

# Stakeholder Comment Matrix – October 8, 2019

## Request for input on market power mitigation



<p><b>Period of Comment:</b> October 8, 2019 through October 29, 2019</p> <p><b>Comments From:</b> Alberta Direct Connect Consumer Association “ADC”</p> <p><b>Date:</b> 2019/10/29</p>	<p><b>Contact:</b> [REDACTED]</p> <p><b>Phone:</b> [REDACTED]</p> <p><b>Email:</b> [REDACTED]</p>
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*The AESO is seeking comments from stakeholders on market power and market power mitigation in Alberta’s energy and ancillary services markets.*

	Questions	Stakeholder Comments
1.	<p>What has been effective in Alberta’s historical approach to market power mitigation in the energy-only market, and what could be improved?</p>	<p>Offer control has been limited historically through the PPA’s. With the offer control moving back to the asset owners at the end of 2020, what has worked historically may not perform the same way after the expiry date. Elements that have been effective have been the ex-post monitoring, the FEOC regulation, and the OBEG.</p> <p>Going forward the offer control limits may need to be revisited.</p>
2.	<p>Do you expect the historical approach to market power mitigation in the energy-only market (e.g. OBEG, ex-post monitoring, must offer, 30% offer control limit, FEOC Regulation) will be effective on a go-forward basis?</p> <p>If yes, please explain your rationale. If no, please explain your rationale and changes required.</p>	<p>ADC believes that the historical approach will be effective on a go-forward basis, however with the expiry of the PPA’s, the 30% offer control may need to be reduced.</p> <p>The pool price cap may need to be revisited to allow for higher scarcity pricing to ensure long term supply adequacy.</p> <p>The ADC also recommends the adoption of a shorter settlement interval to allow flexible resources to capture more value for their flexibility.</p> <p>The ADC would also be interested in exploring the ability of loads to offer their flexibility into the energy market and competing for ramping revenue. This may be better suited as an ancillary service product.</p>
3.	<p>If deemed that additional mitigation measures are required in the energy-only market, please indicate whether they should be applied ex-ante (mitigation occurs prior to prices being set) or ex-post (mitigation occurs following market prices being set).</p>	<p>Any additional measures should be set such that the real time price isn’t subject to change after the fact. Price responsive loads respond to the real time price and any post adjustment that changes the economics of response is undesirable. Ex-post activities should be limited to investigation and enforcement of AESO rules.</p>

4.	What has been effective in Alberta's historical approach to market power mitigation in the operating reserves market, and what could be improved?	No comment on historical approach. What could be improved is to add more categories of products and a review of the technical requirements to allow for broader participation from load resources.
5.	Do you expect the historical approach to market power mitigation in the operating reserves market (e.g. FEOC regulation, indexed to pool price) will be effective on a go-forward basis? If yes, please explain your rationale. If no, please explain your rationale and changes required.	No comment.
6.	If deemed that additional mitigation measures are required in the operating reserves market, please indicate whether they should be applied ex-ante (mitigation occurs prior to prices being set) or ex-post (mitigation occurs following market prices being set).	An effective way to mitigate market power is to allow more resources to qualify to participate. Recommend the AESO review the technical requirements and products such that more load resources could participate.
7.	What criteria should be considered in evaluating Alberta's mitigation framework? Would you rank one or some of these criteria more highly than others?	Criteria should include simplicity in design, minimal regulatory burden, and transparency.
8.	Are there unique characteristics of Alberta's electricity market that may impact whether the market power mitigation approaches used in other jurisdictions are suitable for Alberta? If so, please describe them.	No comment.
9.	What do you think the appropriate role for the AESO is in Alberta's mitigation framework?	The role of the AESO is to develop rules in support of the mitigation framework.
10.	What do you think the appropriate role for the MSA is in Alberta's mitigation framework?	The role of the MSA is to monitor participant behavior to ensure rules are being followed and behavior is in line with the FEOC regulation.
11.	Please describe your role in the Alberta electricity market.	The ADC is a consumer association with 9 members. Members facilities include large industrial complexes who are directly connected to the transmission system. Members make up the majority of price responsive loads in the province.
	a. Are you a load, a generator, both, neither (e.g. developer, storage, interested party)	Members are primarily loads. Some members do self-supply a portion of their requirement with on-site generation.
	b. What is the approximate size of your load and/or generation?	The peak load of the membership is ~ 450 MW.

	c. Do you participate in the energy market, AS market, both?	Members participate in the energy market with excess generation and also in the AS market as supplement reserves and LSSi.
	d. Do you forward hedge? If so, is it physically, financially, both? What percentage of your portfolio is hedged?	Members have their own portfolio strategies and vary by company.

Thank you for your input. Please email your comments to: [stakeholder.relations@aeso.ca](mailto:stakeholder.relations@aeso.ca).