

**Stakeholder Comment Matrix – Apr. 9, 2020**  
**Request for feedback on pricing framework review, session 2 material**



<b>Period of Comment:</b> Apr. 9, 2020 through Apr. 23, 2020 <b>Comments From:</b> ENMAX Corporation <b>Date:</b> 2020/04/23	<b>Contact:</b> [REDACTED] <b>Phone:</b> <b>Email:</b> [REDACTED]
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*The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, and content from session 2.*

	Questions	Stakeholder Comments
Price Cap Review		
1.	Do you have comments related to the AESO’s analysis on the response of interties to high prices?	No comment.
2.	Do you have comments related to the AESO’s analysis on the response of long lead time assets to high prices?	No comment.
3.	The AESO provided analysis related to load that may respond to prices greater than \$1000/MWh. Do you have comments related to the approach of that analysis?	<p>While the AESO’s analysis appears to capture load that has already participated in some type of demand response, this does not account for load that may be interested in responding to prices greater than \$1,000/MWh but have not exhibited past demand response behavior. While this is difficult to analyze, this will impact the total amount of anticipated load response.</p> <p>As noted by the AESO, further analysis is also required on the response to tariff signals and whether or not this fully reflects the response to energy prices. The AESO is consulting on changes to the Bulk and Regional tariff design which includes 12-CP (although currently postponed until July 15). Ultimately, changes to the tariff and future price signals will directly impact the amount of responsive load.</p>
4.	Do you believe the amount of load the AESO indicated could respond to prices greater than \$1000/MWh is accurate? Please substantiate your response.	See response to 3.

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5.	If the price cap were increased, would loads be more incented to enter into energy market hedges? What would be the benefits and drawbacks to this?	Commercial customers enter into hedges for a variety of reasons and consider the forward prices in their analysis. However, not all loads are the same. Some customers may not want to bother managing their electricity costs as it does not represent a significant portion of their cost structure. Hedging is an individual choice and generalizations are not easily made as it may depend on operational needs as well as market views.
6.	What approach should the AESO use when determining the appropriate price cap level? Please substantiate your response.	See response to 7.
7.	Do you believe market efficiencies could be gained by raising the level of the price cap? What are the tradeoffs? Please substantiate your response.	<p>The AESO's initial analysis indicates that an additional 40 MW of responsive load may be available. From an ENMAX perspective, this does <u>not</u> signal the need for changes to the existing pricing framework at this time.</p> <p>As previously noted by ENMAX in its February 28 comments to the AESO, since changes to the existing pricing framework are not needed at this time, there should be a defined process for the AESO to revisit the pricing framework at a regular interval (e.g., every four to eight years) to ensure price levels remain adequate.</p>
8.	Is there additional analysis the AESO should complete to review the efficiency of the price cap?	See response to 3 and 16.
<b>Price Floor Review</b>		
9.	The AESO provided analysis related to the volume and prices of potential renewable generation market based curtailment. Do you have comments related to the volumes or price levels described in that analysis?	Due to recent events, the AESO's analysis will need to be updated to account for changes in the current investment climate and future wind and solar generation development plans.
10.	The AESO provided analysis related to the volume and prices of potential thermal generation market based curtailment. Do you have comments related to the volumes or price levels described in that analysis?	No comment.

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11.	Historically, the AESO has largely used import curtailments to manage supply surplus conditions. Is this an adequate approach to managing future supply surplus conditions?	Yes, the current supply surplus rules are sufficient with the first step being the curtailment of imports.
12.	Do you believe that market efficiencies could be gained by establishing a lower price floor? What are the tradeoffs? Please substantiate your response.	<p>Based on the AESO's initial analysis, from an ENMAX perspective, significant market efficiencies would <u>not</u> be gained at this time by establishing a lower price floor. As noted in the AESO's presentation, while Alberta is expected to experience supply surplus events in the future, resource adequacy suggests minimal expected supply surplus hours. The AESO has suitable tools at their disposal to address these infrequent events.</p> <p>Since changes to the pricing framework are not needed at this time, there should be a defined process for the AESO to revisit the pricing framework at a regular interval (e.g., every four to eight years) to ensure price levels remain adequate.</p>
13.	Is there additional analysis the AESO should complete to review the efficiency of the price floor?	<p>See response to 16.</p> <p>There does not appear to be any analysis on if a price floor decrease would impact the AESO's assessment of the current price cap. That said, the review should happen at the same time to ensure that aspects of symmetry in treatment are considered and appropriate.</p>
Stakeholder Engagement		
14.	<p>In the next stakeholder session, the AESO plans to present alternative price cap and floor design alternatives. In the final stakeholder session the AESO would like to hear directly from stakeholders or groups of stakeholders. The format will be dependent on the number of respondents. Would you be interested in presenting individually or as part of a group on any element of the pricing framework the AESO has communicated on during this stakeholder engagement?</p> <p>If yes, please indicate which topics you may be interested in discussing. Note, industry associations notwithstanding, the AESO would prefer to have stakeholders represent themselves rather than have third parties present on behalf of stakeholders.</p>	ENMAX would be interested in observing.

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15.	<p>Was the Zoom meeting approach used for this engagement effective?</p> <p>If no, please provide specific feedback on how the AESO can make these sessions more effective.</p>	<p>Yes, virtual meetings can work but are less interactive than in-person meetings. However, Zoom is being considered less secure than other tools in the media and we may have concerns about this particular tool.</p>
16.	<p>Please provide any other comments you have related to the pricing framework engagement.</p>	<p>The AESO's analysis will need to be adjusted to account for broader changes to the overall Alberta landscape and longer-term impact on load growth, electricity demand and generation investments. While the impact is currently unknown, changes to these assumptions will have a direct impact on the forward-looking resource adequacy and forward markets. Any future change should consider the implementation time component as some potential changes may create a "shock" to the marketplace, which in turn could negatively impact consumers and participants.</p> <p>The pricing framework is directly intertwined with many other elements of the market and regulatory framework, and a number of initiatives have been postponed due to recent events relating to the COVID-19 pandemic.</p>

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