

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



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| <b>Period of Comment:</b> Apr. 9, 2020 through Apr. 23, 2020<br><b>Comments From:</b> Greengate Power Corporation<br><b>Date:</b> 2020/04/23 | <b>Contact:</b> [REDACTED]<br><b>Phone:</b> [REDACTED]<br><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   |
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| Price Cap Review |   |  |
| 1.               | Do you have comments related to the AESO's analysis on the response of interties to high prices?  | <i>Greengate agrees with the AESO's conclusions that the price cap does not appear to impede imports.</i>  |
| 2.               | Do you have comments related to the AESO's analysis on the response of long lead time assets to high prices?  | <i>Greengate agrees with the AESO's conclusions that the price cap does not appear to impede the operation of LLTA's.</i>  |
| 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? | <i>Greengate appreciates the AESO's approach to assessing load that may curtail at prices higher than \$1000. Greengate does not believe the analysis is able to indicate the level of price that may be needed to attract an additional 40 MW of demand response. Generally, Greengate strongly recommends continuation of the existing price cap since attracting a marginal or unknown quantity of demand response does not outweigh the market uncertainty that a change in price cap would create.</i>  |
| 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.          | <i>On slide 28 the AESO uses \$10,000/MWh and twenty hours of response in its analysis. However, a load can forecast a few hours where its response can have a significant payoff, perhaps much less than 20 hours. Plus the load will save the energy charge in these high demand hours. If the AESO generally wants to understand how much load may respond at higher prices a value of lost load study could be undertaken, however, given the significant effort this would require and that these studies results are often highly debatable, Greengate would question the value of such a study or the value of further analysis of demand response.</i> |

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| 5.                               | <p>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?</p>   | <p><i>Some loads may enter into additional hedges if the price cap increased, however, other loads may continue to not hedge. Many oil and gas firms will not hedge their commodity price exposure so changing the price cap would not influence these firms towards further hedging. Generally the potential for further hedging must be weighed against the market uncertainty in moving to a higher price cap level. Greengate strongly supports maintaining the current price cap and minimizing market uncertainty, especially at this time with the Covid-19 concerns.</i></p>   |
| 6.                               | <p>What approach should the AESO use when determining the appropriate price cap level?<br/>Please substantiate your response.</p>  | <p><i>Greengate strongly recommends that unless full compelling evidence is presented to increase the price cap, that the level remain as is. Many new projects have been announced and changing the pricing level will only increase investor uncertainty and risk level which could jeopardize new project entry.</i></p>  |
| 7.                               | <p>Do you believe market efficiencies could be gained by raising the level of the price cap? What are the tradeoffs?<br/>Please substantiate your response.</p>  | <p><i>Based upon the AESO's analysis it does not appear that market efficiencies would be gained by raising the price cap at this time. From the AESO's own analysis, the only potential advantage appears to be gaining an uncertain level of demand response. An increase in price cap and other ongoing changes to market rules are resulting in a lack of predictability which could impact investor confidence in the market.</i></p>   |
| 8.                               | <p>Is there additional analysis the AESO should complete to review the efficiency of the price cap?</p>  | <p><i>Greengate supports no further analysis on raising the price cap. Greengate appreciates the AESO's current limited resources and would support the AESO using its and stakeholders limited resources on other important issues such as the tariff related items that remain outstanding.</i></p>  |
| <p><b>Price Floor Review</b></p> |  |  |
| 9.                               | <p>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?</p> | <p><i>Greengate would question the value of reducing renewable generation as a benefit to Alberta, given the pressure that Alberta is under to reduce Greenhouse gas emissions. The AESO has described a situation where in its own forecast, only 2 hours of supply surplus events are forecast in one scenario prior to 2032. Greengate supports the current administrative method of curtailment for supply surplus events. Further, on slide 47, there is an analysis of "Provincial Carbon Offsets". This analysis should be expanded to include all "Provincial Carbon Policies," which not only include the value of offset credits, which are priced based</i></p> |

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|     |   | <i>on the grid displacement factor, but also the value of emissions performance credits, generated by those facilities opting into the TIER program.</i>  |
| 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? | <i>Greengate offers no comments.</i>  |
| 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?                                   | <i>Greengate supports the current method of curtailing imports to manage supply surplus events. Typically, imports will not find the market clearing at \$0/MWh to be attractive and therefore curtailment of imports, as opposed to Alberta based generation, seems an appropriate response. The forecast supply surplus events presented on Slide 45 suggest that there will be no significant increase in events in either the low renewable cost scenario or the high carbon and gas price scenarios. Balanced against the risk of reduced investments, owing to the lack of market predictability, no changes should be made to the AESO's current approach to managing supply surplus conditions.</i>   |
| 12. | Do you believe that market efficiencies could be gained by establishing a lower price floor? What are the tradeoffs? Please substantiate your response.   | <i>Market efficiencies would occur if moving to negative pricing would have more efficient outcomes than the current administrative curtailment system. Greengate believes that the outcome of negative pricing will be similar to the current administrative system, so efficiencies would not be gained. The effort to modify the current approach does not outweigh the small potential for uncertain efficiency gains.<br/><br/>Furthermore, the introduction of negative pricing is likely to significantly reduce the feasibility of bilateral wind and solar off-take agreements in Alberta. Even though the AESO's forecasted losses from negative pricing events were minimal over a 15-to-20 years contract period, the perceived risk of such events represents a very significant challenge.<br/><br/>Potential ongoing changes to market rules are resulting in a lack of predictability which could impact investor confidence in the market.</i> |
| 13. | Is there additional analysis the AESO should complete to review the efficiency of the price floor?  | <i>Greengate strongly supports the AESO maintaining the current price floor and using its resources on other high priority assessments.</i>   |

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| 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> | <p><i>Greengate may be interested in presenting but would appreciate reviewing the AESO's design alternatives before deciding if a presentation is required.</i></p>  |
| 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><i>Yes, the Zoom approach was effective. It was good that stakeholders could express themselves directly to the AESO.</i></p> <p><i>It may be possible to use Zoom to break into smaller groups to allow for a fuller discussion. This should be assessed for future meetings.</i></p> |
| 16.                    | <p>Please provide any other comments you have related to the pricing framework engagement.</p>   |   |

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