

| | |
|--|--|
| <p>Period of Comment: May 7, 2021 through May 25, 2021</p> <p>Comments From: Suncor Energy Marketing Inc.</p> <p>Date: 2021/05/25</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. 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? | Yes, the session was valuable, and Suncor appreciated the amount of discussion between stakeholders. |
| 2. | Do you have any feedback on the “transmission access” issues identified by the AESO? | <p>Suncor agrees that there is a low possibility that mothballed generators retaining their STS contracts could affect potential connection projects. Such a scenario poses a risk of uneconomic outcomes, which can for example include investment in unnecessary transmission infrastructure or the unnecessary stranding of capital.</p> <p>All three of the alternatives presented by the AESO are inflexible, draconian measures that fail to address the issue in an appropriate way. For example, the inclusion of an administrative, arbitrary, and inefficient <i>maximum term</i> for mothball outages is completely unnecessary if a flexible alternative is implemented.</p> |

| | Question | Stakeholder Comments |
|----|--|---|
| 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>Suncor does not think it is efficient to require incremental connection costs from new generators if there is spare system capacity from a mothballed generator that continues to remain offline.</p> <p>Suncor recommends that mothballed generators forgo (part of) their STS contract capacity when a new connection project in the area could make use of the capacity. However, in the circumstances, mothballed generators have the choice to retain their capacity by bringing the unit back to service at the appropriate time. If the mothballed generator chooses not to do so, the STS capacity is then allocated to the new connection project. If, at a later stage, the mothballed generator requires additional STS capacity, it will need to go through the normal process of obtaining incremental STS.</p> <p>Suncor submits that a workshop would be appropriate to determine detailed components of this solution. Questions that need to be answered would be what requirements should be imposed on a mothballed generator choosing to retain its STS and what options could be made available to “share” the STS capacity potentially desired by both generators.</p> |
| 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>Suncor does not support any of the provided transmission access alternatives as they all utilize administrative, arbitrary, and inefficient restrictions, for example by imposing a maximum term on mothball outages. It is inappropriate and inefficient for the AESO to dictate how generators operate. Instead, Suncor believes that in the unlikely case where a new project could benefit from (some of) the STS capacity currently held by a mothballed generator, the situation should be flexibly addressed as outlined in question 3.</p> |

| | Question | Stakeholder Comments |
|----|--|---|
| 5. | Are you supportive of the AESO's recommendation to maintain the existing 24-month maximum duration? Please explain. | Suncor strongly opposes any limit on the duration of a mothballed outage. Mothballed generators should not be required to give any return time and just be subject to the requirements of outage cancellation notice described in question 8. |
| 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. | Suncor does not support any limits on the minimum time between subsequent mothball outages. The generating unit should simply have to follow the same notification requirements for each mothball outage they take. Inefficient, administrative limits on generating unit owner's decisions should be avoided. |
| 7. | Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain. | Suncor sees the inflexible handling of STS contract capacity for mothballed units as the reason behind needing requirements for maximum duration and subsequent outages. A flexible choice to retain or forgo (part of) their STS contract capacity for mothballed units would mitigate the risks of barriers to entry, unnecessary costs, and uncertainty for potential transmission projects. By not indiscriminately retaining their entire STS contract capacity, units can mothball indefinitely without resulting in uneconomic decisions by other market participants. |

| | Question | Stakeholder Comments |
|-----|--|---|
| 8. | <p>Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.</p> | <p>Suncor supports aligning outage cancellation notifications with return to service timelines with provisions around updates to the declared return to service timelines to safeguard against potential market manipulation.</p> <p>In the case of a reduced return to service timeline the updated timeline should apply to the AESO immediately while it should phase in for the generator. This is to give the AESO increased flexibility should they need the generation and prevent the generating unit from taking advantage of a reduced timeline the market was not expecting.</p> <p>In the case of a longer return to service timeline the updated timeline should apply to the generator immediately and should phase in for the AESO. This is to ensure the AESO has adequate notification of the reduced flexibility of calling the unit back online.</p> |
| 9. | <p>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.</p> | <p>Suncor recommends the outage cancellation notification align with the return to service timeline with no minimum.</p> |
| 10. | <p>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.</p> | <p>Suncor recommends the notification requirement for mothballed outages align with the return to service timeline. Suncor is not convinced that any form of minimum notification requirement is appropriate.</p> <p>It is important to remember that by allowing economic withholding, the Alberta market does not incentivize physical withholding, which should eliminate the need for inefficient administrative restrictions.</p> |
| 11. | <p>Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.</p> | <p>Suncor has no issues with the proposal for separate mothball outage reporting and is always supportive of the AESO providing as detailed information as possible to market participants.</p> |

| | Question | Stakeholder Comments |
|-----|---|--|
| 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. | Suncor does not see the need to differentiate long lead time assets from mothballed outages as both are taking outages for economic reasons. In fact, the timing and/or duration of all outages is driven by economic reasons. Long lead times assets should have to follow the same requirements suggested in question 8 including their notice to return being equal to their start up time. |
| 13. | Do you have any additional comments? | <p>Suncor disagrees with the AESO removing the economic test from the scope of the consultation. The economic test should be removed from the rule. Generating unit owners should have sole discretion on how they operate their units. It is inappropriate to require participants to justify their (mothball) outage decisions for two main reasons:</p> <p>First, the Alberta market is deliberately designed that generators take all the risks regarding their investment and are only given a reasonable opportunity to recover their investment from the market. Since owners carry all the risk, their decision making should be interfered with as little as possible.</p> <p>Second, by allowing for economic withholding, the Alberta market provides no incentive to physically withhold, which limits the need for administrative safeguards.</p> |