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: Tory Whiteside Organization: URICA Energy on behalf of the REA Working Group

Date: February 27, 2018

CMD Key Design Questions	Comments and / or Recommendations
1. Offer Obligations, Dispatch, and Scheduling: Are there any issues or gaps / in the CMD proposal for intra hour scheduling and priced import assets?	The REA WG agrees with the proposal to allow intra hour scheduling based on price blocks for imports. The REA WG would like clarification that this will work with the current e-tag process, specifically the feasibility of tagging upon dispatch versus the need to tag for the hour to allow intra hour scheduling.
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?	Yes. The REA WG agrees with this in concept; however, committed imports should not be allowed to over perform or receive over performance benefits. The value of capacity received from the intertie is very critical to the capacity market, but the singular control of the asset and the commercial incentives of the intertie owners are concerning to the REA WG, especially if these entities are allowed to benefit from over performance bonuses on an asset that will have a low UCAP in comparison to ATC. Furthermore, the REA WG believes the AESO will need to get contractually binding assurances from the sending authority that if needed, committed capacity will be delivered to the AESO regardless of either alternative economically beneficial alternatives or system emergencies at the sending system.
3. Flexibility and Price Fidelity: 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? 4. Any comments on co-optimization (EAS) in the context of SCED model? Note: The AESO will continue the analysis on the options for flexibility and present at the next WG session in April.	a. Yes – moving forward generators will need to know the penalties and the exact framework, extremely hard to justify the addition burden of work if the benefits to the system and the costs to the asset owners are not explicitly known b. No – the REA WG has no concerns with a move to 15 minute settlement. The REA WG would like to see further analysis done on a 5 minute settlement period from both a cost and feasibility standpoint c. No. The REA WG believes an extensive amount of work on this area has been completed/addressed and considered. d. No. The REA WG does not see any issues. e. The REA WG believes that ramp should be managed through block optionality and shorter settlement periods. If it is deemed necessary to create a ramp product, the product should be procured and governed through the Ancillary Services market. The REA WG believes the existing sequential selection model is sufficient at this time and any changes to or evaluation of Security-Constrained Economic Dispatch (SCED) including the co-optimization model for EAS should be reviewed as a phase two initiative post capacity market go-live.

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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: 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?	a. The calculation of the RSI will be somewhat fluid as the 0.9 RSI as calculated at T-3 will not be representative of the actual RSI at flow hour and will be very administratively burdensome for the AESO. As the RSI screen may fail to mitigate exercises of market power that may arise even when a supplier is not pivotal, it may be simpler and as efficient to calculate RSI values day-ahead to simplify the offer block process and eliminate the hourly AESO calculations, As ex post monitoring and mitigation will continue despite the ex ante process proposed, the REA WG is not overly concerned with RSI being calculated in near real time. b. Yes. The REA WG believes that the addition of Obligation as an element in the equation is both unnecessary and very difficult to monitor or implement. Many suppliers do not allocate physical obligations directly to generation supply and beyond this the supplier could easily have financial contracts in place offsetting any recorded physical obligations. This portion of the formula will be almost impossible to track and adds very little value. c. No. Any additional scarcity screen that allows for shortage pricing in times of tight supply is a reasonable outcome of a market that should have some portion of pricing based on supply/demand fundamentals. Suppressing energy market revenues through over mitigation was not a primary goal of the capacity market. The concept of an ex ante mitigation approach was to provide control of the risk of market power while still providing for scarcity pricing. d. No. The REA WG does not see any issues with a 3x conduct threshold. This does not cap the market price at 3x marginal cost, just the offers of suppliers considered to have the ability to exercise market power. This leaves much of the market the ability to offer some of their blocks of energy at higher prices to capture scarcity pricing for the entire market. e. Yes. The REA WG is looking for clarity as to how these costs will be determined and evaluated for some asset classes, such as hydro and the intertie.

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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. 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)	a. The REA WG believes the market can operate without these pieces in the short term. Therefore, unless the AESO intends to delay the start of the capacity market these efficiency pieces should remain out of scope. b. Yes. As with the efficiency pieces, the REA WG sees no significant reason that these pricing pieces need to remain in scope. Any future changes or transitions in these areas can be managed once the capacity market is in a steady state. In fact, the attempt to make these changes as the market is in transition is imprudent and could result in unexpected consequences within the energy market, and potentially skew market behavior.

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