Comprehensive Market Design Stakeholder Comment Matrix
Technical Working Group – *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
1. UCAP: Can you support the availability factor/capacity factor over the 100 hours of smallest supply cushion being used to calculate the UCAP?	One of the drawbacks of using the 100 hours of tightest supply cushion over the entire year is that it doesn't consider seasonality. From the supply cushion data on the AESO website, the tightest hours are in the summer months when supply is tight due to planned outages and better weather. Also, in data presented in the technical working group presentation on February 15th, slides 24 and 25 justify using a sample size of between 50 and 100 data points. Hence, we recommend using the tightest 4 hours in each month (almost 50 per year). It is also recommended that when determining the tightest hours, a ratio of total supply to total demand be used rather than simply the difference between the two. Another problem with the 100 hours is that they may not represent tight hours and in fact may represent times when supplier outages should have been taken and yet suppliers would now be penalized for their reasonable action. This issue was discussed extensively at the WG meeting on the 15th. Also, a backcast of this kind does not take into account that suppliers were working under a different set of rules with different assumptions and this behaviour may not be reflective of future behaviour. It is also possible that the 100 tightest hours all occur because of the same outage during a one week (for example) time period which would not reflect the availability for the rest of the year (8660 hours). Has the AESO considered assigning the hours on a monthly basis, e.g. the 4 tightest hours in each month? This approach would test year round availability and would avoid concentrating all hours in one period or one outage.
2. UCAP: Can you support the UCAP calculation being based on 5 years of historical data?	While a five year time period is probably a reasonable length of time, the five years that were chosen include a couple of years that were extraordinary in that the market was well supplied, prices were extremely low and there were ownership (PPA) issues. The AESO should consider whether 2016 and 2017 are appropriately included in the analysis. Under normal circumstances, assessing a resource's capacity contribution over a five-year period will provide a reasonable estimate of future unit performance.
3. UCAP: Are there risks with including planned outages in the availability factor data used to calculate UCAP? If so please describe.	The UCA believes that planned outages should be included in the UCAP calculation. The availability factor provides a good representation of a resource's future ability to perform under similar conditions The probability of resource unavailability due to planned outages should be reflected in a resource's UCAP values as they better reflect the realities of Alberta's outage planning rules.
4. Demand Curve: Do you have any feedback on the material presented in the CMD 1?	The UCA agrees with the general shape of the demand curve, particularly the one associated with the 400MWh target of unserved energy. Other characteristics of the preferred curve are the 1.75xNet Cone price cap and a UCAP of approximately 15,000 MW (1,924MW cap to foot width). This proposal aligns with the targeted demand curve outlined on slide 20 of the February 12th CMD

CMD Key Design Questions	Comments and / or Recommendations
Note: AESO and the WG will revisit the shape of the demand curve once draft outputs from the Resource Adequacy model are available.	working group session. Other curves being considered had a wider foot and lower price cap, however, which would yield excessive procurement (close to 30% vs. the targeted reserve margin of 13%) which could result in higher costs for consumers. The UCA looks forward to revisiting the shape of the demand curve after the RA model outputs are available.
5. Load Forecast: Can you support the proposed approach to forecast load? Are there any outstanding comments or concerns with the proposed approach?	Yes, we can support the load forecast approach.
6. CONE: Can you support the intended Gross CONE estimation approach?	Yes, the UCA supports the Gross Cone estimation as it takes into account all the costs associated with having a new entrant into the market. The level of Gross CONE affects how high and how low Net CONE will be, and in turn affects the price cap at which firms are allowed to bid into the market. The higher the Gross CONE estimation, the higher prices will be. This means that existing generation types may still get sufficient support.
7. CONE: What are the important considerations AESO needs to take into account when selecting the Energy and Ancillary Service offset estimation methodology?	The UCA supports a forward looking approach to the EAS offset estimation. It will identify production and the resulting energy and ancillary services revenues. It is important to consider that forecasts may not necessarily reflect what will happen in the market. There is potential for spikes and dips in the market that may not be easily forecasted using a forward-looking approach. Also, it needs to be considered that each firm's costs are different and the approach may not necessarily be a good indicator of cost.
8. CONE: Are there any issues or gaps in our considerations or plan in Net CONE estimation?	A significant factor to consider is how prices will be forecasted in the energy market, as this affects the Net CONE calculation. Consideration must be given to the impacts mitigation will have on the competitive market and on the ability for suppliers to recover their costs.

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