

January 20, 2021

To: The Market Surveillance Administrator, Market Participants and Other Interested Parties
("Stakeholders")

Re: **Stakeholder Comments on Letter of Notice for Additional Feedback from Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting***

Pursuant to Section 5.2 Alberta Utilities Commission Rule 017, *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, written comments received from Stakeholders in response to the Alberta Electric System Operator's ("AESO") December 16, 2021 regarding the Letter of Notice for Additional Feedback from Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting* have been posted on the AESO website.

The written stakeholder comments can be found on the Stakeholder engagement page on the AESO website at www.aeso.ca. Follow the path Stakeholder engagement > Rules, Standards and Tariff > Proposed Amendments to Section 306.7 of the ISO Rules, *Mothball Outage Reporting*

Amended Section 306.7
Capital Power Corporation
Heartland Generation Ltd.
TransCanada Energy Ltd.

Thank you to all Stakeholders who participated in this ISO rules comment process. All written comments received will be considered in the AESO's finalization of the proposed amended Section 306.7.

Sincerely,

Jodi Marshall

Legal Manager, ISO Rules and Alberta Reliability Standards
Legal and Regulatory Affairs
rules_comments@aesoc.ca

<p>Period of Comment: December 16, 2020 through January 15, 2021</p> <p>Comments From: Capital Power</p> <p>Date: 2021/01/15</p>	<p>Contact: Matthew Davis</p> <p>Phone: 403-540-6087</p> <p>Email: mdavis@capitalpower.com</p>
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Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to rules_comments@aeso.ca.

The AESO is seeking comments from Stakeholders in regard to the following matters:

	Question	Stakeholder Comments
1.	Given the details shared at the session, do you have any comments on scope beyond what was provided in response to the <i>Letter of Notice for Development of Proposed Amendments to Section 306.7 of the ISO Rules, Mothball Outage Reporting</i> (“Section 306.7”) posted to the AESO website on October 14, 2020?	<i>Capital Power is supportive of the scope that the AESO has put forward for the mothball consultation. It is fulsome and covers the relevant issues associated with mothball outages and related issues including retirement notice and long-lead-time energy requirements.</i>
2.	Do you have any additional comments?	<i>Capital Power would suggest that the AESO tighten the pace of this consultation. It was well known that the mothball rule still required full consultation after the decision to retain the energy-only market. While secondary to the AESO’s work last year on price cap and floor and market power mitigation, this is a remaining issue that impacts investor certainty. The current pace of consultation may not see rule changed until end of year, creating an additional year of uncertainty.</i>

<p>Period of Comment: December 16, 2020 through January 15, 2021</p> <p>Comments From: Heartland Generation Ltd. (HGL)</p> <p>Date: [2021/01/15]</p>	<p>Contact: Nick Jansen</p> <p>Phone: 587-581-5905</p> <p>Email: Nick.jansen@heartlandgeneration.com</p>
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2.	Do you have any additional comments?	<p>HGL appreciates the AESO clarifying that the existence of Mothball outages is out of scope and that the consultation will focus on Mothball outages themselves.</p> <p>Maximizing generator flexibility under the Mothball Rule is imperative to reducing red tape and the regulatory burden. A Mothball Rule that has increased flexibility will support fair, efficient, and open competition in the electricity market and promote investor confidence. Increased flexibility for Mothball Rule applicants is particularly important in a market with increased renewable penetration. Allowing increased flexibility will incentivize dispatchable generators to stay in the market, which in turn will ensure that Alberta has reliable power when non-dispatchable generation is unavailable.</p>

Period of Comment: December 16, 2020 through January 15, 2021	Contact: Mark Thompson
Comments From: TransCanada Energy Ltd. (TCE)	Phone: 403-589-7193
Date: 2021/01/15	Email: markj_thompson@tcenergy.com

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	Question	Stakeholder Comments
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<p>1.</p>	<p>Given the details shared at the session, do you have any comments on scope beyond what was provided in response to the <i>Letter of Notice for Development of Proposed Amendments to Section 306.7 of the ISO Rules, Mothball Outage Reporting</i> (“Section 306.7”) posted to the AESO website on October 14, 2020?</p>	<p><i>TCE agrees with the AESO that the “Mothball outage rule should provide maximum flexibility for asset owners to manage their assets without creating barriers to entry for new assets.” This requires a delicate balance. In finding this balance, the AESO must be careful to not unduly impose mothball restrictions that <u>will</u> increase costs to existing asset owners to mitigate a concern that <u>may</u> create a barrier to entry.</i></p> <p><u><i>Economic Test</i></u></p> <p><i>The AESO’s original version of the Mothball Rule, which was approved on an expedited basis without revision, required only a notification that a mothball outage was to be taken. Pursuant to a Market Surveillance Administrator (MSA) complaint and a subsequent negotiated settlement in which the AESO participated, the current economic test was established. It is not clear to TCE that the current economic test has not worked as intended.</i></p> <p><i>The AESO’s rationale for including this within the scope is that there are enforceability issues and lack of clarity regarding “reasonable forecast market conditions” and calculation of avoidable costs. With respect, this rationale is too vague for stakeholders to understand the AESO’s concern.</i></p> <p><i>TCE submits that the economic test in the current Mothball Rule provides the reasonable assurance that a mothball outage is not taken for anti-competitive purposes, certainly more-so than the AESO’s original Mothball Rule. Further, if the MSA were to suspect anti-competitive activities, there is nothing in the Mothball Rule that would prevent it from investigating.</i></p> <p><i>TCE further submits that the term “reasonable forecast market conditions” is clear. It is well understood that it is unlikely for two parties to forecast identical market conditions. It is also unreasonable for a market participant’s decisions to be fettered by the market condition forecast of another party that does not appreciate its specific economic</i></p>
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		<p><i>reality. TCE also submits that the term “avoidable costs” are well understood to be those costs that would be avoided by taking a mothball outage. For these reasons, TCE submits that there is no need to review the economic test.</i></p> <p><u><i>Transmission Access</i></u></p> <p><i>TCE acknowledges that it is important that the Mothball Rule does not unduly create barriers to entry. TCE requests further information that would allow it to determine whether this should be in-scope or not. Specifically, TCE requests: (i) additional clarity from the AESO as to how a mothball outage could create a barrier to entry; and (ii) that the AESO clarify what it means by the term “barrier to efficient transmission access” and explain by way of example under what conditions a mothball outage could cause this barrier.</i></p> <p><u><i>3-Month Notification, 24-Month Duration, Outage Cancellation, and Reporting</i></u></p> <p><i>TCE agrees that these issues should be within the scope of this consultation. These issues were raised several years ago after the Mothball Rule was first established and have not yet been addressed.</i></p>
2.	Do you have any additional comments?	<i>TCE has no further comments at this time.</i>