

Comprehensive Market Design Stakeholder Comment Matrix

Energy and Ancillary Services WG – *FINAL*



Please complete this matrix by February 27, 2018, and upload it to the [“Feedback” folder](#) on the CMD SharePoint site. The AESO will post all comment matrices received from working group members on www.aeso.ca. **Please note that the names of the parties submitting each completed comment matrix will be included in this posting.** The AESO does not intend to respond to individual submissions. If you have any questions about this comment matrix, please email capacitymarket@aeso.ca

Name: Doug Simpson Organization: UCA

Date: February 27, 2018

CMD Key Design Questions	Comments and / or Recommendations
<p>1. Offer Obligations, Dispatch, and Scheduling: Are there any issues or gaps / in the CMD proposal for intra hour scheduling and priced import assets?</p>	<p>The UCA applauds the AESO for once again tackling the intertie intra hours scheduling issue. The UCA makes the following points:</p> <ul style="list-style-type: none"> • It is important that imports and internal generation offers are treated the same, to the extent possible, including penalties for non-compliance, non-performance, etc. • We are concerned that potentially cheap (zero dollar) imports will be blocked for the hour because the transmission is being reserved for a party that is speculating that it will be dispatched to import sometime during the hour or, conversely, has been dispatched off part way through the hour. How will the AESO ensure that economic imports are not blocked because transmission is being reserved just in case there is an intra-hour dispatch?
<p>2. Offer Obligations, Dispatch, and Scheduling: Assuming imports can be scheduled and priced intra-hour, can you support that capacity committed imports must offer their capacity volumes?</p>	<p>The UCA generally supports the idea of committed imports offering their capacity volumes. The UCA is concerned, however, that the intertie could be idle and zero dollar imports could be blocked from flowing because importers with higher priced energy reserve transmission in case they are dispatched intra-hour. If this happens we are concerned that energy prices will be unnecessarily increased.</p>

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<p>3. Flexibility and Price Fidelity:</p> <ul style="list-style-type: none">a. Any concerns with addressing ramp by block and dispatch tolerance to address system variability?b. Any concerns with shorter settlement at 15 minutes? 5 minutes?c. Any options missing from the options to evaluate to address variability?d. Any unintended consequences with optimization look ahead or pre-dispatch?e. Any comments on ramp product? <p>4. Any comments on co-optimization (EAS) in the context of SCED model?</p> <p>Note: The AESO will continue the analysis on the options for flexibility and present at the next WG session in April.</p>	<p>The UCA doubts that there will be much gained by pursuing tighter dispatch tolerance. Dispatch tolerances have been reviewed in the past and have been established after a great deal of discussion and analysis. We are uncertain that there is a lot to be gained in this area.</p> <p>Shortening settlement periods improves fidelity of settlement price. It helps summarize market conditions over a shorter period.and provides sharper incentives for response. More real time information form shorter settlement periods means that AESO will allow imports to flow, having sufficient reserves.</p> <p>A ramp product would appear to have price fidelity benefits. The UCA supports a ramp product that would provide a cleaner energy price signal. The UCA also supports centralized unit commitment because it too would result in a better price signal. This is because the generators would not have to guess when they are required to be running, and therefore price the risks associated with that guess into their prices, and the AESO, the entity with the best system information, would decide when to start units. This would result in a more efficient system, with lower prices and less risk to consumers. By the AESO's own analysis this would be of limited value however, the value seems to be limited around \$100M per annum. This would be enough to pay for the whole conversion to a capacity market in a year or two.</p> <p>The optimization described in the SCED model appears to have merit. Optimization of the energy and AS markets is a step in the right direction that would lead to not only lower costs but perhaps the dismantling of an antiquated AS market that is inefficient and limits participation of newer technologies.</p> <p>With co-optimization, full ancillary services can be optimized closer to real time to meet contingency reserve requirements. This lowers the likelihood of falling short of active reserve.</p>

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<p>5. Market Power Screen and Mitigation: Can you support the proposal for ex ante mitigation as stated (RSI and scarcity screen and conduct threshold), specifically:</p> <ul style="list-style-type: none"> a. Are there issues with 0.9 RSI that warrant further consideration? b. Are there any issues with the revised RSI formula? Is it required? c. Are there any issues / unintended consequences with additional scarcity screen? d. Are there any issues with a conduct threshold at 3x? Are there better alternatives? e. Are there any issues with opportunity cost exceptions? Any input for formulae / evaluation? 	<p>The UCA supports the market power screen and mitigation. The RSI should be between .9 and 1.1. The UCA is concerned that going as high as 1.1 would see too much mitigation and might interfere with the competitive nature of the market</p> <p>A conduct threshold of 3X appears to be reasonable.</p> <p>The Brattle Group prepared a paper for the AESO, including a section detailing the RSI (https://www.aeso.ca/assets/Uploads/4.2-Brattle-Paper-Mitigation.pdf).</p> <p>We support the mitigation measures of an RSI of 0.9 to 1.1, as it will help to show a firm's market power at any given time. However one concern with the RSI is that while it does screen to see if a firm has market power, it does not screen for whether or not the firm will have incentive to exercise the market power.</p>
<p>6. Roadmap: A fulsome roadmap will be presented to the April WG. The rules required for 2021 and taken out of scope have been identified. Rules that may be delayed or phased in will be identified at that time.</p> <ul style="list-style-type: none"> a. Can you support the efficiency pieces taken out of scope (SCUC, BDAM, co-optimization)? (See section 10.4) b. Scope: Can you support the pricing pieces taken out of scope (price cap, shortage pricing, negative pricing) 	<p>a) The UCA does not support removing “efficiency pieces” from the scope. Consumers will pay for inefficiencies. As stated above there are benefits to consumers (and likely all participants) to incorporating SCUC and co-optimization. The need is particularly acute when considering the increase in the number of converted coal to gas units that will be participating in the market as long lead time units.</p> <p>b) The UCA supports a discussion of shortage pricing. The UCA supports removing price cap and negative pricing from scope. The UCA does not support the proposal to consider energy efficiency and seasonality out of scope.</p>

General Comments: Any comments on relevant scope areas of the CMD that are not addressed above

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