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: Tory Whiteside Organization: URICA Energy Management on behalf of the REA WG

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?	The REA WG believes that some measure of an assets historical performance should be used to accurately assess a resource's contribution to system reliability. The analysis by the AESO shows that the periods greater than the 100 hours do not statistically provide increasing value. At the same time, the REA WG has some concerns with calculating UCAP using the 100 tightest supply cushion hours in situations where the market is extremely long. Participant behavior and UCAP calculation results may not reflect a resource's true contribution to system adequacy in these circumstances.
2. UCAP: Can you support the UCAP calculation being based on 5 years of historical data?	Yes. The REA WG supports the five-year term and notes that assets prequalified for the capacity market do have time to adjust/change operating schedules and resulting capacity values for a portion of the five-year evaluation term prior to their UCAP value being set for the first auction. However, the REA WG also believes that a qualified asset should have an avenue to challenge or request modifications to this calculation based on exceptional circumstances.
3. UCAP: Are there risks with including planned outages in the availability factor data used to calculate UCAP? If so please describe.	Yes. The inclusion of planned outages has the potential to create UCAP values that underestimate a resource's actual contribution to system reliability and can create an environment where over procurement is prospective and the AESO unnecessarily buys extra UCAP. The REA WG would like to see further evaluation of the UCAP with and without planned outages.
4. Demand Curve: Do you have any feedback on the material presented in the CMD 1? Note: AESO and the WG will revisit the shape of the demand curve once draft outputs from the Resource Adequacy model are available.	The REA WG believes that the AESO should continue to use a relatively steep demand curve and manage the potential for price volatility through market power mitigation of capacity offers as proposed. The REA WG believes that the foot of the demand curve should not be overly large which will encourage over procurement and that the inflection point for the curve should be at the target EUE level and Net CONE. The REA WG would like to see the AESO revisit the Demand Curve analysis with the proposed UCAP methodology/values.
5. Load Forecast: Can you support the proposed approach to forecast load? Are there any outstanding comments or concerns with the proposed approach?	Yes, the REA WG is generally supportive of the proposed approach to Load Forecasting. However, the REA WG would like to see an improved methodology for the incorporation of price responsive load in the forecast.

CMD Key Design Questions	Comments and / or Recommendations
6. CONE: Can you support the intended Gross CONE estimation approach?	Yes. The REA WG is supportive of the intended Gross CONE estimation approach. Furthermore, the REA WG is supportive of the AESO's 3rd party consultants working with Alberta based banks/financers to gain an appropriate understanding with regard to capital structure and financing options that are available to Alberta market participants
7. CONE: What are the important considerations AESO needs to take into account when selecting the Energy and Ancillary Service offset estimation methodology?	The REA WG feels that the following considerations should be accounted for when selecting an offset estimation methodology for Energy & AS: changes to the supply mix within the AS market (non-PPA hydro and reduced participation of Coal to NG conversion units), changes to expected AS bidding behavior (operating reserves viewed as supplying capacity potential for even greater delinking of energy market to AS pricing), new AS products, energy market marginal cost unit assumptions, market power mitigation/price caps with respect to bidding practices, intertie pricing, forward fuel prices, illiquidity of existing forward market, carbon tax assumptions
8. CONE: Are there any issues or gaps in our considerations or plan in Net CONE estimation?	The market structure, which includes the capacity market, energy market and ancillary services market, is expected to create conditions such that private investment in the Alberta market comes to fruition. While the REA WG is supportive of the reference technology chosen by the AESO, the REA WG is concerned that changes to the expected Energy & AS revenues will not be reflected in the estimation and that the resulting combination of depressed Net CONE and depressed Energy/AS prices will result in negligible new investment in the Alberta market.

General Comments: Any comments on relevant scope areas of the CMD that are not addressed above
One of the intents of the capacity market design was to allow consumers to manage the cost of capacity, if and where appropriate. However, the initial proposed cost allocation methodologies will not allow for cost avoidance at a consumer level (except for large industrial customers). Due to this, the REA WG is very concerned that the Demand Curve and UCAP methodologies will not lead to over procurement of capacity and undervaluing asset contributions to system reliability.