

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	Contact: [REDACTED]
Comments From: Canadian Wind Energy Association	Phone: [REDACTED]
Date: 2020/02/28	Email: [REDACTED]

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.	<p>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?</p>	
2.	<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>offer cap</u>. Is there anything you would change or add to this description?</p>	
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>. Is there anything you would change or add to this description?</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>. Is there anything you would change or add to this description?</p>	<p>On slide 18, one of the listed purposes of the price floor is that "The level of the price floor can help to mitigate risk to producers of sustained negative pricing."</p> <p>The current price floor of \$0.00/MWh allows for competitively priced long-term contracting of new generation projects, as it guarantees that bilateral contracts for differences will not result in net losses in a given contract year. The risk of these net losses may artificially drive up the annual debt-service coverage ratios for financing and therefore the cost of investment in generation.</p> <p>Therefore, CanWEA requests that the AESO provide analysis of the risk of negative pricing and revenue losses associated with various negative price floors in their models. We request that particular focus be paid to any negative price floors that are being considered by the AESO in their analyses.</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. Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	

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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>	
7.	<p>Are there foreseeable situations where asset variable costs would be greater than \$999.99/MWh? If yes, please describe the situation.</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>	
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>	
10.	<p>Please provide any other comments you have related to the pricing framework engagement.</p>	<p>CanWEA would like to acknowledge the AESO's development of new market scenarios specifically for this engagement.</p>

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