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| |  |  |  |  | | --- | --- | --- | --- | | **Period of Comment:** | September 7, 2018 | through | September 28, 2018 | | **Comments From:** | Company Name | | | | **Date [yyyy/mm/dd]:** |  | | | | |  |  | | --- | --- | | **Contact:** | Company Contact | | **Phone:** | Contact Phone Number | | **Email:** |  | |

***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** |
| --- | --- | --- | --- |
|  |  | **Applicability** |  |
| **1** |  | Section 203.5 applies to:  (a) a **pool participant** that submit **offers** in the energy market for a **source asset** ;  (b) the **legal owner** of a **generating unit** or **aggregated generating facility**;and  (c) the **ISO**. |  |
|  |  | **Requirements**  **Expected Supply Cushion for Mitigation** |  |
| **2** | **(1)** | The **ISO** must:  (a) publish the method for calculating the expected supply cushion on the AESO website; and  (b) provide 120 days’ notice notice to **pool participant** before changing to the method for calculating the expected supply cushion published in accordance with subsection 2(1)(a). |  |
| **2** | **(2)** | The **ISO** must, for each **settlement interval**:  (a) calculate the expected supply cushion using the method published in accordance with subsection 2(1)(a);  (b) publish the expected supply cushion on the AESO website prior to the **settlement interval**;  (c) update the expected supply cushionas soon as reasonably practicable upon a change to 1 or more of the inputs to the calculation of the expected supply cushion;.  (d) select a value of the expected supply cushion observed during the two hours immediately prior to the **settlement interval**;  (e) publish the value of the expected supply cushion which is selected for each **settlement interval**  under subsection 2(2)(d) as soon as reasonably practicable after such selection is made. |  |
|  |  | **Asset-Specific Cost Information –Generating Unit or Aggregated Generating Facility** |  |
| **3** | **(1)** | A **pool participant** must submit to the **ISO**, in the manner the **ISO** specifes, the following cost information related to the short-run marginal costs for a thermal **generating unit or aggregated generating facility**:  (a) heat rate;  (b) if the **source asset**’s fuel is not natural gas, fuel cost;  (c) financial exposure to greenhouse gas emissions costs; and  (d) any further cost information the **ISO** specifies. |  |
| **3** | **(2)** | A **pool participant** must, in relation to the cost information submitted pursuant to subsection 3(1):  (a) submit the cost information to the **ISO:**  (i) for a **generating unit** or **aggregated generating facility** that has energized and commissioned**,** on or before a date the **ISO** specifies; or  (ii) for a **generating unit** or **aggregated generating facility** that has not completed energization and **commissioning**, before the energization and **commissioning** of such **generating unit** or **aggregated generating facility**.  (b) determine the values of such cost information assuming that the **generating unit** or **aggregated generating facility** is operating under normal operating conditions at **maximum capability**; and  (c) submit updated cost information to the **ISO** as soon as reasonably practicable upon becoming aware of any material change in the cost information submitted in accordance withsubsection 3(1).  (d) an attestation by a corporate officer of the **pool participant** that the cost information provided pursuant to subsection 3(1) is complete and accurate. |  |
| **3** | **(3)** | The **ISO** may, with respect to cost information submitted pursuant to subsection 3(1), exclude costs determined by the **ISO** to be unreasonable. |  |
| **3** | **(4)** | The **ISO** must select alternate values for the cost information submitted pursuant to subsection 3(1) if such costs have been excluded pursuant to subsection 3(3). |  |
| **3** | **(5)** | The **ISO** must:  (a) identify the current carbon price from the appropriate public authority;  (b) identify the natural gas price for each **day** on a day-ahead basis, or as close to a day-ahead basis as reasonably practicable; and  (c) estimate the variable operations and maintenance costs for a **generating unit** or **aggregated generating facility** on a c lass-specific basis. |  |
|  |  | **Asset-Specific Reference Price – Generating Unit or Aggregated Generating Facility** |  |
| **4** | **(1)** | The **ISO** must, using the cost information derived pursuant to subsection 3, calculate an estimated short-run marginal cost for producing power, measured in dollars per MWh, for each **generating unit or aggregated generating facility** for each **settlement interval** as a sum of the following:  (a) the heat rate multiplied by the fuel price, if applicable;  (b) the exposure to greenhouse gas emissions costs multiplied by the carbon price from the appropriate public authority, if applicable; and  (c) the estimated variable operations and maintenance cost. |  |
| **4** | **(2)** | The **ISO** must, using the estimated short-run marginal costs derived pursuant to subsection 4(1), set the asset-specific reference price for each **generating unit or aggregated generating facility** for each **settlement interval** as an amount equal to:  (a) the estimated short run marginal cost multiplied by 3, if the expected supply cushion selectedfor the **settlement interval**  under subsection 2(2)(d) is 1,000 MW or greater;  (b) the estimated short run marginal cost multiplied by 6, if the expected supply cushion selected for the **settlement interval**  under subsection 2(2)(d) is 250 MW or greater and less than 1,000 MW; and  (c) the maximum permissible price for an **offer** made under section 203.1 of the **ISO rules**, *Offers and Bids for Energy*, if the expected supply cushion selected for the **settlement interval** under subsection 2(2)(d) is less than 250 MW. |  |
|  |  | **Asset-Specific Reference Price – Prescribed Non-Thermal Generating Source Assets Capable of Storing Energy** |  |
| **5** | **(1)** | The **ISO** may prescribe a set of non-thermal generating **source assets** to which this subsection 5 is applicable, provided that each generating **source asset** is capable of storing its fuel. |  |
| **5** | **(2)** | The **ISO** must, if the **ISO** prescribes a set of generating **source assets** in accordance with subsection 5(1) publish the list of such prescribed generating **source assets** on the AESO website. |  |
| **5** | **(3)** | The **ISO** must, subject to subsection 5(4), set the asset-specific reference price for generating **source assets** prescribed pursuant to subsection 5(1) for each **settlement interval** as an amount equal to:  (a) the 30-day rolling average **pool price** most recently published by the **ISO** multiplied by 3, if the expected supply cushion selected for the **settlement interval**  under subsection 2(2)(d) is 1,000 MW or greater;  (b) the 30-day rolling average **pool price** most recently published by the **ISO** multiplied by 6, if the expected supply cushion selected for the **settlement interval**  under subsection 2(2)(d) is 250 MW or greater and less than 1,000 MW; and  (c) the maximum permissible price for an **offer** made under section 203.1 of the **ISO rules**, *Offers and Bids for Energy*, if the expected supply cushion selected for the **settlement interval** under subsection 2(2)( d) is less than 250 MW. |  |
| **5** | **(4)** | Notwithstanding subsection 5(3), if a **pool participant**, for any generating **source asset** prescribed pursuant to subsection 5(1) for a **settlement interval**, has satisfied the asset-specific requirements for participation in the **ancillary services** market referred to in subsection 5(5), then the **ISO** must, set the asset-specific reference price for such generating **source asset** for the **settlement interval** as an amount equal to the maximum permissible price for an **offer** made under Section 203.1 of the **ISO rules**, *Offers and Bids for Energy*. |  |
| **5** | **(5)** | The **ISO** must:  (a) publish the asset-specific requirements for participation in the **ancillary services** market on the AESO website; and  (b) provide 120 days’ notice to **pool participants** before changing to the asset-specific requirements published in accordance with subsection 5(5)(a). |  |
|  |  | **Asset-Specific Reference Price – Import Source Assets** |  |
| **6** | **(1)** | The **ISO** must set the asset-specific reference price for each import **source asset** for each **settlement interval** as an amount equal to:  (a) , if the expected supply cushion selected for the **settlement interval**  under subsection 2(2)(d) is 1,000 MW or greater;  (b) , if the expected supply cushion selected for the **settlement interval**  under subsection 2(2)(d) is 250 MW or greater and less than 1,000 MW;  where *MidC(on peak)* is the day-ahead, on-peak price in the Mid-Columbia market for delivery on the same **day** as the energy market in Alberta;  or  (c) the maximum permissible price for an **offer** made under section 203.1 of the **ISO rules**, *Offers and Bids for Energy*, if the expected supply cushion selected for the **settlement interval** under subsection 2(1)(d) is less than 250 MW. |  |
|  |  | **Asset-Specific Reference Price – Limitations and Exemptions** |  |
| **7** | **(1)** | Notwithstanding subsections 4, 5 and 6, the **ISO** must not set the asset-specific reference price for any **source asset** for any **settlement interval** as an amount:  (a) less than $25/MWh; or  (b) greater than the maximum permissible price for an **offer** made under section 203.1 of the **ISO rules**, *Offers and Bids for Energy*. |  |
| **7** | **(2)** | A **pool participant** may request that the **ISO** provide a variance from any asset-specific reference price determined pursuant to subsections 4, 5, or 6. |  |
| **7** | **(3)** | The **ISO** may, upon receiving a request pursuant to subsection 7(2), assign a different asset-specific reference price determined pursuant to subsections 4, 5, or 6 if the **ISO** is satisfied that the **pool participant** would not be able to reasonably recover the short run marginal costs and cycling costs of the **source asset** within the scope of the asset-specific reference price determined pursuant to subsections 4, 5, or 6. |  |
|  |  | **Market Power Screen** |  |
| **8** | **(1)** | The **ISO** must identify those **persons**,using the methodology for the calculation of market share offer control described in section 5 of the *Fair, Efficient, and Open Competition Regulation,* that have offer control over one or more **source assets** for the purposes of identifying a **person** as having market power. |  |
| **8** | **(2)** | The **person** identified under subsection 8(1) may submit to the **ISO**,in the manner the **ISO** specifies, **supply obligations** in MW for each **settlement interval**, at least 2 hours prior to the start of the **settlement interval**, for the purposes of the expected residual supply index. |  |
| **8** | **(3)** | A **person** who submits **supply obligations** in accordance with subsection 8(2) must submit a value that is equal to or less than the **person**’s actual **supply obligations**. |  |
| **8** | **(4)** | The **ISO** must, for each **person** identified under subsection 8(1) and in the **offer control information** for an **operating block** in respect of a **settlement interval**, calculate a value called the expected residual supply index for each **settlement interval** for the **person** identified under subsection 8(1) as follows:   1. the expected supply from all **source assets** for the **settlement interval**; 2. minus the expected supply from all **source assets** under theoffer control of a **person** identified under subsection 8(1),net of the **supply obligations** of the **person** identified under subsection 8(1), for the **settlement interval**; and 3. divided by expected demand from all **sink assets** for the **settlement interval**. |  |
| **8** | **(5)** | The **ISO** must select the expected residual supply index referenced in subsection 8(1) during the 2 hours immediately prior to the **settlement interval**. |  |
| **8** | **(6)** | The **ISO** must identify a **person** with a expected residual supply index of less than 1 for a given **settlement interval** as having market power in that **settlement interval**. |  |
| **8** | **(7)** | The **ISO** must not reconsider the conclusion drawn under subsection 8(4) if market conditions change at any time after the expected residual supply index is selected for the **settlement interval**  under subsection 8(3). |  |
|  |  | **Mitigation of Market Power** |  |
| **9** | **(1)** | The **ISO** must, for each **settlement interval**, identify each **operating block** associated with a **source asset** under the offer control of a **person** identified under subsection 8(4) that has an **offer** price that is greater than the asset-specific reference price of the related **source asset** which was determined pursuant to subsections 4, 5, or 6. |  |
| **9** | **(2)** | Subject to subsection 9(3), the **ISO** must change the **offer** price of an **operating block** identified under subsection 9(1) to the asset-specific reference price of the associated **source asset** as determined under subsection 4, 5 or 6 if the **operating block** is:  (a) controlled by a single **person** that has been identified as having market power under subsection 8(4),  (b) controlled by multiple **persons** which have all been identified as having market power under subsection 8(4), or  (c) declared to be inflexible in accordance with Section 203.1 of the **ISO rules**, *Offers and Bids for Energy*, and is at least partially controlled by a **person** that has been identified as having market power under subsection 8(4). |  |
| **9** | **(3)** | The **ISO** must, if an **operating block** identified under subsection 9(1) is declared to be flexible under Section 203.1 of the **ISO rules**, *Offers and Bids for Energy*, and is partially, but not fully, controlled by one or more **person** identified as having market power under subsection 8(4), split the existing **operating block** into two **operating blocks** as follows:  (a) create a new **operating block** that contains the quantity of the existing **operating block** that is controlled by the **person** identified as having market power under subsection 8(4) and select an **offer** price equal to the asset-specific reference price of the associated **source asset**; and  (b) reduce the quantity of the existing **operating block** by the quantity of the newly created **operating block**, with no associated change made to the **offer** price of the **operating block**. |  |
|  |  | **Timely Information from Legal Owner** |  |
| **10** |  | A **legal owner** of a **generating unit or aggregated generating facility** must, if it is not the **pool participant** for that **generating unit or aggregated generating facility**:  (a) provide such timely and complete information to the pool participant for such source asset to enable the pool participant to comply with its obligations under subsection 3; and  (b) provide an attestation to the **pool participant** from a corporate officer of the **legal owner** of such **generating unit or aggregated generating facility** to enable the **pool participant** to comply with its obligations under subsection 3(2)d. |  |

***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 203.5, *Energy Market Mitigation* relates to the capacity market and why or why not |  |
| 2 | whether you agree that the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* should [or should not] be in effect for a fixed term and why or why not |  |
| 3 | whether you understand and agree with the objective or purpose of the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* and whether, in your view, the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* meets the objective or purpose |  |
| 4 | how, in your view, the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* affects the performance of the capacity market and the electricity market |  |
| 5 | your views on any analysis conducted or commissioned by the AESO supporting the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* |  |
| 6 | whether you agree with the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* 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 the proposed new ISO Rule – Section 203.5, *Energy Market Mitigation* |  |
| 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 |  |
| 9 | whether you agree that the proposed provisional rule supports the public interest and why or why not |  |

***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 203.5, Energy Market Mitigation.***

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