

Stakeholder Comment Matrix – May 14, 2020

Request for feedback on sub-hourly settlement, session 1 material



Period of Comment: Apr. 23, 2020 through May 14, 2020	Contact: [REDACTED]
Comments From: Capital Power Corporation	Phone: [REDACTED]
Date: 2020/05/14	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 May 14, 2020*
- 4. Stakeholder comments will be published to aeso.ca, in their original state, with personal or commercially sensitive information redacted, following May 14, 2020.*

	Questions	Stakeholder Comments
1.	<p>In an effort to narrow the scenarios for implementation cost estimates, the AESO provided analysis that indicated, based on past observations, that a 15 minute interval would be the easiest to implement and that there were limited economic gains to be made from reducing the settlement interval to 5 minutes.</p> <ul style="list-style-type: none"> - Do you have comments related to the analysis presented? - Would you suggest additional analysis be completed to better understand the benefits of a shorter settlement interval? 	<p>Capital Power appreciates the opportunity to submit feedback on the analysis relating to sub-hourly settlement. Based on the information presented, there is insufficient evidence to suggest this is an initiative that should be pursued at this time. With marginal improvements to efficiency, and with the expectation that implementation would be costly for market participants and the AESO, Capital Power does not support the changes proposed by the AESO.</p> <p>The scope that is proposed by the AESO limits any consideration of changes to offer structure for generators or adjustments to the T-2 requirements embedded in ISO rules. Changes to settlement intervals without concurrent changes that would improve generator efficiency is a half-measure that will limit the overall efficiency gains in the market. If the AESO continues to pursue changes to the settlement interval, there should be consideration for these additional measures to improve efficiency for generators.</p> <p>If the AESO continues with implementation of sub-hourly settlement, removing 5-minute settlement from consideration is appropriate. This is supported by the conclusions that the incremental costs would be significant, with marginal improvements in efficiency.</p>
2.	<p>In an effort to narrow the scenarios for implementation cost estimates, the AESO provided assessments that sub-hourly settlement for all generation and load sites with interval meters could be mandatory and cumulative meter sites could be billed using: a) new shaping to account for 15 minute settlement or b) remain on an hourly billing approach with a true up payment.</p> <ul style="list-style-type: none"> - Do you have comments related to the participation approach suggestion made by the AESO? - Do you have comments related to the true-up analysis presented by the AESO? - Would you suggest additional analysis be completed to better understand participation options? 	<p>Capital Power does not support differentiated treatment between loads. This approach is at odds with the fundamental principle of maintaining a level playing field between market participants. Any solution chosen by the AESO should be applied equally across all loads.</p>

<p>3.</p>	<p>At the session the AESO presented information, based on historical observations that suggested a move to sub-hourly settlement would provide limited economic benefits to load and generation in Alberta.</p> <ul style="list-style-type: none"> - Do you have comments related to the analysis? - Do you have comments related to the qualitative benefits that would be provided to the market from a move to sub-hourly settlement? - Do you have suggestions on how the AESO could estimate the future benefits of sub-hourly settlement that could be included in the economic evaluation? For example, approaches to estimate load / generation operation changes? - Do you believe the sub-hourly settlement initiative should continue to be pursued by the AESO and industry? 	<p>Capital Power appreciates the efforts of the AESO to quantify the opportunity for efficiency gains that may result from changes to the settlement interval, and provides the following comments.</p> <p>Time Periods and Granularity of Analysis</p> <p>The AESO conclusions were drawn from analysis that was conducted on an annual basis. In establishing a case for a transition to sub-hourly settlement, efficiency improvements should be identified and quantified at a sub-hourly level. This should include identifying the subset of hours where the greatest improvements in efficiency would be expected.</p> <p>Capital Power submits that additional analysis should be completed to refine the current work that considers the changes that would occur during periods of peak demand, tight reserve margin, upset conditions where there are sudden changes in load and/or generation, or periods of ramp. This would provide a better understanding of the opportunities and efficiency gains that may result from changes to settlement intervals.</p> <p>Generation and Load Response</p> <p>The analysis assumes no change in behavior from load or generation in response to shorter settlement intervals. This is a critical assumption and will drive a significant portion of the efficiency gains and/or losses that occur from the change. Quantifying this change, or at a minimum providing directional estimates, should be included to ensure completeness of the analysis.</p> <p>While the analysis may be imperfect, it should be considered in the subset of hours noted above. This work should consider the additional benefits that may accrue to the system from additional changes that would improve generator efficiency, including shortening T-2 and aligning offers with the shorter settlement interval.</p> <p>Cost of Implementation</p> <p>For full transparency and to support a proper cost-benefit analysis, the AESO should provide their estimated costs for implementation. This is a key parameter that should be considered when evaluating the overall decision to change the settlement interval.</p> <p>Based on the information provided, Capital Power does not support a change to the settlement interval.</p>
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4.	<p>At the session the AESO presented information that suggested energy market bids / offers could continue to be made on an hourly basis. Do you have comments related to this element of the analysis?</p>	<p>Capital Power submits that there is insufficient evidence to support a change to sub-hourly settlement. However, if the AESO continues to pursue this initiative it is important to consider the overall efficiency improvements that could be realized by both generation and load. The AESO should consider the changes noted above. Specifically, generators should have the ability to offer on a time interval that is consistent with settlement, and the AESO should shorten the T-2 window to T-1 or T-15 min.</p>
5.	<p>At the session the AESO presented information that suggested energy dispatch could continue to be made on an as-needed basis regardless of the settlement interval. Do you have comments related to this element of the analysis?</p>	<p>Capital Power notes that moving to a 15-minute settlement interval may conflict with the current AESO approach to dispatching units ahead of the hour to position them to meet OR schedules. Should the AESO proceed with this initiative, changes to this process may be required.</p>
6.	<p>Cost question – given the narrowing of implementation options noted in questions 1 and 2, if your cost estimates will have changed from what you provided subsequent to session one, would you please provide an update here. LSAs and MDMs please do not answer; the AESO will be contacting you for participation in an additional session.</p>	<p>Capital Power has no additional comments on the cost estimates for implementation.</p>
7.	<p>At the session, the AESO explored potential impacts to other areas. Are there other potential impacts that should be considered and why?</p>	<p>Capital Power has no additional comments.</p>
8.	<p>Please provide any other comments you have related to the sub-hourly settlement engagement.</p>	<p>The AESO noted in their Budget Review Process their intention of completing a settlement audit in 2020. If the AESO pursues shorter settlement, the timelines should be aligned with the conclusion of the audit.</p>

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