

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 Comments From: Cogeneration Working Group (CWG) Date: 2020/05/14	Contact: [REDACTED] Phone: [REDACTED] 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>The analysis is reasonable and supports the view that there is minimal benefit associated with shorter settlement intervals. At best, there appears to be a 1% increase to revenue for simple cycle generation. As noted in the Session 1 comments and supported with the analysis presented by the AESO, there is not much benefit from moving to settlement periods shorter than 15-minutes. Meanwhile, the costs would be substantially higher.</p> <p>Accordingly, the CWG suggests that it makes sense to limit the assessment to either continuing with hourly settlement or moving to 15-minute settlement. Future analysis should focus on the costs associated with change in light of the small magnitude of the benefits.</p> <p>The CWG does not support consideration of 5-minute internals either now or in the future. One of the main benefits of a 15-minute interval is that it allows load customers to align their transmission costs with their energy costs and this benefit would be lost if the settlement window was shortened to 5-minutes.</p>

	Questions	Stakeholder Comments
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>This approach is reasonable.</p> <p>New shaping to account for 15-minute settlement would appear to cause less change than a true-up payment.</p>
3.	<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>As stated in the response to Session 1, the CWG notes that there are benefits to sub-hourly settlement, but that those benefits may be limited. Accordingly, the implementation costs are key to the decision to move forward. If implementation costs are minimal, sub-hourly settlement is a desirable market improvement, however if costs to market participants and costs to the AESO are high, then a cost benefit analysis is unlikely to suggest sub-hourly settlement to be worthwhile.</p>
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>The CWG supports continued hourly offers. Given the T-2 lockdown for offers, there does not appear to be a compelling benefit to reducing offers to 15-minute intervals and this potentially adds complexity to the market and implementation. The CWG's preference is to maintain simplicity where possible.</p>

	Questions	Stakeholder Comments
5.	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?	The CWG agrees with this approach. Reducing flexibility in the market by restricting the timing of dispatch will increase the need for regulating reserve.
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.</p> <p>LSAs and MDMs please do not answer; the AESO will be contacting you for participation in an additional session.</p>	
7.	At the session, the AESO explored potential impacts to other areas. Are there other potential impacts that should be considered and why?	
8.	Please provide any other comments you have related to the sub-hourly settlement engagement.	

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