

Stakeholder Comment Matrix – Feb. 12, 2020

Request for feedback on pricing framework review, session 1 material



Period of Comment: Feb. 12, 2020 through Feb. 26, 2020 Comments From: Greengate Power Corporation Date: 2020/02/25	Contact: [REDACTED] Phone: [REDACTED] Email: [REDACTED]
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The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, and content from session 1.

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. Email your completed matrix to stakeholder.relations@aeso.ca by Feb. 28, 2020
4. Stakeholder comments will be published to aeso.ca, in their original state, with personal or commercially sensitive information redacted, following Feb. 28, 2020. The AESO will not be responding directly to any submissions, but submission feedback will be considered for the final recommendation.

	Questions	Stakeholder Comments
1.	At the session, the AESO outlined the objectives of the pricing framework, which includes ensuring both long term adequacy and ensuring efficient short-term market response. Do you have any comments on the objectives of the pricing framework?	Greengate agrees with the AESO's objectives including long term adequacy and short term response. The other objectives should include a pricing framework that is sustainable and reasonably consistent. The discussion on the capacity market created uncertain pricing conditions and put a drag on new entry. The decision by the Government of Alberta to have an energy only market created more certainty for investors. It is important that the pricing framework be put in place on a sustainable and relatively consistent basis to maintain the current momentum on new project development.
2.	Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>offer cap</u> . Is there anything you would change or add to this description?	Greengate agrees that the offer cap allows for the recovery of a reasonable rate of return for the marginal unit. The descriptions by the AESO focus on variable costs, should also consider that offers averaging higher than variable cost are needed to recover fixed costs and return. The offer cap in conjunction with reasonable use of market power are important market mechanisms to enable a sustainable and relatively consistent market framework.

	Questions	Stakeholder Comments
3.	<p>Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>price cap</u>.</p> <p>Is there anything you would change or add to this description?</p>	<p><i>Greengate generally agrees that the distinction of a Price cap is helpful to loads in Alberta's market and provides a distinction between the offer cap level.</i></p>
4.	<p>Please provide your comments on the AESO's description of Alberta's Energy-Only Market Pricing Framework, and the administrative price levels, in particular the purpose of the <u>price floor</u>.</p> <p>Is there anything you would change or add to this description?</p>	<p><i>Greengate generally agrees that the distinction of a Price floor is helpful to suppliers in Alberta's market.</i></p>
5.	<p>The AESO's forward looking resource adequacy assessment indicates that the energy only market with the existing offer cap will provide reasonable financial returns while meeting the supply adequacy requirements.</p> <p>Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	<p><i>Yes, Greengate strongly agrees with the resource adequacy assessment result conclusions that the existing offer cap and floor are adequate . While Greengate would take issue with the projected cost and returns from the Solar assessment, Greengate recognizes that the alternative scenarios display a more reasonable solar return and an overall adequate level of grid reliability. Greengate does not believe that further analysis by the AESO is required since the other assessments draw similar conclusions and the AESO's resources could be well spent on other important initiatives.</i></p>
6.	<p>The AESO's historical revenue sufficiency assessment indicates that the energy only market with the existing offer cap has historically sent efficient and timely price signals to the market. Historically assets have been added when pricing signals indicated that profitable entry could occur.</p> <p>Do you agree with the AESO's conclusions? If no, please describe your concerns.</p>	<p><i>Yes, Greengate agrees with the AESO's analysis. The historical period studied shows that market entry and exit respond to the price signals in the market.</i></p>
7.	<p>Are there foreseeable situations where asset variable costs would be greater than \$999.99/MWh? If yes, please describe the situation.</p>	
8.	<p>The AESO has described the scope for this process, general agenda items and timing for upcoming stakeholder engagements, with the timing of the sessions aligned with the AESO's deliverable to the Government of Alberta Energy</p>	<p><i>The AESO's planned process seems adequate given the timing when the deliverable is required to the Government of Alberta Energy Minister.</i></p> <p><i>As discussed by the AESO in the session, Greengate would appreciate the AESO clearly identifying its recommendations in an open forum prior to submitting the</i></p>

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	Minister. Please describe if you believe the scope is appropriate. If not, please describe/provide your rationale.	<i>information to the Minister.</i>
9.	Is the approach used for this engagement effective? If no, please provide specific feedback on how the AESO can make these sessions more constructive.	<i>The presentation was effective, however the AESO went through a significant amount of data, assumptions and results in a very short period. Having the information well before the session (perhaps a week) would allow for more soak time and better prepared stakeholders. A break out to individually share questions, then a larger feedback on the top questions may improve stakeholder understanding and provide better feedback to the AESO.</i>
10.	Please provide any other comments you have related to the pricing framework engagement.	<i>Greengate strongly supports the AESO's conclusions that the current Price Cap, Offer Cap and Price floor are adequate at current levels. Based on our recent experience, equity partners and debt are investing in Alberta because of the certainty and stability of a jurisdiction that is not constantly tweaking and band-aiding the market. Changes to existing design elements, which have proven to work and are expected to work going forward, is likely to frustrate investment into the sector as investors are going to once again be facing an uncertain future of potential unintended consequences.</i>

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