

October 14, 2016

Dear Market Participants and Other Interested Parties

Re: **AESO Correspondence to Stakeholders Regarding Amended Process Schedule to Address Mothball Outages and Related Issues – Cancellation of October 17, 2016 Working Session**

On August 23, 2016, the AESO issued a [letter](#) setting out a process schedule to seek stakeholder input regarding mothball outages. The process contemplated two working sessions, scheduled to occur on September 23, 2016, and October 17, 2016, during which participants would discuss whether mothball outages should be implemented as a permanent feature in the Alberta market design (“phase 1”).

The AESO sought written feedback from stakeholders on the issues related to phase 1 and held a working session on September 23, 2016 to further discuss these issues. The presentation from the working session can be found [here](#).

In its September 23, 2016 presentation, the AESO contemplated that, all depending on the outcome of phase 1, the implementation of mothball outages in Alberta would be considered as part of a second phase (“phase 2”).

### **Next Steps**

The AESO has determined that the working session held on September 23, 2016 was sufficient to address the discussion items related to phase 1. Accordingly, the AESO is cancelling the working session scheduled for October 17, 2016.

The AESO invites market participants to provide additional written comments on the issues related to phase 1. Specifically, the AESO encourages parties providing final written comments to address the [stakeholder comments](#) provided prior to the September 23, 2016 working session, and the following discussion topics from the September 23 working session:

- What is the impact of mothball outages on the price signal? Does allowing for mothball outages impact the effectiveness of the price signal to indicate correct supply/demand fundamentals?
- Does allowing or disallowing mothball outages present a barrier to entry?
- How do mothball outages relate to physical and/or economic withholding?
- What are the alternative market actions available to market participants in the absence of allowances for mothball outages?

Please send your written comments to William Chow at [William.Chow@aeso.ca](mailto:William.Chow@aeso.ca) on or before October 28, 2016. Please note that the AESO will only consider written comments received on or before October 28, 2016, and will post those comments on the AESO website.

Following its review and consideration of written comments received, the [market design principles](#) established at the onset of this stakeholder engagement, and the discussion at the July 25 and September 23, 2016 sessions, the AESO will communicate its conclusions regarding the implementation of mothballing as a permanent feature in the Alberta market design. The AESO will also notify stakeholders regarding further engagement related to phase 2.

Sincerely,

William Chow  
Market Design Analyst, Market and Tariff Design

cc: Doyle Sullivan, Director, Market and Tariff Design