <b>capacity blocks</b> as <b>flexible blocks</b>.</li> </ul>	
		<b>Offering Window</b>	
10	(1)	The <b>ISO</b> must specify the offering window for a <b>base auction</b> or <b>rebalancing auction</b> in the <i>Capacity Market Auction Guidelines</i> .	
10	(2)	The <b>ISO</b> may change or extend the offering window in the event of system unavailability and the <b>ISO</b> determines that such unavailability warrants a change or extension to the offering window.	
10	(3)	The <b>ISO</b> must notify <b>capacity market participants</b> of any change or extension to an offering window made pursuant to subsection 10(2).	
10	(4)	A <b>capacity market participant</b> must submit an <b>offer</b> or <b>bid</b> during the offering window.	
		<b>Offer Submission Methods</b>	

Section	Subsection	Proposed language	Stakeholder comments
11		A <b>capacity market participant</b> must submit an <b>offer</b> or <b>bid</b> for a <b>base auction</b> or <b>rebalancing auction</b> in a manner the <b>ISO</b> determines.	

**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 the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because rules around capacity market bids and offers will be required.
2	whether you agree that the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i> should [or should not] be in effect for a fixed term and why or why not	This rule could be in place for a fixed term.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i> and whether, in your view, the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i> meets the objective or purpose	There are several clarifications needed, as well as additional explanations required with regards to this rule. It would be useful for the AESO to specify the objective of the rule and explain how section 6(1) satisfies this objective. It would also be helpful for the AESO to explain how this rule satisfies the desired end state for the capacity market, as follows:  “The desired end state is a stable and transparent capacity market that relies on <b>competitive market forces</b> , and works efficiently with the energy and ancillary service markets, to achieve sufficient investment to maintain supply adequacy and reliability at the <b>lowest cost for consumers</b> , while working effectively within Alberta’s unique electricity structure.” (Emphasis added).
4	how, in your view, the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i> affects the performance of the capacity market and the electricity market	IPCAA has some concerns, as listed above. In particular, consumers need some reassurance on the two offer system for refurbished capacity.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.

Item #		Stakeholder comments
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 206.4 – <i>Offers and Bids for the Capacity Market</i>	Please see comments.
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	Please see comments above, particularly Section 6(1).
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	There are several clarifications needed, as well as additional explanations required with regards to this rule.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 206.4 – Offers and Bids for the Capacity Market***

Please see clarifications and explanations requested above.

**Proposed New ISO rule – Section 206.6 – *Base Auction and Rebalancing Auction***

<b>Period of Comment:</b>	August 13, 2018	through	August 31, 2018	<b>Contact:</b>	Vittoria Bellissimo
<b>Comments From:</b>	Industrial Power Consumers Association of Alberta (IPCAA)			<b>Phone:</b>	403 966 2700
<b>Date [yyyy/mm/dd]:</b>	2018/08/31			<b>Email:</b>	Vittoria.Bellissimo@IPCAA.ca

***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 206.6 applies to:  (a) the <b>ISO</b> .	
		<b>Requirements</b>  <b>Base Auction Timeline</b>	
2	(1)	The <b>ISO</b> must conclude a <b>base auction</b> no later than 36 <b>months</b> prior to the start of the <b>obligation period</b> .	IPCAA notes that this 36 month requirement does not address the transition time period, including the capacity auctions required for the first obligation period. This will likely not meet the 36 month requirement.
2	(2)	The <b>ISO</b> must:  (a) notwithstanding subsection 2(1), conclude a <b>base auction</b> for the first 3 <b>obligation periods</b> in accordance with the timelines established in the <i>Capacity Market Auction Guidelines</i> ; and	



Section	Subsection	Proposed language	Stakeholder comments
		(b) remove this subsection 2(2) on or about the <b>day</b> the <b>base auction</b> for the third <b>obligation period</b> is concluded.	
		<b>Rebalancing Auction Timeline</b>	
3	(1)	The <b>ISO</b> must, subject to subsection 3(2), conclude two rebalancing <b>auctions</b> at no later than 18 <b>months</b> and 3 <b>months</b> , respectively, prior to the start of the <b>obligation period</b> .	See comment above regarding the transition period.
3	(2)	<p>The <b>ISO</b> must:</p> <p>(a) notwithstanding subsection 3(1), conclude one <b>rebalancing auction</b> at no later than 3 <b>months</b> prior to the start of the <b>obligation periods</b> for the first 3 <b>obligation periods</b>; and</p> <p>(b) remove this subsection 3(2) on or about the day the <b>rebalancing auction</b> for the third <b>obligation period</b> is concluded.</p>	Has the AESO considered the transition period in drafting this provision or is this being addressed elsewhere? Should it be explicitly stated that for the first two transition periods there will be no 18 month re-balancing auction, given the time constraints?
		<b>Publication of Capacity Market Auction Guidelines</b>	
4		The <b>ISO</b> must publish the <i>Capacity Market Auction Guidelines</i> prior to each <b>base auction</b> and <b>rebalancing auction</b> .	
		<b>Sealed-bid, Single-round Base Auction and Rebalancing Auction</b>	
5		The <b>ISO</b> must, for each <b>base auction</b> and <b>rebalancing auction</b> , use a sealed-bid, single-round auction design to establish a single clearing price.	
		<b>Auction Results</b>	
6	(1)	The <b>ISO</b> must, following a <b>base auction</b> and <b>rebalancing auction</b> , notify the <b>capacity market participant</b> of its <b>capacity commitment</b> by asset.	

Section	Subsection	Proposed language	Stakeholder comments
6	(2)	<p>The <b>ISO</b> must, as soon as practicable following a <b>base auction</b> and <b>rebalancing auction</b>, publish the results of the <b>base auction</b> or <b>rebalancing auction</b>, including:</p> <ul style="list-style-type: none"> <li>(a) the clearing price;</li> <li>(b) the total <b>capacity</b> procured;</li> <li>(c) the total <b>capacity</b> procured by technology type;</li> <li>(d) the total <b>capacity</b> procured from assets associated with an <b>offer</b> for <b>new capacity, incremental capacity</b> and <b>refurbished capacity</b>; and</li> <li>(e) for the last <b>rebalancing auction</b> for an <b>obligation period</b>, a list of each asset subject to a <b>capacity commitment</b>.</li> </ul>	<p>It would be helpful for the AESO to indicate what it expects “as soon as practicable” to mean. Consumers will be very interested in the auction outcomes and would appreciate at least an estimate of when this information will become public.</p> <p>Consumers will also need to know what their capacity obligation charge will be, for budgeting purposes. It would be appropriate to publish expected capacity market charges for consumers with the auction results. The AESO may also want to provide approximate charges for a typical residential, commercial/institutional, small industrial and large industrial customer in order to help customers understand how the capacity market will impact them.</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 the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i> relates to the capacity market and why or why not	Please note this should read AUC Rule 017 Section 13.2 (b-j). IPCAA agrees that this proposed new ISO rule relates to the capacity market because the auctions will be necessary to procure capacity.
2	whether you agree that the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i> should [or should not] be in effect for a fixed term and why or why not	This rule will need to be in place for a fixed term to give the market clarity on timing. Note that there will need to be provisions in place for the transition period.
3	whether you understand and agree with the objective or purpose of the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i> and whether, in your view, the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i> meets the objective or purpose	IPCAA understands and agrees with the purpose of the proposed rule. IPCAA submits that with some clarification for the transition period, as described above, this rule should meet the objective.
4	how, in your view, the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i> affects the performance of the capacity market and the electricity market	Consumers need to understand their total cost commitment associated with the capacity market. Expected capacity charges should be forecast alongside the auction results. If the AESO does not take on this responsibility, the messaging could be mis-represented by third parties. It would be a prudent approach to include a responsibility for the AESO to publish consumer charges along with auction results in this rule.
5	your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i>	N/A
6	whether you agree with the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i> taken together with all ISO rules and in light of the principle of a fair, efficient and openly competitive market	No comment at this time.

Item #		Stakeholder comments
7	whether you would suggest any alternatives to the proposed new ISO rule – Section 206.6 – <i>Base Auction and Rebalancing Auction</i>	Please see comment on transition period.
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	No major concerns at this point.
9	whether you agree that the proposed provisional rule supports the public interest and why or why not	Please see comments on the transition period and consumer capacity market cost information. It is not clear whether consumers will understand the total capacity cost committed to by the AESO on their behalf. There will need to be considerable information provided on this front.

***Please provide your views on the type of content that should be included in an information document associated with the proposed new ISO rule – Section 206.6 – Base Auction and Rebalancing Auction***

1. Please see comment on transition period.
2. It should be made clear as to how consumers will be able to ascertain the total capacity cost committed to by the AESO on their behalf from the auction and each of the rebalancing auctions.