

Stakeholder Comment Matrix – Feb. 12, 2020

Request for feedback on pricing framework review, session 1 material



Period of Comment: Feb. 12, 2020 through Feb. 26, 2020 Comments From: Alberta Newsprint Company Date: 2020/02/21	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 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?	No comment.
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?	<i>The offer cap has been \$999.99 since the inception of energy-only market 20 years ago. As said in the AESO presentation, it is necessary to have the offer cap to help address potential market power issues resulting from concentration of generation ownership and relatively inelastic demand for electricity - a form of market power mitigation. But it should be high enough for allowing the simple economics principle of supply and demand plays it part in determining real time pricing. The offer cap should be raised to the level comparable to other jurisdictions. The higher offer cap could encourage additional demand response in the province.</i>

	Questions	Stakeholder Comments
3.	<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 cap</u>.</p> <p>Is there anything you would change or add to this description?</p>	<p><i>The current price cap in Alberta is only 1 cent higher than the offer cap demonstrating its non usefulness. It is the offer cap which matters the most and should be raised.</i></p>
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><i>Again, the price floor should be lower for law of economics plays its part in real time based on supply and demand. Given the increased renewable, it may also be necessary to have lower price floor to provide efficient pricing during supply surplus.</i></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><i>It is subjective and depends on the time of assessment as AESO came up with very different conclusion in 2016.</i></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>Yes.</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><i>No comments.</i></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,</p>	<p><i>Agreed.</i></p>

	Questions	Stakeholder Comments
	please describe/provide your rationale.	
9.	Is the approach used for this engagement effective? If no, please provide specific feedback on how the AESO can make these sessions more constructive.	Yes.
10.	Please provide any other comments you have related to the pricing framework engagement.	<i>Administrative controls do increase the possibility of inefficiencies and therefore should be minimize by having enough room for market to work its own.</i>

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