

Stakeholder Comment Matrix – May 21, 2020

Request for feedback on pricing framework review, session 3 material



Period of Comment: May 22, 2020 through June 5, 2020 Comments From: Cogeneration Working Group Date: 2020-06-05	Contact: [REDACTED] Phone: [REDACTED] Email: [REDACTED]
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The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, and content from session 3.

	Questions	Stakeholder Comments
1.	<p>The AESO has presented pricing framework options, and the risks and benefits of each, see below:</p> <ul style="list-style-type: none"> A. Implement improvements to the pricing framework now to incent efficient market response during <u>supply shortage and supply surplus</u> situations B. Implement option A, in future, but <u>delay</u> due to conflicting priorities and external issues that exist today C. <u>Maintain current pricing framework</u>– AESO will continue to monitor the state of the market for signs of loss of system efficiencies <p>Do you believe there other alternatives that should have been considered. If yes, please elaborate.</p>	<p>The CWG is not aware of any other alternatives that should have been considered.</p>
2.	<p>The AESO’s draft recommended approach is Option C above, maintain the current pricing framework. Do you have comments related to this recommendation?</p>	<p>The CWG agrees with the recommendation of Option C.</p> <p>Absent a clearly identifiable issue with either long-term adequacy or real-time operations, the price cap/floor should not change. Given the analysis provided, it does not currently appear to be the case that any issue exists.</p> <p>Further, as mentioned in previous comments, the CWG does not consider this to be a priority issue. Stability of ISO rules is an important factor in investor confidence.</p> <p>The CWG supports continued AESO monitoring of the state of the market and raising this topic for further discussion if/when the AESO identifies that there is true evidence of an issue and a real need for change.</p>

3.	<p>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.</p>	<p>The CWG had adequate opportunity to participate throughout this engagement.</p>
4.	<p>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.</p>	<p>It would be helpful if AESO materials were distributed further in advance of the sessions. Additionally, there were some issues with Zoom in these sessions, however, the CWG recognizes the AESO was adapting to a new technology and expects these issues to be fully resolved going forward.</p> <p>Overall, the consultation was effective.</p> <p>The CWG also notes that there is a benefit to having the session recordings available for playback as not all stakeholders are able to make themselves available during the specific time slot. The CWG would encourage the AESO to continue to record these sessions and continue to post those recordings to its website in advance of comments being due for each consultation. Further, in order for the recordings to be used effectively for preparation of responses in comment matrices, the AESO needs to post the recording more quickly following the sessions and further in advance of the comment matrix deadline.</p>
5.	<p>Please provide any other comments you have related to the pricing framework engagement.</p>	<p>The CWG recognizes that the AESO is recommending Option C at this point. The CWG agrees with this; however, in the event that the AESO looks to revisit this topic at a later date, the CWG would offer the following comments:</p> <p>The AESO performed analysis regarding the value of negative pricing and determined the value to be approximately \$18,000 per year. This does not justify the costs associated with making a change. Just the costs of the regulatory process will result in an unacceptable payback period. Beyond regulatory costs, there will also be IT costs to the AESO and costs associated with business changes to market participants. The AESO should not consider implementing negative pricing unless this value proposition changes significantly in the future.</p> <p>Further, negative pricing and/or a higher price cap will create increased volatility, which has separate detrimental effects. In addition to assessing possible benefits associated with these changes, the AESO would also need to consider the negative implications of such changes if it were to consider moving forward with Option B or consider revisiting this topic at a later date.</p>

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