

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	Contact: [REDACTED]
Comments From: Potentia Renewables Inc.	Phone: [REDACTED]
Date: 2020/03/12	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 by Mar. 13, 2020*
- 4. Stakeholder comments will be published to 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.	<p>Potentia Renewables Inc. (PRI) has a significant wind energy portfolio in Alberta [REDACTED]. To-date PRI has invested over [REDACTED] in these projects based on the current energy market dynamics. PRI has won [REDACTED] Renewable Electricity Support Agreements in [REDACTED] and based its revenue forecasts on the project's entire life [REDACTED] and the current energy market. We are actively developing wind energy projects in the province of Alberta, and any changes to the settlement process stands could have significant impacts on our accessible revenues for our REP [REDACTED] projects and future development plans.</p>
2.	Is your organization a load, supplier, both a load and supplier, a billing agent, or other. If other, please describe.	<p>PRI will be a generator as it has REP [REDACTED] wind energy contracts [REDACTED]. [REDACTED] PRI is actively developing wind energy projects in the province. AESO energy settlement changes could have significant impacts to our revenues and plans to develop and construct in the market.</p>
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.	
4.	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>During the February 12 session it was indicated the AESO's work to date on pricing mechanisms, their analysis demonstrated that the current energy-only market rules were sufficient for incenting flexibility in Alberta. Subsequently, it is unclear why further market changes, such as introduction of sub-hourly settlement periods, would be required to incent any further flexibility. We request further analysis from the AESO on the necessity of any market changes to incent higher levels of flexibility.</p> <p>In addition, could the AESO provide more details of full implementation costs as there will be work for the AESO, generators, retailers, load settlement software, distribution facility owners, etc.</p>

	Questions	Stakeholder Comments
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"> • The expected enhancement in price fidelity and flexibility • The expected financial impact on loads and generators • Implementation costs for the AESO and market participants • Timing required to transition to a sub-hourly settlement interval 	<p>Consideration on the expected financial impact on loads and generators should take a higher priority when determining the value of the settlement interval, as these changes may have a negative impact on investments that were made under the current energy only market structure. For instance, PRI's REP [REDACTED] projects could be significantly impacted as they were based on current market dynamics. Although the REP contracts are for 20 years, PRI's projects have targeted project life greater than 20 years and changes to the energy market will affect our expected revenues and forecasts. [REDACTED]</p> <p>[REDACTED]</p> <p>PRI also notes that these risks to energy market revenues could have an impact on the cost of Renewable Energy Program contracts, as more funding may be required to support projects during those settlement times when the market price is lower than the strike price. Likewise, there may also be fewer times in which the AESO receives revenue from REP contract owners. We request that the AESO provide of summary of their modelling of these costs as part of this consultation.</p> <p>A large majority of wind energy facilities operating in this province are likely to see a reduction in revenues if the AESO implements a sub-hourly settlement system. These investments were made with the expectation that the AESO would maintain an energy only market with an hourly settlement period, and revenues at risk in a sub-hourly process may have a significant impact on operations.</p> <p>It would also be helpful for the AESO to release their expectations of the full range of implementation costs expected by the AESO and market participants in the transition to and implementation of any changes. This would include implementation costs for generators, retailers, and distribution facility owners as they relate to hardware (metering), software (load settlement software) and human resources.</p> <p>Given the Australian experience presented during the jurisdictional review, it should be expected that the AESO could have increased costs in this implementation process. Because these costs will be collected from market participants, we request that the AESO project both their expected costs, and how they will be applied to market participants.</p>

	Questions	Stakeholder Comments
6.	<p>Please describe the size of your business in the approximate total MWhs consumed or produced in 2019.</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <ul style="list-style-type: none"> ■ [REDACTED] ■ [REDACTED] ■ [REDACTED] <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>In addition, PRI is actively developing [REDACTED] wind energy in the province and changes to the energy market could deter PRI's investment decisions.</p> <p>To-date, PRI has invested over [REDACTED] in developing REP and Non-REP wind energy projects and changes to the market could have significant impacts.</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>N/A yet</p>
8.	<p>Can you identify which of the following elements will be affected by the implementation of sub-hourly settlements at five-minute intervals?</p> <ul style="list-style-type: none"> • Metering • IT systems • Data storage • Other 	<p>N/A yet</p>

	Questions	Stakeholder Comments
9.	For each of the elements listed in question 8 above, please describe the changes that would be required for your business.	N/A yet
10.	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.	N/A yet
11.	For each of the elements listed in question 8 above, please describe the timing required to implement these changes.	N/A yet
12.	<p>Can you identify which of the following elements will be affected by the implementation of sub-hourly settlements at 15-minute intervals?</p> <ul style="list-style-type: none"> • Metering • IT systems • Data storage • Other 	N/A yet
13.	For each of the elements listed in question 12 above, please describe changes that would be required for your business.	N/A yet
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.	N/A yet
15.	For each of the elements listed in question 12 above, please describe the timing required to implement these changes.	N/A yet

	Questions	Stakeholder Comments
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?	N/A yet
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?	It is unclear why further market changes, such as introduction of sub-hourly settlement periods, would be required to incent any further flexibility. We request further analysis from the AESO on the necessity of any market changes to incent higher levels of flexibility.
18.	Does payment to suppliers on the margin (PSM) sufficiently incent generator response without sub-hourly settlement? If we move to sub-hourly settlement, is PSM still required to address the mismatch between settlement and dispatch interval?	PRI requests that the AESO provide analysis of the potential need for PSM at both the 5 and 15 minute interval, as compared to the current hour-long settlement period.
19.	Are there any other benefits that have not been identified? Please elaborate.	
20.	Is the approach used for this engagement effective? If no, please provide specific feedback on how the AESO can make these sessions more constructive.	
21.	The AESO seeks to be transparent through this stakeholder engagement process and would like to publish all information as received. Is the information provided in this feedback suitable to be published by the AESO on aesoc.ca? If no, please indicate the sections of your response that should be redacted?	<div style="background-color: black; height: 15px; width: 100%;"></div> <div style="background-color: black; height: 15px; width: 70%;"></div>
22.	Please provide any other comments you have related to the sub-hourly settlement engagement.	

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