Stakeholder Comment Matrix – October 26, 2020

Draft Proposed Amended Section 505.2 of the ISO Rules, *Performance Criteria for Refund of Generating Unit Owner's Contribution* ("Section 505.2") – General

aeso ⟳

Period of Comment:	October 26, 2020 through November 9, 2020	**Contact:**	Akira Yamamoto
Comments From:	TransAlta Corporation	**Phone:**	403-267-7304
Date [yyyy/mm/dd]:	2020/11/9	**Email**:	akira_yamamoto@transalta.com

Instructions:

1. **Please fill out the section above as indicated.**

2. **Please refer back to the *Letter of Notice for Feedback on the Content of Proposed Options for Amended Section 505.2* under the "Related Materials" section to view the actual draft proposed materials on amended Section 505.2.**

3. **Please respond to the questions below and provide your specific comments, proposed revisions, and reasons for your position underneath (if any). Blank boxes will be interpreted as favourable comments.**

4. **Please be advised that general comments do not give the AESO any specific issue to consider and address, and results in a general response.**

Item #		Stakeholder comments
1	Please comment on the stakeholder session hosted on October 8, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	***The stakeholder session was an efficient way to address stakeholder questions*** Yes, the session was valuable as it was the venue where the AESO provided information about the change that it was contemplating. While this could have been done entirely by posting the information on the website, the stakeholder engagement forum provided the opportunity for stakeholders to ask questions and receive clarification from the AESO.
2	Which option do you prefer and why?	***TransAlta prefers option 2 as it reduces the complexity of the rule, shifts away from an unnecessary availability assessment construction, and achieves a red tape reduction.*** TransAlta favours option 2 for its simplicity and elimination of unnecessary requirements

Item #		Stakeholder comments
		for availability assessment. More specifically: • We agree with the AESO that any concerns with or incentives to manage availability are not a concern in the market given the existing ISO Rules and "must offer, must comply" requirements. Moreover, use of various availability standards for different technologies (e.g. renewables vs thermal) raised some concerns about the potential for unequal/unfair requirements – although we would agree that the availability performance thresholds were achievable. • The removal of the availability assessment scheme reduces administrative burden of assessing compliance using complicated average hourly availability calculations and aligns with the objectives of red tape reduction.
3	Do you have any concerns with the option you chose?	***Maximum Capability does not align well with transmission capacity demand for behind-the-fence generation.*** We view option 2 to be superior to option 1. One possible concern that may exist with option 2 is the application of critical maximum capability and energized maximum capability for behind-the-fence generation. The purpose of paying a GUOC is to provide financial security for transmission access for generation projects. For behind-the-fence generation, the maximum capability of the generation proposed at a site is not necessarily well aligned with the transmission capacity that the site requires from the system. We question whether a behind-the-fence generation site should be penalized with lower GUOC refunds if its energized maximum capability is lower than its critical maximum capability. This potential concern could be addressed if behind-the-fence generation was assessed its penalty factor on STS contracts rather than maximum capability as is contemplated in option 1. That said, we believe that option 2 would be better than option 1 even with the proposed rule language. ***A mechanism to adjust critical maximum capability over time is needed.*** TransAlta also has concerns about the application of a critical maximum capability that cannot be adjusted over time. More specifically, we disagree that market participants should be penalized if the energized maximum capability decreases over time due to equipment degradation or other technical issues. For example, solar generation is known to degrades over time which would expose market participants to penalties on GUOC performance caused by an issue that the market participant cannot manage. We

Item #		Stakeholder comments
		recommend that the proposed rule contemplate a mechanism that would allow the critical maximum capability of a generating unit to be adjusted downward if it is due to a technical issue that derates its maximum capability.
		The calculation of maximum capability should take into account the capacity over the performance period.
		We disagree that on the use of "the first day of each calendar year" to calculate energized maximum capability. We note that projects do not necessarily get developed such that they energize their full maximum capability in alignment with the start of a calendar year. We recommend that AESO use a time-weighted calculation for determining the energized maximum capability to fairly account for projects that get energized or increase their maximum capability over the annual performance period.
		We also see a need to adjust the critical maximum capability for planned staged generation development. More specifically, if a project is planned to achieve its maximum capability through staged development the calculation of critical maximum capability should also reflect this plan. Otherwise, we believe that future staged/phased generation development are likely to respond to this rule by filing each stage as separate project with their own maximum capabilities to manage the penalty risk created by this rule. We view this as an undesirable unintended consequence that would result in increased administrative burden to process these interconnection projects. To address this risk, we recommend that the rule allow for a time-weighted calculation to be used to determine critical maximum capability for staged/phased projects.
4	Do you have any concerns with the option you did not choose?	***The availability assessment scheme raises concerns about fairness and is poorly justified for use in GUOC performance assessment.***
		Option 1 involves an unnecessary availability assessment step that results in calculations that seek to measure the capacity factor of different generating technologies to calculate penalties for poorer availability. We are not convinced that the availability assessment for thermal generation is equivalent to that which is assess for renewables. For example, a thermal generator is expected to have an availability of greater than 80% to receive a full GUOC refund whereas wind, solar, and hydro have a much lower availability of 25% (12% for solar). While we acknowledge that there is more variance in the capacity factor of these technologies, we are concerned that the application of different standards is a crude oversimplification that may be discriminatory or at least raise concerns about fairness. While we could spend more time creating a more representative availability assessment

Item #		Stakeholder comments
		thresholds, we also disagree in principle that availability is the appropriate measure for determining GUOC refund amounts.
5	Any additional comments regarding the proposed amended Section 505.2?	***The AESO should consult one more time on the proposed rule that is selected.*** In addition to our recommendation that option 2 be selected, we ask the AESO to consult one more time on the revised draft of the rule. We believe that the changes we have proposed to the critical and energized maximum capability should be accepted and wish to further discuss and review these changes in an additional stakeholder session or process step.

Please provide any additional comments or views on the type of content that should be included in an information document associated with the proposed amended Section 505.2