

## Stakeholder Comment Matrix – Feb 25, 2020

### Request for feedback on sub-hourly settlement, session 1 material



**Period of Comment:** Feb. 25, 2020 through Mar. 13, 2020  
**Comments From:** Industrial Power Consumers Association of Alberta (IPCAA)  
**Date:** 2020/03/12

**Contact:** [REDACTED]  
**Phone:** [REDACTED]  
**Email:** [REDACTED]

*The AESO is seeking comments from stakeholders on its approach to reviewing sub-hourly settlement, 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](mailto:stakeholder.relations@aeso.ca) by Mar. 13, 2020*
- 4. Stakeholder comments will be published to [aeso.ca](http://aeso.ca), in their original state, with personal or commercially sensitive information redacted, following Mar. 13, 2020.*

	Questions	Stakeholder Comments
1.	Please describe why you are interested in sub-hourly settlement and how it affects your business.	IPCAA has advocated for sub-hourly settlement for well over a decade. In light of the fact that the AESO indicates there are efficiencies associated with moving to sub-hourly settlement, IPCAA believes it is critical to implement sub-hourly settlement in a timely manner.
2.	Is your organization a load, supplier, both a load and supplier, a billing agent, or other. If other, please describe.	IPCAA is a load association. Our members are involved in key Alberta industries, including oil & gas, pipelines, petrochemicals, agriculture, steel and other manufacturing.
3.	The AESO has described the scope for this process, general agenda items and timing for upcoming stakeholder engagements. Please describe if you believe the scope is appropriate. If not, please describe/provide your rationale.	IPCAA submits that as part of the stakeholder engagement process, the AESO should explain why certain issues were deemed out-of-scope, how those decisions were made and whether the out-of-scope issues will be in scope in the future. IPCAA is concerned that we will be required to make several changes to dispatch and settlement if we do not take a longer term view.

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4.	<p>At the session, the AESO outlined the objectives of the sub-hourly settlement, which was to improve price fidelity and incent flexibility. Do you have any comments on the objectives of the sub-hourly settlement engagement?</p>	<p>IPCAA has no comments on the objectives of the engagement. IPCAA supports improving price fidelity and incenting flexibility.</p>
5.	<p>Are there considerations other than the following that should be taken into account to determine the value in moving to sub-hourly settlement interval?</p> <ul style="list-style-type: none"> <li>• The expected enhancement in price fidelity and flexibility</li> <li>• The expected financial impact on loads and generators</li> <li>• Implementation costs for the AESO and market participants</li> <li>• Timing required to transition to a sub-hourly settlement interval</li> </ul>	<p>IPCAA agrees with the considerations listed; however, we offer the following suggestion regarding determination of the value in moving to sub-hourly settlement:</p> <p>While going to a sub-hourly settlement based on SMPs in the settlement interval is helpful, it is not clear how those SMPs are derived. It would be helpful for the AESO to provide a session or portion of a session on dispatch and how those SMPs are derived. For example, how ramp, losses, ACE, demand forecast, and CPS are accounted for in the dispatch that determines the dispatched SMP.</p> <p>With regard to determining the value in moving to sub-hourly settlement, the AESO may want to offer a short-term pilot for self-retailers and price responsive loads to “opt in” to sub-hourly settlement. This would provide the opportunity for the AESO to analyze the value, cost and process for transition to sub-hourly settlement.</p>
6.	<p>Please describe the size of your business in the approximate total MWhs consumed or produced in 2019.</p>	<p>IPCAA members represent over a quarter of the load in the province. Some IPCAA members may be submitting their own comment matrices on this topic.</p>
7.	<p>Do you currently have interval metering installed in your operations?</p> <p>If yes, please describe the approximate volume of your business that was measured using interval meters in 2019.</p>	<p>The vast majority of industrial consumers have interval meters installed. As per the AESO’s presentation, over 60% of all energy demand is metered via interval meters.</p>
8.	<p>Can you identify which of the following elements will be affected by the implementation of sub-hourly settlements at <b>five-minute intervals</b>?</p> <ul style="list-style-type: none"> <li>• Metering</li> <li>• IT systems</li> <li>• Data storage</li> <li>• Other</li> </ul>	<p>Generally, with some exceptions, loads do not own their own meters, and most loads use both meter service providers and settlement agents. As such, implementation of sub-hourly settlement would largely impact these third party providers, and some costs would ultimately flow to customers.</p> <p>IPCAA recommends that the AESO set up one-on-one sessions with meter service providers and settlement agents. Most meters in the field at industrial sites are capable of providing 5 minute data; however, are not programmed to do so. As such, there would need to be metering changes and data storage upgrades.</p> <p>It would be possible for the AESO to determine SMP based on five-minute intervals</p>

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		<p>and settle based on the interval that is available at the customer meter. This will eliminate the need to upgrade the AESO systems again in the future and ultimately reduce total implementation costs. In the future, as industrial consumers replace or upgrade their meters they can move to 5-minute meters which are the current standard across North America. In determining whether 5-minute or 15-minute settlement is preferred, the AESO should compile and communicate its cost and value data to market participants. Customers want to optimize costs and value, over the long run.</p> <p>Again, the AESO may want to consider an “opt in” pilot for self-retailers and price responsive loads, as mentioned in Response #5.</p>
9.	<p>For each of the elements listed in question 8 above, please describe the changes that would be required for your business.</p>	<p>Again, this question may be better answered by meter service providers as many of our members use an outside entity to provide this service.</p> <p>There may be additional third party costs, although likely there will be no operation changes for the majority of IPCAA members.</p>
10.	<p>The AESO is looking to understand the magnitude of costs during this initial phase. For each of the elements listed in question 8 above, please provide estimates of the cost required to implement these changes. If you are unable to provide cost estimates, please indicate when you can do so.</p>	<p>IPCAA recommends that the AESO reach out directly to meter service providers and discuss an estimate of costs. It would also be useful to reach out to settlement agents. Our members generally use third parties for these services.</p> <p>IPCAA members are willing to work with these third parties to discuss possible costs, but it would be more effective for the AESO to reach out directly. Given that the AESO is essentially asking for a business quote from these entities, it may be more appropriate to set up one-on-one meetings, instead of relying on a stakeholder comment matrix to acquire cost and process data.</p> <p>There will be many customers, who are not price-responsive, and will not benefit directly from implementation of sub-hourly settlement. As such, an “opt in” pilot program may be the best way to manage implementation costs.</p> <p>Data storage is expected to be one of the highest cost areas. It may be a good time for the AESO to consider its data retention time requirements. Note that the AESO already stores 1 minute data for LSSi providers, so some of these costs may already be covered.</p>

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11.	For each of the elements listed in question 8 above, please describe the timing required to implement these changes.	Again, this question may be better answered by meter service providers as many of our members use an outside entity to provide this service.  If the AESO were to introduce an “opt in” pilot for self-retailers and price responsive loads, the elements already exist for those entities.
12.	Can you identify which of the following elements will be affected by the implementation of sub-hourly settlements at <b>15-minute intervals</b> ? <ul style="list-style-type: none"> <li>• Metering</li> <li>• IT systems</li> <li>• Data storage</li> <li>• Other</li> </ul>	Please see Response #8. Also notes that 15 minute data is already stored by the meter service providers because the coincident peak charge is based on 15 minute data.
13.	For each of the elements listed in question 12 above, please describe changes that would be required for your business.	No changes required.
14.	The AESO is looking to understand the magnitude of costs during this initial phase. For each of the elements listed in question 12 above, please provide estimates of the cost required to implement these changes. If you are unable to provide cost estimates by the end of the comment period (March 13, 2020), please indicate when you can do so.	For industrials that already record and store interval metering, there is no additional cost anticipated.
15.	For each of the elements listed in question 12 above, please describe the timing required to implement these changes.	For industrials that already record and store interval metering, there is no additional timing required to implement these changes.
16.	The AESO has described some challenges that may impact market participants. Are there other challenges that have not been identified that are unique to the market participant or in general?	IPCAA has no challenges to add.
17.	Should sub-hourly settlement apply to all market participants? Is it fair for sub-hourly settlement to only apply to a subset of market participants?	The AESO has shown that a shorter interval settlement is more efficient and can provide benefits to enhance demand response and flexibility. Both of these elements lead to better price fidelity and an incentive for investment and ultimately a more

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		<p>competitive price. These benefits, in turn, flow to those on cumulative meters.</p> <p>For customers without interval metering, averaging could be used.</p> <p>The AESO could also consider an “opt-in” pilot as described above.</p>
18.	<p>Does payment to suppliers on the margin (PSM) sufficiently incent generator response without sub-hourly settlement?</p> <p>If we move to sub-hourly settlement, is PSM still required to address the mismatch between settlement and dispatch interval?</p>	<p>Depending on the dispatch interval versus the settlement interval, PSM may still be required. If the dispatch and settlement interval are the same, (for example 5 minute), then no PSM would be required. If the dispatch interval were 5 minute and the settlement interval were 15 minute, then PSM would be required, although the amounts would be considerably less than in the past.</p>
19.	<p>Are there any other benefits that have not been identified? Please elaborate.</p>	<p>Shorter settlement intervals will ultimately lead to more flexible generation and can reward energy storage technologies for their flexibility. With the continued growth in renewables, IPCAA submits that greater flexibility will enhance both reliability and competition.</p>
20.	<p>Is the approach used for this engagement effective?</p> <p>If no, please provide specific feedback on how the AESO can make these sessions more constructive.</p>	<p>Please see the earlier concerns outlined in Response #3 regarding out-of-scope items.</p>
21.	<p>The AESO seeks to be transparent through this stakeholder engagement process and would like to publish all information as received.</p> <p>Is the information provided in this feedback suitable to be published by the AESO on <a href="http://aeso.ca">aeso.ca</a>? If no, please indicate the sections of your response that should be redacted?</p>	<p>IPCAA has no concerns if this feedback matrix is published.</p>
22.	<p>Please provide any other comments you have related to the sub-hourly settlement engagement.</p>	<p>Thank you to the AESO for moving forward with this initiative.</p>

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