

Stakeholder Comment Matrix – October 8, 2019

Request for input on market power mitigation



Period of Comment: October 8, 2019 through October 29, 2019 Comments From: EDF Renewables Development Inc. ('EDF') Date: 2019/10/29	Contact: ██████████ Phone: ██████████ Email: ██████████
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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.	What has been effective in Alberta's historical approach to market power mitigation in the energy-only market, and what could be improved?	<p>Alberta's approach of monitoring the market on an ex-post basis for anti-competitive behavior has been effective. This approach has allowed market prices to reflect supply and demand conditions as individual buyers and sellers make decisions to manage their portfolios. Competition has disciplined the market both in the real-time market and in the longer term through entry when required.</p> <p>EDF's key concern in the market power mitigation framework is that it continues to allow flexibility for participants to reflect market conditions. An ex-ante mitigation of prices interferes with the market signal and raises a host of concerns that the spot market price will fail to reflect the full cost of electricity.</p> <p>A second concern for EDF is that the mitigation framework remains stable. The withdrawal of the OBAs in the absence of consultation and prior to the planned implementation of the capacity market did not support long-term stability and confidence in the market.</p>
2.	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? If yes, please explain your rationale. If no, please explain your rationale and changes required.	<p>EDF expects the historical approach to market power mitigation will continue to be effective. As the market adds more renewable energy, concerns with market power must be offset against concerns the market will fail to deliver sufficient revenue for long-term sustainability. As a result, it may be necessary to increase the price cap to ensure prices are able to signal the need for new capacity. This issue should be monitored and if changes are required, the market should be given reasonable notice prior to the change.</p> <p>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)</p>

		do not change the fundamental nature of the Alberta market.
3.	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).	Ex-post mitigation should be retained. Administrative restrictions on offer behavior (on an ex-ante basis) are a direct intervention into the price setting mechanism and are likely to create more problems than they allegedly solve. The Alberta market has consistently delivered competitive prices (as stated by the MSA through various State of the Market reports) and will continue to do so. In the absence of an issue that proves intractable to ex-post mitigation and/or a compliance plan that provides guidance (such as the OBEGs), ex ante mitigation should not be pursued.
4.	What has been effective in Alberta's historical approach to market power mitigation in the operating reserves market, and what could be improved?	EDF suggests that the key issue for the operating reserves market is the development of new products that will be required to intergrate 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 this market should not be the focus.
5.	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? If yes, please explain your rationale. If no, please explain your rationale and changes required.	Again, the AESO should focus on improvements to the AS market that reflect the changes that will be seen in the next 5 to 10 years. This includes the need for new products, as well as an ability to adjust volume requirements closer to real-time.
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).	As with energy, ex-ante mitigation should be avoided as this is a direct intervention in the price setting mechanism. The focus should be on enabling competition from new resource types to discipline the market.
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?	The key criteria for the mitigation framework should be flexibility. The supply mix will be evolving rapidly over the next decade, and it is important that the price signal work to incent the right type of generation mix that delivers the most cost effective energy for consumers. Restrictive ex ante mitigation measures that artificially inhibit the value of flexible energy are counter-productive.
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?	Alberta should not import elements of mitigation frameworks from other jurisdictions because the Alberta market design should be considered as a whole. Restrictive offer rules such as ex ante mitigation are completely inappropriate in the context of

	If so, please describe them.	an energy only market with self-commitment.
9.	What do you think the appropriate role for the AESO is in Alberta's mitigation framework?	<p>The AESO facilitate a competitive marketplace. This includes:</p> <ul style="list-style-type: none"> • Rules that allow the widest range of market participants in all markets (energy, ancillary services and any other services procured by the AESO) • Provide transparency around the market to all participants. It is key that all market participants have access to a similar amount of information to make informed decisions. • Minimize complexity and administrative burden. This will become increasingly important as more small-scale generation is added to the market. It is also important as new ancillary services products are developed. • Set clear rules for market power mitigation through stakeholder consultation.
10.	What do you think the appropriate role for the MSA is in Alberta's mitigation framework?	The MSA should be responsible for monitoring and enforcement. The MSA should not make market rules or create guidelines that act as rules (OBEG).
11.	Please describe your role in the Alberta electricity market.	
	a. Are you a load, a generator, both, neither (e.g. developer, storage, interested party)	<p>EDF Renewables Inc. is a full-service renewable energy electricity company. EDF develops, builds and operates clean energy power plants (wind, solar, battery storage) at the transmission level, distribution level and behind-the-meter in 22 countries. As of December 31st 2018 the company's gross installed capacity amounted to 12,890 MW worldwide, with net installed capacity standing at 8,296 MW and gross capacity under construction at 2,360 MW.</p> <p>In Canada, since 2007, EDF has moved forward with a portfolio of 1,888 megawatts ('MW') of solar, wind and battery projects, in construction and operation across Canada; over 1,200 MW are projects owned by local Indigenous communities or municipal partners. This portfolio represents more than \$3.8 billion of investment; 3,000 construction jobs across Canada; and, generates enough electricity to power over 425,000 homes.</p> <p>In Alberta, EDF owns and operates two of the largest wind projects in the province – one operational in the 300 MW Blackspring Ridge; and one in late stage permitting</p>

		with AUC in the 202 MW Cypress Wind project.
	b. What is the approximate size of your load and/or generation?	502 MW of wind generation – 300 MW in operation.
	c. Do you participate in the energy market, AS market, both?	Energy market
	d. Do you forward hedge? If so, is it physically, financially, both? What percentage of your portfolio is hedged?	Blackspring Ridge has a contract for sale of Renewable Energy Certificates (RECs) with Pacific Gas & Electric for a 20-year term. Cypress Wind has a 20-year contract with AESO via Renewable Electricity Program (REP) – Round 2.

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