

Stakeholder Comment Matrix – May 7, 2021

Additional Feedback from the Second Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*



Period of Comment: May 7, 2021 through May 25, 2021	Contact: Kurtis Glasier
Comments From: Heartland Generation Ltd. ("Heartland Generation")	Phone: (587) 228-9617
Date: [2021/05/25]	Email: Kurtis.Glasier@heartlandgeneration.com

Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to rules_comments@aeso.ca.

The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Heartland Generation found the session to be valuable. The AESO could improve stakeholder engagement by publishing, or at least circulating a draft of, the meeting minutes prior to the comment deadline.

	Question	Stakeholder Comments
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	<p>The characterization of transmission access does not seem aligned with how Heartland Generation understands the transmission planning uses Supply Transmission Service (STS) contract volumes; that the current transmission planning process includes an expectation of generation performance as part of a probabilistic congestion analysis. A generator on a declared mothball outage would not negatively impact this process. In fact, the additional information surrounding the outage timing and market conditions could allow the AESO to form better probabilistic scenarios more reflective of the expected generation performance in that area. During the AESO’s transmission planning analysis it must account for a myriad of other business decisions from STS holders (generation performance, load growth, etc.).</p> <p>A mothballed generator does not materially increase uncertainty as it would be incorporated into other AESO scenario forecasts to inform transmission planning. The AESO accounts for all available data in its planning criteria, which includes the mothball outages and other performance drivers. Assumedly, the AESO does not plan the transmission system to accommodate for STS volumes if it only expects a generator to perform at a fraction of that level due to market conditions. The AESO already accommodates for commercial operations within its transmission planning, mothball outages are just a furtherance of this practice.</p>

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3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>ERCOT is the only other north American market with an energy-only framework. Borrowing from this framework, the AESO should not allow a mothball outage to impact a generator’s interconnection. All the other jurisdictions discussed have some variation of transmission access rights or a capacity market, which have features that do not align with Alberta’s electricity markets.</p> <p>Due to the distinct lack of transmission rights in Alberta, there is likely a compromise between the competing interests of mothballed assets and new interconnections.¹ One alternative that should be explored would allow the mothballed asset to have its interconnection unaffected, until such a time there is an application for a new interconnection in that study area. The mothballed asset would then be given a “right of first refusal”. Potentially, the mothballed asset could choose:</p> <ol style="list-style-type: none"> 1) To partially, or fully, return to service prior to, or at the time of, energization of the new interconnection project, or at an appropriately agreed upon time; or 2) Forego the option to return to the market and relinquish in part or in whole a portion of its STS contract volume (as required by the new interconnection). <p>Until there is a new interconnection being applied for, which cannot be accommodated by the current system without a material upgrade, there is no problem caused by the mothballed status of an asset. Under this alternative, the mothballed asset should also be able to extend the outage indefinitely as transmission access is not hindered. Outages are a commercial decision and should not be arbitrarily limited by a maximum duration.</p> <p>Further, this alternative would allow the AESO, the owner of the new interconnection project, and the owner of the mothballed asset to come to a mutual decision. This allows for the efficient use of transmission resources while not necessarily impeding the commercial flexibility required by those connected to the grid. The mothballed asset and the new interconnection project would be able to provide the AESO with better forecasting information required for system planning.</p>

¹ Transmission access rights as a tradeable property right would allow for participants to directly coordinate and negotiate over transmission access. Typically, tradeable property rights are an efficient solution to the competing interests between participants.

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4.	<p>Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.</p>	<p>Heartland Generation prefers the alternative it has proposed above. It is most similar to the second alternative, however with the necessary distinction that STS reduction would only occur after a new interconnection proposal has been energized and the mothballed asset has chosen not to return to active participation.</p> <p>The maximum term relied upon by all three AESO alternatives is an unnecessary and arbitrary construct, and it impedes efficient commercial decision making. Heartland Generation’s proposed alternative addresses transmission access through a fair, efficient, and openly competitive mechanism, and does not require a maximum term for the mothball outage.</p>
5.	<p>Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.</p>	<p>Heartland Generation is not supportive of the existing 24-month maximum duration. The existing maximum duration is arbitrary and somewhat non-binding as the criteria for an extension is at the sole discretion of the AESO.</p> <p>The focus of the mothball outage rule should be on reporting; a clear process by which the participant can notify the AESO and the market of its intent to take a mothball outage. The size and duration of the mothball outage are clearly within the purview of the asset owner, as directly related to commercial business decisions. Heartland Generation supports the removal of the 24-month maximum duration.</p>

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6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	<p>This limitation on subsequent mothball outages is the result of misplaced concern. A mothball outage is not a simple switch that can be turned off/on. A mothball outage requires commitment and planning on behalf of the generator owner. There are two concerns that it seems the AESO is trying to address with this requirement: (i) that generators after a 24-month mothball outage will only come back for a short time before going on mothball outage again; and (ii) that generators will somehow use a mothball outage to create uncertainty and barriers to entry.</p> <p>Concern (i) only results because of the 24-month maximum duration condition in the first place. A generator may not forecast an improvement in market fundamentals until 36-months from the start of its mothball outage; in this scenario it would be more efficient from a market notification and operation standpoint to remain on mothball outage until conditions improve rather than be forced to return for a 3-month operations window before going on a subsequent mothball outage. The AESO should simplify the mothball outage rule to remove arbitrary limitations on the commercial flexibility of a mothball outage, this would allow generator owners to be more transparent and clearer about the intent of their mothball outage.</p> <p>Concern (ii) presumes that an owner taking a mothball outage is acting in an anticompetitive manner. A mothball outage is clearly reported and part of the market framework, therefore the <i>Fair, Efficient, and Openly Competition (FEOC) Regulation</i> would still be applicable. The removal of the “return to service period” from the ISO Rule would in no way hinder the Market Surveillance Administrator’s authority or ability to ensure that participants are acting in a manner to support the FEOC operation of the market.</p>
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	<p>The transmission access piece is the most critical. As explained above, if transmission access fairly accommodates for commercial flexibility than there is no need to arbitrarily limit the duration of a mothball outage, nor would there be a risk of abuse from subsequent outages. The AESO should consider holding a stakeholder engagement session targeted on a solution to transmission access, as the proper treatment will alleviate other administrative solutions currently being proposed (i.e., maximum duration, return to service, etc.).</p>

	Question	Stakeholder Comments
8.	Are you supportive of the AESO’s recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	Heartland Generation supports the alignment of outage cancellation notification and return to service timelines.
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	It makes sense to shorten the minimum timeline to 30-days notices to align the mothball outage cancellation with other outage cancellation requirements.
10.	Are you supportive of the AESO’s recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	Heartland Generation is supportive of maintaining the existing rule requirement. However, it is worth noting that the intent of this 3-month notification is to not limit commercial/operational flexibility, and a waiver should be granted when it is requested on that basis.
11.	Are you supportive of the AESO’s proposal for separate mothball outage reporting? Please explain.	Heartland Generation is supportive of the transparent reporting of mothball outages, consistent with the <i>FEOC Regulation</i> requirements.
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	<p>Heartland Generation does not support changes to the maximum start-up time for long lead time (LLT) type 2 assets. The 36-hour maximum start-up time for LLT assets has not been justified.</p> <p>The existence of maximum durations for LLT startup creates a seams issue with the other outage reporting. For example, if the optimal configuration for my asset would require a startup time of 40 hours, there is no clear way to communicate this to the market. The maximum duration is greater than the 36-hour maximum for long-lead time but shorter than the notification requirements of a mothball outage. The AESO has therefore limited commercial operation, and to an extent competitiveness of that asset solely through arbitrary limitations on duration.</p>

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13.	Do you have any additional comments?	<p>In general, the AESO should focus on the public and transparent reporting of outages. Approval and limitations on commercial decisions of participants are antithetical to the deregulated energy markets and the FEOC operation of that market. The AESO has indicated that LLT assets respond to price signals from the energy market; this relationship still holds with mothball outages, but the response is to a longer-term price signal rather than hourly. The energy-only market framework of Alberta relies on participants having the commercial flexibility to optimize the configuration and operation of their assets. Market participants require a clear and transparent way to report mothball outages and LLT status to the market, the rules surrounding these decisions should not impose limitations, which undermine investor confidence.</p>