

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: ENMAX Corporation Date: 2020/05/14	Contact: [REDACTED] y Phone: Email: [REDACTED]
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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? 	See responses below.
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>	<p>The AESO's analysis <u>does not</u> appear to introduce significant efficiencies that would warrant a change at this time to the current settlement interval for both generation and load.</p> <p>Applying a 15-minute settlement interval for all generation would still require payments to suppliers on the margin. ENMAX believes that PSM is adequate under</p>

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	<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>the current model.</p> <p>In terms of load, it is unclear whether existing load sites with interval meters would increase their responsiveness to a new settlement and price environment. As previously noted by ENMAX in its March 2020 comments to the AESO, interval meters alone are insufficient to access the potential benefits of a change in settlement interval. Customers would require access to real time load levels and price signals to understand if a change in behavior is in their interest. Not all loads have this ability in all situations.</p> <p>Additional analysis is required to better understand whether larger load participation, such as large loads already displaying price response and/or self-retailers, would be sufficient to improve overall price fidelity to a level that meets the objective.</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>See response to 2. At this time, ENMAX agrees that a move to sub-hourly settlement at this time would provide limited economic benefits to load and generation in Alberta.</p> <p>The AESO presented that price fidelity signals can be enhanced with a sub-hourly settlement, but that improvements are only marginal using historical data and thus currently undervalued. While the AESO assumes that under a sub-hourly regime, the assets would provide more of a response which would result in larger improvements, this fails to account for the additional wear on units that could occur from an increase in ramping efforts. As such, more analysis is needed on the impact of changed offer behavior/asset operations resulting from a shorter settlement interval.</p> <p>Additionally, more information is needed on intertie/OR implications. For instance, what do the specifics of sub-hourly implementation have on priced interties? Changing the settlement interval on the interties would likely result in more work to schedule shorter transmission intervals and would require a change in how power is transacted with counterparties outside of Alberta. Furthermore, a better understanding is needed on if a transition to sub-hourly settlement would impact the volume of AS currently procured by the AESO.</p> <p>If the AESO were to move forward with a change, stakeholders would require further information on how the AESO intends to measure price fidelity improvement over time.</p>

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4.	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?	Agree. Further clarity is required on whether the AESO is intending to have loads be subject to must offer/must comply rules. Has the AESO analyzed how certain loads would respond to these dispatch related rules?
	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?	Agree.
5.	<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>	Prior to implementing any changes, all costs associated with a regulated entity will require approval through a regulatory process with the AUC.
6.	At the session, the AESO explored potential impacts to other areas. Are there other potential impacts that should be considered and why?	ENMAX would like to see load impacts at the bulk system level (5MW) separated from the smaller loads.
7.	Please provide any other comments you have related to the sub-hourly settlement engagement.	<p>At this time, ENMAX believes that the existing settlement interval is adequate, and a move to sub-hourly settlement is not required. If the AESO wanted to pilot this idea with large loads already displaying price response and/or self-retailers, ENMAX would be interested in the associated AESO Rule development.</p> <p>Any future change should allow for a slow and uniform implementation so retail and wholesale contracts can adjust.</p>

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