

## Stakeholder Comment Matrix – Apr. 9, 2020

### Request for feedback on pricing framework review, session 2 material



<p><b>Period of Comment:</b> Apr. 9, 2020 through Apr. 23, 2020</p> <p><b>Comments From:</b> Powerex Corp.</p> <p><b>Date:</b> 2020/04/17</p>	<p><b>Contact:</b> Clarke Lind and Dan O’Hearn</p> <p><b>Phone:</b></p> <p><b>Email:</b></p>
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*The AESO is seeking comments from stakeholders on its approach to reviewing the pricing framework, and content from session 2.*

	Questions	Stakeholder Comments
Price Cap Review		
1.	Do you have comments related to the AESO’s analysis on the response of interties to high prices?	<p>Powerex appreciates the AESO’s analysis on this topic.</p> <p>Based on the data provided, the AESO has demonstrated that between 2015-2019, the interties have maintained high import utilization during scarcity pricing events. As a result, the AESO concludes that the “current price cap level does not appear to impede imports.”</p> <p>As Powerex suggested in its feedback on Pricing Framework Review from Session 1 on February 28<sup>th</sup> (2020), capacity across the Western North American electricity system is tightening. Past events are not indicative of the future as the system transitions toward a new resource mix.</p> <p>Powerex referenced Energy + Environment Economics’ (E3) Northwest Power Pool report from October 2019 in its February 28<sup>th</sup> submission. The report concludes:</p> <ol style="list-style-type: none"> <li>1. The region may begin to experience capacity shortages as soon as 2020; and</li> <li>2. By the mid-2020s, the region may face a capacity deficit of thousands of megawatts.</li> </ol> <p>Source:</p> <p><a href="https://www.nwpp.org/private-media/documents/2019.11.12_NWPP_RA_Assessment_Review_Final_10-23.2019.pdf">https://www.nwpp.org/private-media/documents/2019.11.12_NWPP_RA_Assessment_Review_Final_10-23.2019.pdf</a></p>

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		<p>Further, FERC Order 831 requires that market operators cap the verified cost-based incremental energy offers used to calculate LMP at \$2,000/MWh (USD).</p> <p>Since FERC implemented Order 831 in 2016, both MISO and SPP have implemented offer caps of \$2000/MWh (USD). The CAISO is planning to implement a similar \$2000/MWh (USD) offer cap by fall 2020.</p> <p>External suppliers to Alberta participate in the above listed centrally administered markets. In the near future, there may be situations in which Alberta will be competing for import supply against these markets.</p>
2.	Do you have comments related to the AESO's analysis on the response of long lead time assets to high prices?	N/A
3.	The AESO provided analysis related to load that may respond to prices greater than \$1000/MWh. Do you have comments related to the approach of that analysis?	N/A
4.	Do you believe the amount of load the AESO indicated could respond to prices greater than \$1000/MWh is accurate? Please substantiate your response.	N/A
5.	If the price cap were increased, would loads be more incented to enter into energy market hedges? What would be the benefits and drawbacks to this?	N/A
6.	<p>What approach should the AESO use when determining the appropriate price cap level?</p> <p>Please substantiate your response.</p>	<p>Powerex is of the opinion that the AESO should consider US prices and FERC Order 831 when considering an appropriate price cap level.</p> <p>As an external supplier to the AESO, with access to several FERC jurisdictions, Powerex is of the opinion that competitive equality can be gained by raising the price cap to match international markets. Specifically, matching the price level that US markets can achieve when complying with FERC Order 831 (\$2000USD/MW). At this pricing level the AESO can remain competitive with other US centrally administered markets during times of west-wide system stress</p>

	Questions	Stakeholder Comments
7.	Do you believe market efficiencies could be gained by raising the level of the price cap? What are the tradeoffs? Please substantiate your response.	N/A
8.	Is there additional analysis the AESO should complete to review the efficiency of the price cap?	
<b>Price Floor Review</b>		
9.	The AESO provided analysis related to the volume and prices of potential renewable generation market based curtailment. Do you have comments related to the volumes or price levels described in that analysis?	N/A
10.	The AESO provided analysis related to the volume and prices of potential thermal generation market based curtailment. Do you have comments related to the volumes or price levels described in that analysis?	N/A
11.	Historically, the AESO has largely used import curtailments to manage supply surplus conditions. Is this an adequate approach to managing future supply surplus conditions?	N/A
12.	Do you believe that market efficiencies could be gained by establishing a lower price floor? What are the tradeoffs? Please substantiate your response.	Powerex is of the opinion that dropping the export charge (Rate XOS) when prices drop below a certain level, or during times of forecast supply surplus, could incent an efficient market response. This could be in addition to lowering the price floor, or as a standalone initiative.
13.	Is there additional analysis the AESO should complete to review the efficiency of the price floor?	
<b>Stakeholder Engagement</b>		

	Questions	Stakeholder Comments
14.	<p>In the next stakeholder session, the AESO plans to present alternative price cap and floor design alternatives. In the final stakeholder session the AESO would like to hear directly from stakeholders or groups of stakeholders. The format will be dependent on the number of respondents. Would you be interested in presenting individually or as part of a group on any element of the pricing framework the AESO has communicated on during this stakeholder engagement?</p> <p>If yes, please indicate which topics you may be interested in discussing. Note, industry associations notwithstanding, the AESO would prefer to have stakeholders represent themselves rather than have third parties present on behalf of stakeholders.</p>	N/A
15.	<p>Was the Zoom meeting approach used for this engagement effective?</p> <p>If no, please provide specific feedback on how the AESO can make these sessions more effective.</p>	Yes. The Zoom meeting worked well and provides a reasonable alternative to in-person meetings.
16.	Please provide any other comments you have related to the pricing framework engagement.	N/A

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