

Stakeholder Comment Matrix – Apr. 9, 2020

Request for feedback on pricing framework review, session 2 material



Period of Comment: Apr. 9, 2020 through Apr. 23, 2020 Comments From: TransCanada Energy Limited (TCE) Date: 2020/04/23	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 2.

Questions	Stakeholder Comments
Price Cap Review	
1. Do you have comments related to the AESO's analysis on the response of interties to high prices?	<p>TCE is not surprised that the analysis demonstrates that there has been high intertie utilization when the Pool Price exceeds \$900/MWh historically. TCE questions why the analysis was limited to the years 2015-2019, which were generally characterized by lower prices relative to the history of the Alberta market. TCE submits that if the AESO intends to move forward with changes to the price cap or price floor (please see TCE's response to question #7 below), the analysis should extend back to at least 2013 to incorporate some high-priced years.</p> <p>TCE is concerned that the analysis fails to account for the expectation of low reserve margins in Pacific NW. At this point in time, TCE does not believe that this issue, on its own, is sufficiently material to warrant changes to the price cap. However, if the AESO intends to make changes to either the price cap or price floor, TCE submits that the AESO should consider this issue in its analysis. That said, TCE recommends that the AESO monitor the situation in the Pacific NW.</p>
2. Do you have comments related to the AESO's analysis on the response of long lead time assets to high prices?	<p>Similar to the comments in #1 above, if the AESO intends to move forward with changes to the price cap or price floor (please see TCE's response to question #7 below), the analysis should incorporate data back to at least 2013 to capture a time period that includes some high-priced years. This would also help to ensure that the unique offer behaviour experienced for many of the long lead-time assets resulting from the PPA turnbacks did not bias the results.</p>

	Questions	Stakeholder Comments
3.	<p>The AESO provided analysis related to load that may respond to prices greater than \$1000/MWh. Do you have comments related to the approach of that analysis?</p>	<p>TCE believes that the AESO's analysis is incomplete as it includes only those parties that have either responded to the current energy signal and those who have responded to the signal provided by Rate DTS of the tariff. There may be parties that would respond to higher prices that have not responded to tariff charges.</p> <p>The AESO's price floor analysis included all parties that may respond to a negative price. If the AESO intends to move forward with changes to the price cap or price floor (please see TCE's response to question #7 below), TCE submits that the price cap analysis should similarly include all parties that may respond to a price greater than the current price cap, not just a subset of them. In this case, an Alberta-specific value of lost load (VOLL) study would be appropriate.</p>
4.	<p>Do you believe the amount of load the AESO indicated could respond to prices greater than \$1000/MWh is accurate? Please substantiate your response.</p>	<p>No, please see the response to question #3 above.</p>
5.	<p>If the price cap were increased, would loads be more incented to enter into energy market hedges? What would be the benefits and drawbacks to this?</p>	<p>Theoretically, yes.</p>
6.	<p>What approach should the AESO use when determining the appropriate price cap level? Please substantiate your response.</p>	<p>If the AESO intends to move forward with changes to the price cap or price floor (please see TCE's response to question #7 below), the AESO should determine, by way of a VOLL study, the price cap necessary to prevent involuntary load shedding. Historically, the AESO's analysis has shown up to 400 MW of load shedding in a single year.</p>
7.	<p>Do you believe market efficiencies could be gained by raising the level of the price cap? What are the tradeoffs? Please substantiate your response.</p>	<p>The Alberta electricity market has experienced an unprecedented level of market turmoil over the past several years and continues amid the current crisis. Based on this, TCE submits that only those market changes that offer significant market efficiencies should be considered at this time. While TCE does believe there would be market efficiencies to be gained by raising the price cap, TCE submits that the evidence demonstrates that these gains would be small relative to the current need for market stability.</p>
8.	<p>Is there additional analysis the AESO should complete to review the efficiency of the price cap?</p>	<p>No comment.</p>

	Questions	Stakeholder Comments
Price Floor Review		
9.	The AESO provided analysis related to the volume and prices of potential renewable generation market based curtailment. Do you have comments related to the volumes or price levels described in that analysis?	No comment.
10.	The AESO provided analysis related to the volume and prices of potential thermal generation market based curtailment. Do you have comments related to the volumes or price levels described in that analysis?	No comment.
11.	Historically, the AESO has largely used import curtailments to manage supply surplus conditions. Is this an adequate approach to managing future supply surplus conditions?	Generally, yes.
12.	Do you believe that market efficiencies could be gained by establishing a lower price floor? What are the tradeoffs? Please substantiate your response.	<p>TCE expects that there would be little to no market efficiencies gained by a lower price floor because it is unlikely that dispatch would materially change by implementing negative pricing. As such, the current administrative approach to supply surplus events is quite efficient. If dispatch were to change as a result of negative pricing, TCE expects the change to be immaterial and occur infrequently.</p> <p>The Alberta electricity market has experienced an unprecedented level of market turmoil over the past several years and continues amid the current crisis. Based on this, TCE submits that only those market changes that offer significant market efficiencies should be considered at this time. The current need for market stability outweighs the potential benefits of lowering the price floor.</p>
13.	Is there additional analysis the AESO should complete to review the efficiency of the price floor?	If the AESO intends to move forward with changes to the price cap or price floor (please see TCE's response to question #12 above), the AESO should analyse the marginal gains of a potential change relative to the status quo as compared to the administrative costs of making such change. TCE submits that this analysis would need to include the cost of moving to priced interties.
Stakeholder Engagement		

	Questions	Stakeholder Comments
14.	<p>In the next stakeholder session, the AESO plans to present alternative price cap and floor design alternatives. In the final stakeholder session the AESO would like to hear directly from stakeholders or groups of stakeholders. The format will be dependent on the number of respondents. Would you be interested in presenting individually or as part of a group on any element of the pricing framework the AESO has communicated on during this stakeholder engagement?</p> <p>If yes, please indicate which topics you may be interested in discussing. Note, industry associations notwithstanding, the AESO would prefer to have stakeholders represent themselves rather than have third parties present on behalf of stakeholders.</p>	<p>At this point in time, TCE does not foresee a need to present alternative designs. However, we reserve the right to do so depending on the AESO's presentation at the next stakeholder session, and on the comments of other stakeholders.</p>
15.	<p>Was the Zoom meeting approach used for this engagement effective?</p> <p>If no, please provide specific feedback on how the AESO can make these sessions more effective.</p>	<p>TCE had no issues with the Zoom meeting. In the future, TCE recommends that the AESO permit parties to late-join the meeting in the event technical issues cause a disconnection.</p>
16.	<p>Please provide any other comments you have related to the pricing framework engagement.</p>	

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