

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: Greengate Power Corporation Date: 2019/10/28	Contact: [REDACTED] Phone: [REDACTED] Email: [REDACTED]
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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?	The historical approach has proven very effective. Generators have earned a fair return and consumers have paid a fair price for power. Prices have adequately reflected scarcity conditions without the need for administrative oversight. Generators have followed market rules and acted in a competitive manner – and when they didn't the MSA was quick to react.
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.	Yes – it worked in the past and there is no reason to doubt its efficacy moving forward. Although certain incumbent's market share will increase following the expiration of their PPA's at the end of 2020, new IPP entrants in the early 2020's like Greengate's proposed 400 MW Travers Solar and Suncor's proposed 800 MW Base Plant Cogen will serve to mitigate market power. Further, certain incumbents have some of the oldest plants in the market and so retirement of legacy supply will decentralize market power. Finally, certain incumbents are divesting upwards of 40% of their hydro portfolio, further lowering their market concentration by the mid-2020's.
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).	No additional measures should be taken.
4.	What has been effective in Alberta's historical approach to market power mitigation in the operating reserves market, and what could be improved?	No comment.
5.	Do you expect the historical approach to market power mitigation in the operating reserves market (e.g. FEOC regulation, indexed	No comment.

	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.	
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).	No comment.
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?	<p>Regulatory stability is key to creating the liquidity required for forward contracting and attracting new capital to the market. Alberta's current market design measures have been in place for almost two decades - during that time they have functioned well. The market has maintained a healthy supply demand balance while keeping energy prices globally competitive as new technologies have been integrated into the system. Perimeter Solar and Berkshire Hathaway/RES have both successfully contracted renewable projects bringing foreign capital and Energy Capital Partners purchase of ATCO's portfolio is a further example of international investor confidence in Alberta's current market. Changing rules will slow investments as commodity traders and international investors will take time to understand changes, increase risk allocations to the Alberta market and thereby increase the cost of capital to build new plants. With increased cost of capital pricing will trend upwards.</p> <p>The as-is design provides adequate returns for generators in a system that investors and commodity traders understand and are willing to act quickly within. Any changes to this market will jeopardize trader and investor confidence in a critical time of re-investment.</p>
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.	Very few markets utilize an energy-only market. Of the few markets that use energy-only, none have the same characteristics of the Alberta market. Assessing approaches within a vacuum is certain to have unintended consequences.
9.	What do you think the appropriate role for the AESO is in Alberta's mitigation framework?	The AESO should have no on-going role in Alberta's market mitigation framework. Market participants do not require any additional clarity on what is permissible; we have FEOC Regulation and ex-post oversight that has and will continue to be effective.
10.	What do you think the appropriate role for the MSA is in Alberta's mitigation framework?	The MSA should ensure generators are adhering to FEOC and not grossly abusing the market (eg. unacceptable outage scheduling). Otherwise, market participants are able to compete appropriately by bidding as they see fit for given supply/demand

		balance.
11.	Please describe your role in the Alberta electricity market.	Greengate has successfully developed one-third of Alberta's operating wind energy facilities. Today, Greengate is a minority owner of the Stirling Wind Project which was awarded and REP contract and is in late-stage development of the 400 MWac / ~600 MWdc Travers Solar (second largest solar project in North America), which will add valuable zero-emission summer peaking production to the market.
	a. Are you a load, a generator, both, neither (e.g. developer, storage, interested party)	Developer/soon to be generator.
	b. What is the approximate size of your load and/or generation?	Generation: 400 MW (in late-stage development) plus the 113 MW Stirling Wind Project as a minority owner.
	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?	Hedging and forward commercial activity is confidential. However, the role of the forward market cannot be understated in its importance of bringing new investment to market.

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