

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: Canadian Wind Energy Association	Phone: [REDACTED]
Date: 2020/05/14	Email: [REDACTED]

■ 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>Based on the AESO’s analysis, CanWEA would agree that there are limited economic gains from reducing the settlement interval from 15 to 5 minutes. We would furthermore argue that across the market, there are limited gains to be had from moving from the current hourly settlement, as well. In the context of these limited gains, we are concerned that ongoing uncertainty in energy market rules will decrease investor interest in Alberta.</p> <p>Additionally, despite the AESO’s characterization of these market gains as “limited,” CanWEA offers the observation that the <i>reductions</i> in wind revenues in all cases are several times larger than market gains. Compounded with the potential impact of measures proposed in other AESO market consultations, our industry unfairly bears the brunt of any proposed changes.</p> <p>It is CanWEA’s position that there has been insufficient evidence provided to support the proposed changes and, consequently, does not support the introduction of a sub-hourly settlement approach.</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>CanWEA does not support differential treatment for loads, unless a similar option is provided for generators to opt-out of this approach.</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>It is CanWEA’s position that the sub-hourly settlement initiative should not be pursued by the AESO, due to the market uncertainty that is compounded by the ongoing consideration of rule reforms. To date, the AESO has not demonstrated a case for why market reforms are necessary, and, consequently, this ongoing uncertainty is unwarranted.</p> <p>We also offer the following commentary.</p> <p>Time Periods and Granularity of Analysis</p> <p>The AESO conclusions were drawn from analysis that was conducted on an annual basis. In establishing a case for a transition to sub-hourly settlement, efficiency improvements should be identified and quantified at a sub-hourly level. This should include identifying the subset of hours where the greatest improvements in efficiency would be expected.</p> <p>CanWEA submits that additional analysis should be completed to refine the current work that considers the changes that would occur during periods of peak demand, tight reserve margin, upset conditions where there are sudden changes in load and/or generation, or periods of ramp. This would provide a better understanding of the opportunities and efficiency gains that may result from changes to settlement intervals.</p> <p>Generation and Load Response</p> <p>The analysis assumes no change in behavior from load or generation in response to shorter settlement intervals. This is a critical assumption and will drive a significant portion of the efficiency gains and/or losses that occur from the change. Quantifying this change, or at a minimum providing directional estimates, should be included to ensure completeness of the analysis.</p> <p>Cost of Implementation</p> <p>For full transparency and to support a proper cost-benefit analysis, the AESO should provide their estimated costs for implementation. This is a key parameter that should be considered when evaluating the overall decision to change the settlement interval.</p>

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4.	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?	CanWEA members support continuity in the current energy only market rules, with bids/offers made on an hourly basis.
5.	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?	CanWEA notes that moving to a 15-minute settlement interval may conflict with the current AESO approach to dispatching units ahead of the hour to position them to meet OR schedules. Should the AESO proceed with this initiative, changes to this process may be required.
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>	
7.	At the session, the AESO explored potential impacts to other areas. Are there other potential impacts that should be considered and why?	CanWEA requests that the AESO provide modelling results for the impact of opting-out, as modelled on slide 43.
8.	Please provide any other comments you have related to the sub-hourly settlement engagement.	<p>The AESO has not yet made a compelling case for any changes to the market interval. Without a better understanding of the problems that the AESO is looking to solve, we cannot support any changes to market rules – even those with only limited economic impacts.</p> <p>If the AESO <i>has</i> determined that charges to the market are required for reasons relating to incent reliability, CanWEA requests that the impact of these proposed changes be compared to the impacts and opportunities provided by an expansion of the operating reserve or ancillary services markets.</p>

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