

Stakeholder Comment Matrix – Feb. 12, 2020

Request for feedback on pricing framework review, session 1 material



Period of Comment: Feb. 12, 2020 through Feb. 28, 2020	Contact: [REDACTED]
Comments From: TransCanada Energy Limited (TCE)	Phone: [REDACTED]
Date: 2020/02/28	Email: [REDACTED]

The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, and content from session 1.

- 1. Please fill out the section above as indicated.*
- 2. Please respond to the questions below and provide your specific comments.*
- 3. Email your completed matrix to stakeholder.relations@aeso.ca by Feb. 28, 2020*
- 4. Stakeholder comments will be published to aeso.ca, in their original state, with personal or commercially sensitive information redacted, following Feb. 28, 2020. The AESO will not be responding directly to any submissions, but submission feedback will be considered for the final recommendation.*

	Questions	Stakeholder Comments
1.	<p>At the session, the AESO outlined the objectives of the pricing framework, which includes ensuring both long term adequacy and ensuring efficient short-term market response. Do you have any comments on the objectives of the pricing framework?</p>	<p>Considering the long-term adequacy as well as the efficient short-term market response are appropriate objectives.</p>
2.	<p>Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>offer cap</u>. Is there anything you would change or add to this description?</p>	<p>TCE agrees that an appropriately-set offer cap should provide the marginal generator a reasonable opportunity to recover its fixed costs, and to not prevent a generator from recouping its variable costs. An offer cap that is not indexed to inflation will over time reduce the hourly contribution to fixed costs.</p>
3.	<p>Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>price cap</u>. Is there anything you would change or add to this description?</p>	<p>TCE agrees that a price cap could be designed to incent efficient supply/demand response during shortage events, and that it may provide a contribution to fixed costs for resource adequacy.</p>
4.	<p>Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>price floor</u>. Is there anything you would change or add to this description?</p>	<p>TCE agrees with the stated purpose of a price floor, but cautions that care must be taken as negative pricing will act counter to the resource adequacy objective.</p>
5.	<p>The AESO's forward looking resource adequacy assessment indicates that the energy only market with the existing offer cap will provide reasonable financial returns while meeting the supply adequacy requirements. Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	<p>TCE agrees that the AESO's analysis suggests that the energy only market will meet the supply adequacy requirements. TCE recommends that the AESO run sensitivity analysis that includes additional generation from solar and cogeneration assets to ensure resource adequacy is met for such scenarios.</p>
6.	<p>The AESO's historical revenue sufficiency assessment indicates that the energy only market with the existing offer cap has historically sent efficient and timely price signals to the market. Historically assets have been added when pricing signals indicated that profitable entry could occur. Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	<p>The AESO's conclusions seem reasonable.</p>

	Questions	Stakeholder Comments
7.	Are there foreseeable situations where asset variable costs would be greater than \$999.99/MWh? If yes, please describe the situation.	TCE expects that the majority of supply resources do not have variable costs in excessive of \$999.99/MWh.
8.	The AESO has described the scope for this process, general agenda items and timing for upcoming stakeholder engagements, with the timing of the sessions aligned with the AESO's deliverable to the Government of Alberta Energy Minister. Please describe if you believe the scope is appropriate. If not, please describe/provide your rationale.	TCE believes that the AESO's scope for this process is appropriate.
9.	Is the approach used for this engagement effective? If no, please provide specific feedback on how the AESO can make these sessions more constructive.	At a high level, the proposed approach is reasonable. Should the analysis indicate a need for significant changes, the approach may need to be adjusted to facilitate further discussions.
10.	Please provide any other comments you have related to the pricing framework engagement.	No comment.

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