

<p><b>Period of Comment:</b> June 21, 2021 through July 12, 2021</p> <p><b>Comments From:</b> Capital Power</p> <p><b>Date:</b> 2021/07/12</p>	<p><b>Contact:</b> Matthew Davis</p> <p><b>Phone:</b> 403.540.6087</p> <p><b>Email:</b> <a href="mailto:mdavis@capitalpower.com">mdavis@capitalpower.com</a></p>
--	--

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

**The AESO is seeking comments from Stakeholders on the proposed development of administrative amendments to Section 201.6, with regard to the following matters:**

Item	AESO Questions to Stakeholders	Stakeholder Comments
1.	Do you agree that the issue identified in the letter of notice requires the proposed development of administrative amendments to Section 201.6? If not, why not?	Capital Power is supportive the AESO addressing these administrative amendments to streamline rule 201.6.
2.	Do you agree with the potential purpose of the proposed development of administrative amendments to Section 201.6? If not, why not?	Capital Power agrees with the AESO’s stated purpose in making these amendments.
3.	Do you agree with the proposed consultation and timelines? If not, why not?	Capital Power agrees with the written process and is supportive of the timelines. Additionally, Capital Power believes that the AESO should further evaluate the TMR reference price as outlined in the response to question 6 below.
4.	Do you agree with the proposed administrative amendments Section 201.6? If not, why not?	Capital Power has no concerns with the proposed amendments.
5.	Do you agree that this should be submitted as an administrative amendment pursuant to AUC Rule 017? If not, why not?	Capital Power believes that the AESO’s intended changes are administrative in nature.

Item	AESO Questions to Stakeholders	Stakeholder Comments
6.	Do you have any additional comments?	<p>Capital Power would note that the TMR reference price was set in 2007, and the 12.5 GJ/MWh heat rate was set to reflect a reasonable proxy for the variable costs of a TMR provider. In 2021, in addition to fuel costs, carbon, particularly on a 12.5 GJ/MWh unit, adds significantly to the variable costs.</p> <p>Capital Power suggests that the AESO amend section 201.6 to include an adder to reflect the cost of carbon. This would improve the effectiveness of the dispatch down service (DDS) market when TMR is in use.</p> <p>In 2020, adding \$8/MWh the TMR reference price to account for carbon would have resulted in the DDS market being available 57% of the time instead of the observed 22% of the time.</p> <p>As carbon pricing will continue to be a material aspect of the market, Capital Power suggests that as part of its administrative amendments, the AESO revise the TMR reference price calculation in section 201.6.6(1) to:</p> <p style="padding-left: 40px;">Reference price = TMR reference heat rate multiplied by the gas price plus the greenhouse gas exposure of a unit with the TMR reference heat rate to a carbon price levied by a public authority.</p> <p style="padding-left: 40px;">Where the TMR reference heat rate = 12.5 GJ/MWh and the gas price is per the existing rule.</p> <p>Under the current TIER framework for Alberta in 2021, the greenhouse gas exposure would be calculated at the carbon price of \$40/tCO<sub>2</sub>e multiplied by [TMR reference heat rate multiplied by the carbon emission intensity of natural gas in tCO<sub>2</sub>e/GJ minus the free allocation set in Alberta’s TIER program (0.37 tCO<sub>2</sub>e/MWh)].</p>