

# Stakeholder Comment Matrix – October 8, 2019

## Request for input on market power mitigation



<b>Period of Comment:</b> October 8, 2019 through October 29, 2019	<b>Contact:</b> [REDACTED]
<b>Comments From:</b> Canadian Wind Energy Association	<b>Phone:</b> [REDACTED]
<b>Date:</b> October 29, 2019	<b>Email:</b> [REDACTED]

*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>Overall, Alberta's historical approach to market power mitigation has been effective for CanWEA members active in Alberta. The FEOC regulation and ex-post oversight has proven to be effective, and generators have typically been able to act competitively within market rules.</p> <p>A potential for improvement would be to recognize that generators should not be expected to offer only at marginal costs. Investors require prices above marginal cost in order to earn a return on investment.</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>The historical approach to market power mitigation, if maintained, will provide much-needed predictability for investors in the wind energy sector moving forward. We have just ended a period of market uncertainty surrounding the development of the capacity market. Changes to market power mitigation rules, which are likely to require ongoing tweaking, will introduce further uncertainty. Ex-post monitoring and the other elements of the mitigation framework should not need to change. These elements have worked well historically, and the changes expected in the next five years (more renewable energy and the expiry of the PPAs) do not change the fundamental nature of the Alberta market.</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>No additional measures should be taken.</p>
4.	<p>What has been effective in Alberta's historical approach to market power mitigation in the operating reserves market, and what could be improved?</p>	<p>The key issue for the operating reserves market is the development of new products that will be required to integrate renewables in the most cost-effective manner. To facilitate these new products, the AESO must ensure that AS rules are flexible, do not restrict certain technology types, and are procured in the most efficient manner possible. Mitigation in the operating reserves market is not required.</p>
5.	<p>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?</p> <p>If yes, please explain your rationale. If no, please explain your rationale and changes required.</p>	

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).	
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?	Policy certainty should be prioritized in evaluating any changes to the mitigation framework. Given that the development of capacity market rules, and subsequent repeal of the capacity market, the Alberta electricity market has been subject to significant levels of unpredictability. Policy certainty must be of utmost importance within evaluation criteria, so that investors may receive the certainty they require in order to deploy capital in Alberta.
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.	
9.	What do you think the appropriate role for the AESO is in Alberta's mitigation framework?	CanWEA does not think that Alberta requires any changes to market power mitigation rules, meaning that there is no role for the AESO in this instance.
10.	What do you think the appropriate role for the MSA is in Alberta's mitigation framework?	The MSA's role is to surveil, investigate and enforce participant contravention of AESO rules and FEOC Regulation.
11.	Please describe your role in the Alberta electricity market.	CanWEA, the Canadian Wind Energy Association, is the voice of Canada's wind energy industry, actively promoting the responsible and sustainable growth of wind energy. Our members are Canada's wind energy leaders. They are wind energy owners, operators, manufacturers, project developers, consultants, and service providers, and other organizations and individuals that support Canada's wind energy industry.
	a. Are you a load, a generator, both, neither (e.g. developer, storage, interested party)	We are an interested party.
	b. What is the approximate size of your load and/or generation?	NA
	c. Do you participate in the energy market, AS market, both?	NA

	d. Do you forward hedge? If so, is it physically, financially, both? What percentage of your portfolio is hedged?	NA
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Thank you for your input. Please email your comments to: [stakeholder.relations@aeso.ca](mailto:stakeholder.relations@aeso.ca).