

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: Direct Energy	Phone: [REDACTED]
Date: 2002/05/14	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>The analysis and conclusions show that the impact is “minimal” and Direct Energy agrees with this assessment.</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>A hybrid market adds a level of complexity that is undesirable. The cost of the changes to Direct Energy’s billing and settlement systems would not be offset by any perceived improvements to the market.</p> <p>Additional analysis could include a survey to illustrate the tangible benefits to participants, as it is not apparent who will benefit from this change and to what extent.</p>

	Questions	Stakeholder Comments
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>Direct Energy agrees with the conclusion that the move to sub-hourly settlement would provide limited economic benefits to load and generation in Alberta.</p> <p>Once the Alberta market has interval meters installed, sub-hourly settlement could be explored. Until that time, it is an unnecessary exercise that does not benefit the majority of Albertans.</p> <p>The metric for “price fidelity” was not well-defined. Improved price fidelity, which would be marginal at best, is not a replacement for a utility metric. The question remains: What is the utility of increasing price fidelity considering the cost of implementing sub-hourly settlement?</p> <p>Direct Energy does <u>not</u> believe that the sub-hourly settlement initiative should continue to be pursued by the AESO.</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 continuation of hourly energy market bids and offers is critical for the effective operation of the market. Disruption of this market is not recommended. If implemented, Direct Energy would face a significant increase in risk when pricing long-term future contracts as it would lack accurate historical information on which to base pricing. This would increase the prices that customers pay for long-term contracts.</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>Status quo is the best outcome.</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.</p> <p>LSAs and MDMs please do not answer; the AESO will be contacting you for participation in an additional session.</p>	<p>The cost estimates for Direct Energy have not changed.</p>

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7.	At the session, the AESO explored potential impacts to other areas. Are there other potential impacts that should be considered and why?	No comment.
8.	Please provide any other comments you have related to the sub-hourly settlement engagement.	This is a time of fiscal constraint in Alberta and not the time to introduce a non-essential change to the electricity marketplace especially when the analysis shows the improvement to be “miniscule”, “inconsequential”, “insignificant”, “minimal”, “marginal”, “minor”, “practically zero” with no increased utility for any market participant. Retailers would bear the cost of these proposed changes and the only way to recover these increased costs would be through higher prices to Albertans.

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