

AESO Recommendation Paper – Intertie Restoration Stakeholder Comment Matrix NaturEner

Section	AESO Recommendation/Feedback Requested	Stakeholder Response
3.0 Policy Coherence	<p>The AESO is interested feedback as to the AESO's policy interpretation on:</p> <ol style="list-style-type: none"> 1. Obligation to restore intertie capacity 2. Cost allocation for restoration initiatives 	<p>NaturEner would like to reiterate that it supports the AESO's efforts to restore the interties. However, as noted in our comments to the Discussion Paper, we believe that the AESO should include references to MATL, an intertie which has been approved by the AUC, and is now in construction.</p> <p>The Transmission Regulation does not specify that efforts to increase the possibility to import into or export out of Alberta should solely be allocated to interties that existed before August 12th, 2004. Allocating all capacity up to the Path Rating of the interties that existed before August 2004, without awarding a fair share to MATL would be an equivalent to awarding transmission rights to incumbent interties, which clearly is in conflict with the legislation in Alberta.</p>

<p>4.1 Import Restoration</p>	<ol style="list-style-type: none"> 1. The AESO recommends implementing a dispatchable LSS service with the characteristics noted. 2. The AESO recommends that the revised LSS service will be a system service and will not be associated with import rights. 3. The AESO recommends that the revised LSS program should not be technology specific. 4. The AESO recommends that further options to restore import capacity should be explored. 	<ol style="list-style-type: none"> 1) NaturEner supports the dispatchable LSSI service the AESO is proposing, but believes that the details of its mechanics have to be clarified further. 2) NaturEner interprets this statement as the intent of the AESO to allocate additional ATC created through the procurement of LSS or other means via the proposed ATC Allocation Rule in alignment with the principle of the Energy Only Market without Transmission Rights. 3) NaturEner agrees that the AESO should not limit itself to specific technologies, but rather try to accommodate the possibilities of the counterparties in each specific case. 4) The AESO has indicated that LSS would only increase the import capacity to a limit that still does not meet the legislative requirements. It therefore seems necessary that the AESO investigate further options to accommodate all anticipated in merit energy over the interties. NaturEner understands that the AESO is evaluating whether an AC-DC-AC converter on the BC Intertie could address restoration. NaturEner requests that, in parallel or instead, the AESO immediately examine whether the addition of an AC-DC-AC converter on MATL would preserve the amount of ATC currently available for the BC Intertie, thus allowing the AESO to focus on increasing that amount. The alternative is that even if the amount of ATC is increased through this Intertie Restoration initiative, without a solution such as the AC-DC-AC converter on MATL, the resulting ATC will still have to be shared between the two interties, potentially undoing the effect of any increases in ATC the AESO has been able to achieve. <p>NaturEner believes that, as proposed for the Export Restoration, the AESO should request proposals for options to restore the import capacity. Considerations should include the efficiency of creating additional capacity and the cost and the time needed to implement. A solution to increase capacity for imports is overdue and timing is becoming a critical item.</p>
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4.2 Export Restoration	<ol style="list-style-type: none"> 1. The AESO recommends that a wider range of export restoration options (beyond GRAS) should be explored. 2. The AESO recommends a process to solicit proposals for export restoration should be initiated. 3. The AESO recommends that solutions that require generation to operate outside of the energy market merit order (such as export must run service) should not be pursued. 4. The AESO does not recommend that splitting the ancillary services market should be considered as a means to increase export ATC. 	<ol style="list-style-type: none"> 1) As in the comments above regarding Import Restoration, NaturEner agrees that the AESO should not limit itself to one solution for a very complex problem. 2) NaturEner supports this approach, but does caution to not further extend the already lengthy process. If an “RFP” is considered, a clear timeline needs to be developed and managed. 3) While Alberta market principles need to be honored, NaturEner recommends that the AESO not unnecessarily narrow down possible solutions from the start. 4) In general the more robust and the more liquidity demonstrated by the pool of ancillary products the more efficient the cost. The AESO should not develop incremental niche markets within which the overall level of competition, on the demand side, increases.
5.0 Next Steps	<p>The AESO is interested in stakeholder comment on the AESO’s next steps.</p>	<p>NaturEner agrees with the steps, with the exception noted above that the AESO should study the feasibility of installing the AC-DC-AC converter on MATL, as this might offer a more timely solution. In general, NaturEner believes that the steps should have timelines associated to them.</p>