

Stakeholder Comment Matrix – September 23, 2020
Request for feedback on sub-hourly settlement, session 3 material



Period of Comment: September 23, 2020 through October 7, 2020	Contact: [REDACTED]
Comments From: Alberta Newsprint Company	Phone: [REDACTED]
Date: [2020/11/04]	Email: [REDACTED]

The AESO is seeking comments from stakeholders on its approach to reviewing sub-hourly settlement, and content from session 3.

- 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 October 7, 2020*
- 4. Stakeholder comments will be published to aeso.ca, in their original state, with personal or commercially sensitive information redacted, following October 7, 2020.*

	Questions	Stakeholder Comments
1.	<p>The AESO has presented the costs and benefits on sub-hourly settlement. Do you believe there are other considerations that should have been considered? Do you have comments related to the material the AESO presented?</p> <p>If yes, please elaborate.</p>	<p>Alberta Newsprint Company (“ANC”) considers that price fidelity is an expectation of market participants. It is true that the principle of price fidelity should not be pursued at all costs, however, the principle has qualitative benefits that need to be weighted into the decision. ANC invested in its current mill site in Alberta at a time when the price of power was low, stable, and had options to accept lower reliability levels in exchange for tariff savings. As part of deregulating the electric industry, the decision was made to use an ex-post settled hourly price. For electricity intensive industrials, like ANC, we put at risk the profitability of our product for a sixty minute time period, in multiple processes. This means we cannot tell if the wood we are grinding to make pulp at one predicted hourly power price can be profitability formed into newspaper in the current or a future hourly predicted power price. The inconvenience of ex-post price settlement is exacerbated by the long time period. Although much of the market is indifferent to these decisions, ANC and other price responsive, electricity intensive industrials are impacted. Although the modelled financial impact to move part or all of the market to sub-hourly settlement, may be seen as inadequate justification, price fidelity is an expectation of clearing a market. Much of the cost to achieve a higher level of price fidelity is overcoming the inertia of moving market participants from their current equipment and systems. The ideal and implied commitment (as a clearing house) of price fidelity should not be beholden solely to the system choices of market participants. The Planning Ahead given on slide 47 in the SHS session 3 slide deck needs to be more than advice, but rather, needs to be incorporated as an expectation of market participants to avoid perpetuating suboptimal industry practices. Evidence of the patches on the industry to compensate suboptimal outcomes, are payments to suppliers on the margin and the need to consider payments to loads on the margin. ANC is of the opinion that, as more of the Provincial generation resources shift from capacity limited to energy limited, the real-time need for ramping products will increase and the awkward nature of hourly settlement will amplify. Ramping products will be further evidence of the bolt-on, patch repairs to ex-post hourly settlement. The cost to move ahead will only increase with time.</p> <p>ANC appreciates the effort that the AESO has put into this analysis and considers it to be thorough and well considered. ANC is of the opinion that there is a narrower class of generation and load that should be considered by the AESO to shift to 15 minutes in the near term. This is addressed in the comment block below.</p>

	Questions	Stakeholder Comments
2.	The AESO's decision is to not pursue sub-hourly settlement at this time. Do you have comments related to this decision?	In Session 3, ANC requested information on the AESO's costs to work solely with transmission connected generators and transmission connected loads that are self-retailers (so as to avoid the costly alterations to retailer systems with seemingly no benefit to their subscribers). ANC is not satisfied with the response that the costs are prohibitive. The entirety of the impact from price fidelity would likely be realized within this group and, from ANC's perspective, could be achieved at minimal cost. ANC is of the opinion that these participants must bear their own costs to make the 15 minute changes in their settlement systems. Further, ANC's offer still stands to work with the AESO to determine a minimal set of changes and then look at the possibility of co-funding AESO costs within this smaller group.
3.	Do you think there is value in further exploring payment to load on the margin given the benefits and issues identified? If yes, please describe if you would be willing to participate and what topics should be explored and why.	<p><i>ANC is definitely interested in finding a way to bid their loads and believes that payments to loads on the margin is required, especially if no action is being taken on sub-hourly settlement. Topics need to include:</i></p> <ul style="list-style-type: none"> - <i>whether Option 2 for PLM will entice loads to consider bidding</i> - <i>Integration of load bidding with other ancillary services (LSSi, SUPL, etc.)</i> - <i>Rule modifications required to recognize the fundamental difference between controlling industrial load versus generation</i> - <i>Potential size of the load bidding market</i>
4.	Do you feel you have been able to adequately participate and provide comments to the AESO through this engagement? If no, please describe your concerns.	Yes
5.	Do you believe the AESO was effective in the preparation and presentation of the material? If no, please provide suggestions for the improvement of future engagements.	Yes
6.	Please provide any other comments you have related to the sub-hourly settlement engagement.	None

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