

May 16, 2022

To: The Market Surveillance Administrator, market participants and other interested parties
("Stakeholders")

Re: **Stakeholder Comments on Letter of Notice for Feedback on the Mothball Outage Reporting Rule Amendment: Design Document ("Design Document") for the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting* ("Section 306.7")**

The Alberta Electric System Operator ("AESO") received comments from Stakeholders in response to its April 21, 2022 *Letter of Notice for Feedback on the Design Document for the Development of the Proposed Amended Section 306.7*. These comments have been posted on the AESO website.

Comments were received from the following Stakeholders:

1. Capital Power Corporation;
2. ENMAX Corporation;
3. Heartland Generation Ltd.;
4. Market Surveillance Administrator;
5. Suncor Energy Marketing Inc.;
6. TransAlta Corporation; and
7. TransCanada Energy Ltd.

Thank you to all Stakeholders who participated in this consultation. All written comments received will be considered in the AESO's finalization of the proposed amended Section 306.7.

If you have any questions, please submit them to rules_comments@aeso.ca.

Sincerely,

Jackie Gow

Legal Manager, ISO Rules and Alberta Reliability Standards
Legal and Regulatory Affairs
rules_comments@aeso.ca

Stakeholder Comment Matrix

Feedback on the Mothball Outage Reporting Rule Amendment: Design Document for the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*



<p>Period of Comment: April 21, 2022 through May 13, 2022</p> <p>Comments From: Capital Power</p> <p>Date: 2022/05/13</p>	<p>Contact: Santi Churphongphun / Matthew Davis</p> <p>Phone: (403) 807-2909 / (403) 540-6087</p> <p>Email: schurphongphun@capitalpower.com / mdavis@capitalpower.com</p>
--	--

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment: Design Document (“Design Document”) with regard to the following matters:

	Question	Stakeholder Comments
1.	Do you see any gaps in the implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain.	<i>Capital Power does not oppose Option 2. However, additional clarity previously requested by Capital Power¹ regarding the process for restoring STS capacity was only briefly outlined in the AESO’s April 21st, 2022 Design Document². In this regard, there may be gaps but, if so, will become more apparent once draft rule changes are made. Capital Power may have further feedback once the changes are reflected by the AESO in proposed draft rule form or if revisions beyond those outlined in the recent design document are included.</i>
2.	Do you have any other concerns with the AESO’s implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain the concerns.	<i>Capital Power has no other concerns at this time.</i>
3.	Do you have any additional comments?	<i>Capital Power has no further comments at this time.</i>

¹ See Capital Power comments to questions 2, 6 and 8 in its stakeholder comment matrix to the AESO (November 25, 2021).

² P.4-5, AESO “Mothball Outage Reporting Rule Amendment: Design Document” (April 21, 2022).



<p>Period of Comment: April 21, 2022 through May 13, 2022</p> <p>Comments From: ENMAX Corporation</p> <p>Date: 2022/05/12</p>	<p>Contact: Mark McGillivray</p> <p>Phone:</p> <p>Email: MMcGillivray@enmax.com</p>
--	--

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment: Design Document (“Design Document”) with regard to the following matters:

	Question	Stakeholder Comments
1.	Do you see any gaps in the implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain.	Please see comments below.
2.	Do you have any other concerns with the AESO’s implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain the concerns.	Please see comments below.
3.	Do you have any additional comments?	<p>On page 4 of the Design Document, the AESO states the following: “Once back in service, the asset must remain in service for the same amount of time as its mothball outage, subject to a minimum of 3 months to a maximum of 1 year.”</p> <ul style="list-style-type: none"> • ENMAX requests further clarity on whether the AESO has the legal authority to compel an owner of a generating unit to remain in service. Can the AESO point to the specific Act and provisions where this authority is granted and/or how they would enforce this?

	Question	Stakeholder Comments
		<p>On page 4 of the Design Document, the AESO states the following: “For mothballed assets connected to the distribution system, the expectation is that the distribution facility owners will maintain accurate STS capacity levels for its system as required under the ISO tariff.”</p> <ul style="list-style-type: none"> ENMAX would like to understand whether this implies that generators in different parts of the province could be subjected to different mothballing requirements based on the local DFO? Is the AESO expecting that distribution-connected generators’ mothballing rules would be covered in part by distribution tariffs?

<p>Period of Comment: April 21, 2022 through May 13, 2022</p> <p>Comments From: Heartland Generation Ltd. (“Heartland Generation”)</p> <p>Date: [2022/05/13]</p>	<p>Contact: Kurtis Glasier</p> <p>Phone: (587) 228-9617</p> <p>Email: Kurtis.Glasier@heartlandgeneration.com</p>
---	---

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment: Design Document (“Design Document”) with regard to the following matters:

	Question	Stakeholder Comments
1.	Do you see any gaps in the implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain.	<p>Heartland Generation is seeking clarity around the definition of a “new connection” with regard to notification that a mothball asset will receive. Specifically, at what point of the interconnection process of the “new connection” will the mothballed asset receive notification? Also, at what point will the potential STS reduction occur? The timing of this process will be critical to ensure that a mothballed asset, which announces it will return to service does so with certainty that the new connection will be energizing. This would avoid the mothballed asset returning to the market under strained economic circumstances after a new connection fails to materialize. Likewise, this would avoid the mothballed asset reducing its STS contract to zero despite a new connection not energizing and using the transmission capacity.</p> <p>Therefore, it is key that the new connection achieves high certainty prior to the mothballed asset having to decide on whether to return to the market. It would be helpful if the rule language reflects the timelines of these concurrent events (new interconnection and mothballed asset notification) under multiple scenarios (e.g., new interconnection is cancelled prior to energization but after a mothballed asset has announced it would return to maintain its STS contract capacity, new interconnection is cancelled prior to energization but after a mothballed asset has reduced its STS contract capacity, etc.).</p>

	Question	Stakeholder Comments
2.	Do you have any other concerns with the AESO's implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain the concerns.	<p>The AESO states that if a new interconnection application would cause congestion in the area of a mothballed unit, which has chosen not to return, then the mothballed asset would have its STS contract capacity reduced to zero regardless of the size of the new interconnection. This should be changed. The amount of STS reduction for the mothballed asset should be tied to size of the new interconnection asset, or preferably the impact the project would have on congestion in the area.</p> <p>For example, in the case of a 10 MW wind farm application for interconnection in the same area as a 200 MW mothballed asset, if the mothballed asset does not return, then their STS contract should not be reduced by more than 10 MW. There may be specific examples whereby the mothballed asset could not return at a fraction of its previous STS contract capacity; but even under those circumstances, the mothballed asset should only have to apply for a system access service (e.g., through a SASR) for the portion of the capacity that was reduced as a direct cause to the new interconnection.</p> <p>The AESO should include the flowchart from Appendix 1 in Section 306.7 of the ISO Rules, <i>Mothball Outage Reporting</i>, as an appendix or figure.</p>
3.	Do you have any additional comments?	Heartland Generation appreciates the opportunity to provide comments and looks forward to further engagement once the draft rule language for the amendments are available.

By email to: rules_comments@aeso.ca

May 13, 2022

Jackie Gow
Legal Manager, ISO Rules and Alberta Reliability Standards
Suite 2500, 330 – 5 Avenue SW
Calgary, AB T2P 0L4

Dear Ms. Gow:

Re: MSA Comments on Mothball Outage Rule Amendment: Design Document

The MSA submits this letter in response to the Alberta Electric System Operator's ("AESO") Letter of Notice for Feedback on the Mothball Outage Rule Amendment: Design Document, published April 21, 2022. The MSA proposes limited wording changes to the Mothball Outage Reporting rule ("Mothball Rule") to address concerns regarding the clarity of the attestation requirement contained in section 4(1).

Section 4(1) of the Mothball Rule currently states:

4(1) A pool participant must, if a notification is provided to the ISO pursuant to subsections 3(1), or 3(3)(a) where such notification results in an extension to the duration or increase in MW of the mothball outage originally submitted pursuant to subsection 3(1), **provide an attestation to the ISO from a corporate officer of the pool participant of the source asset that:**

(a) based on **its reasonable assessment of forecast market prices and market conditions** at the time the attestation is provided, such forecast market prices and market conditions are insufficient to recover avoidable costs for the source asset for the duration of the mothball outage; and

(b) the mothball outage will be cancelled if, based on **its reasonable assessment of forecast market prices and market conditions**, such forecast market prices and market conditions become sufficient to recover **avoidable costs** for the source asset for the remaining duration of the mothball outage.

[Emphasis is added]

We have three related concerns with respect to Section 4(1) as it currently stands. These are as follows.

- It is somewhat unclear whether it is intended that the attestation be the corporate officer's assessment or the pool participant's assessment, attested to by the corporate officer. We believe it should be the pool participant's assessment and that this requirement should be explicitly stated.
- We believe the rule should be based on an objective standard that can be applied in proceedings before the Alberta Utilities Commission ("AUC"). Although an assessment may be reasonable to a corporate officer, it should be commercially reasonable based on prevailing industry practice, as ultimately determined by the AUC.
- As written, the Mothball Rule does not attach the requirement of reasonability to avoidable costs. We believe that these should also be subject to either an assessment against the "commercially reasonable" standard referred to above or that these be required to be factually correct from an engineering cost study standpoint.

Suggested draft amendments to address the foregoing issues regarding subsection 4(1) are indicated below.

4(1) A pool participant must, if a notification is provided to the ISO pursuant to subsections 3(1), or 3(3)(a) where such notification results in an extension to the duration or increase in MW of the mothball outage originally submitted pursuant to subsection 3(1), provide an attestation to the ISO from a corporate officer of the pool participant of the source asset that

- (a) based on the pool participant's commercially reasonable assessment of forecast energy and ancillary markets prices and conditions of those markets at the time the attestation is provided, such forecast energy and ancillary services markets prices and market conditions would be insufficient for the pool participant to recover its commercially reasonable assessment of avoidable costs for the source asset for the duration of the mothball outage; and
- (b) the mothball outage will be cancelled if, based on its commercially reasonable assessment of forecast market prices and market conditions, such forecast market prices and market conditions become sufficient to recover its commercially reasonable assessment of avoidable costs for the source asset for the remaining duration of the mothball outage.

Thank you for the opportunity to provide these comments. Please let me know if you have any questions.

Sincerely,

Mark Nesbitt,
Advisor, Investigations, Market Surveillance Administrator

<p>Period of Comment: April 21, 2022 through May 13, 2022</p> <p>Comments From: Suncor Energy Marketing Inc.</p> <p>Date: 2022/05/13</p>	<p>Contact: Horst Klinkenberg</p> <p>Phone: (403) 819-7125</p> <p>Email: horst.klinkenberg@suncor.com</p>
---	--

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment: Design Document (“Design Document”) with regard to the following matters:

	Question	Stakeholder Comments
1.	Do you see any gaps in the implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain.	<p><i>The current outline does not specify when a mothballed unit will have its STS reduced if it elects to maintain its mothballed status. Suncor’s recommendation would be for this not to occur until the new unit energizes.</i></p> <p><i>Suncor believes there needs to be significant additional clarity around requirements and consequences for new projects, and around consequences for the originally mothballed unit. For example, it shouldn’t be possible to “flush-out” mothballed units without commitments by and consequences for the new project.</i></p>
2.	Do you have any other concerns with the AESO’s implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain the concerns.	<p><i>Suncor believes the amount of the STS reduction is unnecessarily and inefficiently high. Instead of simply reducing STS “to the mothballed asset’s available capability during the mothball outage,” the STS should be reduced to the higher value of that value and the available STS capacity after energization of the new project.</i></p>
3.	Do you have any additional comments?	<p><i>As requested, the above comments focus on the implementation as outlined in the Design Document. Many of Suncor’s previously raised concerns remain and have not been repeated, like, for example concerns about attestation requirements and about inefficient and arbitrary limits,</i></p>

<p>Period of Comment: April 21, 2022 through May 13, 2022</p> <p>Comments From: TransAlta Corporation</p> <p>Date: May 13, 2022</p>	<p>Contact: Maria Gray</p> <p>Phone: 403-267-3981</p> <p>Email: maria_gray@transalta.com</p>
--	---

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment: Design Document (“Design Document”) with regard to the following matters:

	Question	Stakeholder Comments
1.	Do you see any gaps in the implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain.	<p><i>The return to service timeline should be different in instances where a new asset is connecting to the system and the mothballed asset has chosen to return</i></p> <p>The return to service timeline, for the scenario where an asset has been mothballed for longer than the initial 2 years and a new entrant wishes to connect in an area that shares an interconnection point with the mothballed asset, should be the earlier of: (1) the in-service or commercial operations date of the new project, or (2) the end of the mothball extension.</p> <p>We believe that in the situation where the mothballed asset chooses to return to service instead of reducing its STS, the return to service timeline should not be based on the return to service period stated at the time of the initial mothball notification as it may take longer than that period for the new entrant to go through the interconnection and AUC approval processes, and build. It would create an unfair situation to force a mothballed asset to operate uneconomically during this period when they are not needed for any reliability reason.</p> <p><i>Stage 2 is too early in the interconnection process to force a mothballed asset to return to service or reduce its STS</i></p> <p>TransAlta recommends that the trigger point for a mothballed asset to decide whether to return to service or reduce its STS be moved to a later stage in the interconnection process.</p>

	Question	Stakeholder Comments
		<p>In stage 2 of the interconnection process, the new entrant is still in the process of its engineering study report. The study potentially considers several connection alternatives with the aim of selecting a preferred alternative. The new entrant is not required to have filed any of its permitting and licencing applications with the AUC to construct or operate a generating facility, which provides limited to no certainty that the project will be pursued to commercial operations. We are highly concerned that the AESO’s proposal to afford a new entrant the right to trigger a decision by a mothballed asset comes at little cost to the new entrant (the cost of a system study) and can be easily gamed to impose decisions on other generators. The incumbent generator should not be required to make this decision until after the new entrant has paid (i.e., cash payment not simply posting a letter of credit) the Generating Unit Owner’s Contribution (GUOC). There is limited certainty in stage 2 that a new entrant will continue with their project thus forcing the mothballed asset to return to service or reduce its STS for no reason.</p>
2.	<p>Do you have any other concerns with the AESO’s implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain the concerns.</p>	<p><i>TransAlta does not agree with the implementation of Option 2, Alternative B</i></p> <p>As discussed in its comments on the AESO’s November 2021 <i>Mothball Outage Reporting Rule Amendment Options and Recommendation’s Paper</i>, TransAlta does not agree with proceeding with Option 2, Alternative B as this proposal is unreasonable and enables the AESO to force decisions upon generators for reasons other than reliability.</p> <p>The AESO’s consultation on Section 306.7 of the ISO rules, <i>Mothball Outage Reporting</i> (the Mothball Rule) has explored potential concerns with mothball outages that, to date, have not occurred. TransAlta does not see any value in manufacturing potential issues with the Mothball Rule only to provide the AESO more scope to intercede in generation investment decisions.</p> <p><i>TransAlta does not support the requirement for the mothballed asset to reduce its STS prior the in-service date of the new entrant</i></p> <p>The AESO’s proposal to unilaterally reduce a market participant’s STS contract to the mothballed asset’s available capability during the mothball outage, typically 0 MW, or otherwise return to service goes too far, punitively impacts a mothballed asset and needlessly increases reliability risk.</p> <p>All mothball outages are taken as a temporary measure by a market participant that is awaiting potential changes in market conditions which would permit the asset to be returned to service and operate economically. In this respect, all mothballed assets expect to</p>

	Question	Stakeholder Comments
		<p>resume operations and need the STS contract that it had in place before the mothball outage was taken.</p> <p>The AESO should not reduce the STS contract by any more capacity than is being sought by credible new generation projects. The AESO should not implement changes that grant the AESO far greater authority than it should be entitled to impose on a market participant including punitively reduce a mothballed asset's STS contract to the available capacity during the mothball outage, which is likely to be 0 MW in most instances. This further hampers the ability of a mothball asset's ability to return to the market by creating unnecessary uncertainty about transmission access and also imposes requirements on a mothballed asset to go through the interconnection process to restore its STS contract, adding greater administrative burden and extending the return to service timeline.</p> <p>Furthermore, the imposition of this requirement and the fact that the requirement is not tied to the in-service or commercial operations date of the new generator increases the risk to system reliability. Under the AESO's proposal, the mothballed asset would receive notification that a new generator, in stage 2 of the interconnection process, wishes to connect in an area that shares an interconnection point with the mothballed asset. The mothballed asset has 30 days after receiving this notification to decide to return to service or reduce its STS contract, and inform the AESO. If it does not choose to return to service, its STS contract is reduced which means that the mothballed asset cannot generate or return to service unless it reapplies for a contract increase. If the AESO is in need of the mothballed asset's capacity for reliability reasons, prior to the new entrant being in-service, the AESO will no longer have the ability to direct the mothballed asset to come online as the mothballed asset has no or limited STS contract capacity. TransAlta recommends that any STS reduction that is applied be only to the quantum requested by the new generator and that any reduction to the mothballed asset's STS contract capacity only be applied on the in-service or commercial operations date of the new entrant.</p>

	Question	Stakeholder Comments
		<p><i>The return to service timeline should not be consistently implemented for all scenarios</i></p> <p>As discussed in question 1 above, the return to service timeline should be different in instances where a new entrant wishes to connect in an area that shares an interconnection point with a mothballed asset and the mothballed unit has chosen to return. In these instances, the return to service timeline should be the earlier of: (1) the in-service or commercial operations date of the new project, or (2) the end of the mothball extension. The AESO should not put a generator in a position where it has to run uneconomically for reasons other than reliability.</p> <p><i>The new entrant should be required to pay GUOC prior to the mothballed asset being required to return to service or reduce STS</i></p> <p>Any trigger to initiate the decision for a mothballed asset to return to service or reduce its STS should require the new entrant to have already paid its GUOC. The requirement should not be simply posting a letter of credit (which can be revoked before the project is required to post cash) but rather a cash posting of the applicable GUOC amount. The AESO should require this payment be made in stage 2 of the interconnection process if the project proponent is effectively driving the notification for action by the mothballed asset, or extend the deadline for the mothballed asset to make this decision until the stage in the interconnection process where the new entrant has paid GUOC. A change to the interconnection process would be required to ensure the new entrant pays its GUOC in stage 2 in these scenarios.</p>
3.	Do you have any additional comments?	<p><i>Ineffective consultation</i></p> <p>Additional stakeholder consultation is required prior to moving forward with drafting revisions to the Mothball Rule. To date, the AESO has chosen to pursue its redesign effort through a mainly written process. Not only has this deprived stakeholders of reasonable opportunities to provide feedback into the design, the AESO appears to have largely disregarded any feedback and pushback that it has received regarding its proposal by remitting to a written process format that enables this to occur more easily.</p> <p>TransAlta does not support the AESO proceeding to ISO rule development without an additional stakeholder consultation session. TransAlta would like the opportunity to better understand the implementation details of Option 2, Alternative B and would find it valuable to discuss rationale with the AESO in a stakeholder consultation session. TransAlta</p>

Stakeholder Comment Matrix

Feedback on the Mothball Outage Reporting Rule Amendment: Design Document for the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*



	Question	Stakeholder Comments
		recommends that the AESO hold an additional stakeholder session to discuss the stakeholder comments received on the design document and implementation details.

<p>Period of Comment: April 21, 2022 through May 13, 2022</p> <p>Comments From: TransCanada Energy Ltd. (TCE)</p> <p>Date: 2022/05/13</p>	<p>Contact: Mark Thompson</p> <p>Phone: 403-589-7193</p> <p>Email: markj_thompson@tcenergy.com</p>
--	---

Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the “related material” on the Stakeholder Engagement page on the AESO website.
3. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking comments from Stakeholders on the Mothball Outage Reporting Rule Amendment: Design Document (“Design Document”) with regard to the following matters:

	Question	Stakeholder Comments
1.	Do you see any gaps in the implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain.	At this point in time, we have not identified any implementation gaps.
2.	Do you have any other concerns with the AESO’s implementation of Option 2, Alternative B as outlined in the Design Document? If so, please explain the concerns.	<p>Yes. While we do support Option 2, Alternative B in principle, we are concerned with the proposed treatment of the STS capacity reductions.</p> <p>The current proposal would implement STS capacity reductions if: (i) a generator has been on a mothball outage for greater than 2 years; (ii) a new generator intended to connect in the same area; (iii) the combination of the mothballed capacity and the new generator capacity caused congestion; and (iv) the mothballed unit did not wish to immediately return to service. This is reasonable.</p> <p>If a mothballed unit elected to have its STS capacity reduced, the AESO proposes to reduce the capacity to its AC during the mothball outage. This seems excessive. If 300 MW is mothballed and the forecasted congestion is only 10 MW, it is unnecessary to reduce the mothballed units STS capacity by 300 MW. Instead, TCE recommends that</p>

	Question	Stakeholder Comments
		<p>the STS capacity reduction be limited to the forecasted level of congestion.</p> <p>In this case if the mothballed unit were to return to service, it could do so without going through the connection process for those MWs that were not reduced.</p>
3.	Do you have any additional comments?	TCE has no additional comments at this time.