

Stakeholder Comment Matrix – May 14, 2020

Request for feedback on sub-hourly settlement, session 1 material



Period of Comment: Apr. 23, 2020 through May 14, 2020	Contact: [REDACTED]
Comments From: The Alberta Direct Connect Consumer Association (ADC) and the Industrial Power Consumers Association of Alberta (IPCAA)	Phone: [REDACTED]
Date: 2020/05/12	Email: [REDACTED]

The AESO is seeking comments from stakeholders on its approach to reviewing sub-hourly settlement, and content from session 1.

- 1. Please fill out the section above as indicated.*
- 2. Please respond to the questions below and provide your specific comments.*
- 3. Email your completed matrix to stakeholder.relations@aeso.ca by May 14, 2020*
- 4. Stakeholder comments will be published to aeso.ca, in their original state, with personal or commercially sensitive information redacted, following May 14, 2020.*

	Questions	Stakeholder Comments
1.	<p>In an effort to narrow the scenarios for implementation cost estimates, the AESO provided analysis that indicated, based on past observations, that a 15 minute interval would be the easiest to implement and that there were limited economic gains to be made from reducing the settlement interval to 5 minutes.</p> <ul style="list-style-type: none"> - Do you have comments related to the analysis presented? - Would you suggest additional analysis be completed to better understand the benefits of a shorter settlement interval? 	<p>ADC and IPCAA submit that with increased levels of non-dispatchable generation in Alberta, a sub-hourly settlement price is more reflective of the actual dispatch cost and price volatility that is occurring.</p> <p>With the AESO’s decision that any dispatch and / or offer changes are out-of-scope it would seem that based on the ad-hoc dispatch / SMP, a smaller settlement interval than 15-minute provides no benefit.</p> <p>ADC and IPCAA submit that providing settlement on a 15-minute basis improves the price fidelity of the Energy Only Market (EOM) as well as enhances investment opportunities for flexible resources - both generation and/or demand responsive load.</p>
2.	<p>In an effort to narrow the scenarios for implementation cost estimates, the AESO provided assessments that sub-hourly settlement for all generation and load sites with interval meters could be mandatory and cumulative meter sites could be billed using: a) new shaping to account for 15 minute settlement or b) remain on an hourly billing approach with a true up payment.</p> <ul style="list-style-type: none"> - Do you have comments related to the participation approach suggestion made by the AESO? - Do you have comments related to the true-up analysis presented by the AESO? - Would you suggest additional analysis be completed to better understand participation options? 	<p>ADC and IPCAA propose that:</p> <p>All AESO dispatched generators and load sites with interval metering be settled on a 15-minute basis. The more generation and load that settles on the same interval leads to better dispatch and price alignment.</p> <p>While payments to generators on the margin will not be eliminated, they should reduce as the pool price will be more reflective of cost.</p> <p>Cumulative meter sites should continue to be settled on an hourly basis, the AESO has illustrated that the revenue differences are effectively rounding error.</p>

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3.	<p>At the session the AESO presented information, based on historical observations that suggested a move to sub-hourly settlement would provide limited economic benefits to load and generation in Alberta.</p> <ul style="list-style-type: none"> - Do you have comments related to the analysis? - Do you have comments related to the qualitative benefits that would be provided to the market from a move to sub-hourly settlement? - Do you have suggestions on how the AESO could estimate the future benefits of sub-hourly settlement that could be included in the economic evaluation? For example, approaches to estimate load / generation operation changes? - Do you believe the sub-hourly settlement initiative should continue to be pursued by the AESO and industry? 	<p>The AESO analysis indicates that currently there is small economic benefit to loads and generation from moving to a sub-hourly settlement. The AESO's analysis does not reflect the economic benefit that will be realized from that change. The foundation of the EOM is that generators and loads will react to the risk / reward incentive provided.</p> <p>Providing a pool price that is more reflective of cost should incent:</p> <ul style="list-style-type: none"> • Loads to become more dispatchable; • Generators to increase their flexibility; and • New investment that will reflect the gained revenue opportunity posed by increased flexibility.
4.	<p>At the session the AESO presented information that suggested energy market bids / offers could continue to be made on an hourly basis. Do you have comments related to this element of the analysis?</p>	<p>ADC and IPCAA have no issue with energy market bids / offers being made on an hourly basis.</p>
5.	<p>At the session the AESO presented information that suggested energy dispatch could continue to be made on an as-needed basis regardless of the settlement interval. Do you have comments related to this element of the analysis?</p>	<p>No comment</p>
6.	<p>Cost question – given the narrowing of implementation options noted in questions 1 and 2, if your cost estimates will have changed from what you provided subsequent to session one, would you please provide an update here.</p> <p>LSAs and MDMs please do not answer; the AESO will be contacting you for participation in an additional session.</p>	<p>No comment – please contact members directly.</p>
7.	<p>At the session, the AESO explored potential impacts to other areas. Are there other potential impacts that should be considered and why?</p>	<p>It would be useful for the AESO to discuss with Demand Response providers and energy storage providers the potential benefits that could be accrued from a shorter settlement interval.</p>

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8.	Please provide any other comments you have related to the sub-hourly settlement engagement.	Thank you for the opportunity to comment and for examining this issue. Consumer groups have been advocating for shorter settlement for well over a decade.

Thank you for your input. Please email your comments to: stakeholder.relations@aeso.ca.