

Stakeholder Comment Matrix – Feb. 12, 2020

Request for feedback on pricing framework review, session 1 material



Period of Comment: Feb. 12, 2020 through Feb. 28, 2020 Comments From: Alberta Direct Connect Consumer Association (ADC) Date: 2020/02/28	Contact: ██████████ Phone: ██████████ Email: ██████████
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The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, 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 Feb. 28, 2020
4. Stakeholder comments will be published to aeso.ca, in their original state, with personal or commercially sensitive information redacted, following Feb. 28, 2020. The AESO will not be responding directly to any submissions, but submission feedback will be considered for the final recommendation.

	Questions	Stakeholder Comments
1.	At the session, the AESO outlined the objectives of the pricing framework, which includes ensuring both long term adequacy and ensuring efficient short-term market response. Do you have any comments on the objectives of the pricing framework?	ADC has no comments other than the AESO should have a clear vision of the overall market and ensure that all work is coordinated to achieve the overall desired outcome.
2.	Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>offer cap</u> . Is there anything you would change or add to this description?	Our observation from the AESO's Forward Looking Revenue Sufficiency Assessment is that the offer cap at \$999.99/MWh is sufficient to incent new investment.
3.	Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>price cap</u> . Is there anything you would change or add to this description?	ADC's view is that the market is currently attracting new investment and that no changes to the administrative cap are required. The only reason to change would be to encourage more demand response at shortage pricing, but that could be achieved with more demand response products.

	Questions	Stakeholder Comments
4.	<p>Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>price floor</u>.</p> <p>Is there anything you would change or add to this description?</p>	<p>The only addition to the purpose of a price floor would be to have a mechanism to dispatch off generation on a financial rather than a pro-rata basis.</p>
5.	<p>The AESO's forward looking resource adequacy assessment indicates that the energy only market with the existing offer cap will provide reasonable financial returns while meeting the supply adequacy requirements.</p> <p>Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	<p>ADC has no reason to dispute the AESO's analysis. The EOM with an offer cap of \$999.99/MWh has delivered the needed investment since the market's inception.</p>
6.	<p>The AESO's historical revenue sufficiency assessment indicates that the energy only market with the existing offer cap has historically sent efficient and timely price signals to the market. Historically assets have been added when pricing signals indicated that profitable entry could occur.</p> <p>Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	<p>ADC has no reason to dispute the AESO's analysis. The EOM with an offer cap of \$999.99/MWh has delivered the needed investment since the market's inception.</p>
7.	<p>Are there foreseeable situations where asset variable costs would be greater than \$999.99/MWh? If yes, please describe the situation.</p>	<p>ADC does not believe that asset variable costs approach \$999.99/MWh.</p>
8.	<p>The AESO has described the scope for this process, general agenda items and timing for upcoming stakeholder engagements, with the timing of the sessions aligned with the AESO's deliverable to the Government of Alberta Energy Minister.</p> <p>Please describe if you believe the scope is appropriate. If not, please describe/provide your rationale.</p>	<p>ADC believes the scope is appropriate, but with a high threshold for any changes. Any changes would have a demonstrable economic benefit to the overall market function for consumers and generators.</p>
9.	<p>Is the approach used for this engagement effective? If no, please provide specific feedback on how the AESO can make these sessions more constructive.</p>	<p>No Comment</p>

	Questions	Stakeholder Comments
10.	Please provide any other comments you have related to the pricing framework engagement.	ADC submits that the EOM price signal must be robust so that it signals the need for reliability, flexibility and investment. All of this must be included in the price signal, not in out-of-market payments.

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