

Stakeholder Comment Matrix – October 8, 2019

Request for input on market power mitigation



Period of Comment: October 8, 2019 through October 29, 2019 Comments From: Signalta Resources Limited Date: 2019/10/23	Contact: [REDACTED] Phone: [REDACTED] Email: [REDACTED]
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The AESO is seeking comments from stakeholders on market power and market power mitigation in Alberta's energy and ancillary services markets.

	Questions	Stakeholder Comments
1.	What has been effective in Alberta's historical approach to market power mitigation in the energy-only market, and what could be improved?	<p><i>Effective: market segment limitations</i></p> <p><i>Ineffective: inaction/lack of consequences by MSA regarding Balancing Pool manipulation</i></p>
2.	Do you expect the historical approach to market power mitigation in the energy-only market (e.g. OBEG, ex-post monitoring, must offer, 30% offer control limit, FEOC Regulation) will be effective on a go-forward basis? If yes, please explain your rationale. If no, please explain your rationale and changes required.	<p><i>No – with MSA's inaction to the Balancing Pool's manipulation of pool prices, the MSA has lost significant respect of the industry – and of capital looking into the industry. There is greatly reduced expectation of the balanced application of FEOC – the MSA has lost invaluable credibility. There were no consequences or tangible acknowledgement of the damage to the market by the Balancing Pool's two-year price manipulation. If nothing changes/if inconsistent application of rules and lack of consequences continue for selected market participants – why should other participants expect anything different/or respect regulatory decisions in the future?</i></p> <p><i>There is currently no real check and balance or review of MSA's/AESO's/AUC's application of FEOC, or their discretionary powers.</i></p>
3.	If deemed that additional mitigation measures are required in the energy-only market, please indicate whether they should be applied ex-ante (mitigation occurs prior to prices being set) or ex-post (mitigation occurs following market prices being set).	<i>Ex-ante</i>
4.	What has been effective in Alberta's historical approach to market power mitigation in the operating reserves market, and what could be improved?	<i>Limits to market segment participations. And balanced/effective and consistent approaches to enforcement.</i>

5.	<p>Do you expect the historical approach to market power mitigation in the operating reserves market (e.g. FEOC regulation, indexed to pool price) will be effective on a go-forward basis?</p> <p>If yes, please explain your rationale. If no, please explain your rationale and changes required.</p>	<p><i>Yes – the mechanisms are simple and transparent.</i></p>
6.	<p>If deemed that additional mitigation measures are required in the operating reserves market, please indicate whether they should be applied ex-ante (mitigation occurs prior to prices being set) or ex-post (mitigation occurs following market prices being set).</p>	<p><i>Ex-ante</i></p>
7.	<p>What criteria should be considered in evaluating Alberta's mitigation framework? Would you rank one or some of these criteria more highly than others?</p>	<p><i>Healthy, active, balanced investment environment (for large and small, D & T, renewable and not). Reasonable expectations of volatility. Strong ability of market demand to be met. Sensible and affordable total delivered prices to consumers. Recognition of individual contributions and costs of different asset classes – with properly designed and preserved incentives. With a regulatory framework that is sound and stable over long stretches of time.</i></p>
8.	<p>Are there unique characteristics of Alberta's electricity market that may impact whether the market power mitigation approaches used in other jurisdictions are suitable for Alberta? If so, please describe them.</p>	<p><i>Alberta's electrical market can be characterized as: small in size; having large individual players; subject to direct political influence in policies and ideological tendencies of regulatory boards (with lack of business experience). Alberta's regulatory environment is currently far from stable. Further, the policing body (MSA) has demonstrated a political willingness to turn a blind eye.</i></p>
9.	<p>What do you think the appropriate role for the AESO is in Alberta's mitigation framework?</p>	<p><i>AESO should concentrate on: market structures, transparency, providing accurate and detailed data, seeking out and eliminating road blocks, delays, unnecessary hurdles or inequalities. AESO should seek to contribute to a balanced market place. AESO should not be a "player" in the market. AESO's current processes are extraordinarily slow and cumbersome.</i></p>
10.	<p>What do you think the appropriate role for the MSA is in Alberta's mitigation framework?</p>	<p><i>MSA should be: active, accurate, balanced, fair. MSA should not be politically/ideologically influenced with their decisions.</i></p>
11.	<p>Please describe your role in the Alberta electricity market.</p>	
	<p>a. Are you a load, a generator, both, neither (e.g. developer, storage, interested party)</p>	<p><i>Generator</i></p>

	b. What is the approximate size of your load and/or generation?	35 MW
	c. Do you participate in the energy market, AS market, both?	Both
	d. Do you forward hedge? If so, is it physically, financially, both? What percentage of your portfolio is hedged?	[REDACTED]

Thank you for your input. Please email your comments to: stakeholder.relations@aeso.ca.