

Stakeholder Comment Matrix – May 14, 2020

Request for feedback on sub-hourly settlement, session 2 material



Period of Comment: Apr. 23, 2020 through May 14, 2020	Contact: [REDACTED]
Comments From: FortisAlberta	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 2.

- 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? 	<ul style="list-style-type: none"> • FortisAlberta agrees with the AESO’s approach to narrow the scenarios for implementation costs estimates and thus channel the stakeholders’ efforts to manageable options only and still be able to meet the mandate of this initiative. FortisAlberta raises a concern that the scope is now narrowed down to exploring two similar options, both requiring shorter settlement intervals, instead of considering alternative options and thus offer the best solution to incent price fidelity. (refer to slide 16 of session 2). • FortisAlberta agrees that reducing the settlement period to 5-minute intervals compared to 15-minute intervals is cost prohibitive due to required infrastructure changes with little revenue uptake to justify further exploring it as a viable option and therefore should not be put forward for estimating the cost of implementation. • FortisAlberta also recommends additional analysis be completed on how potential changes would benefit retail suppliers and end use customers if at all.
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? 	<ul style="list-style-type: none"> • FortisAlberta agrees with the participation approach outlined by the AESO. • The true-up mechanism as understood by FortisAlberta in relation to the two options is described as the difference between the amount collected under Option ‘a’, where all cumulative metered sites are settled at 15-minute intervals, versus the amount collected under Option ‘b’ where cumulative sites remain on an hourly billing. It is not clear whose responsibility it would be to calculate the true-up amounts for cumulative meter sites under Option ‘b’ as a standalone. • FortisAlberta supports consultations with the MDAs and LSAs to gather broader perspectives and further evolve the analysis under the two options.

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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? 	<ul style="list-style-type: none"> • Based on the presented data, the economic benefits to the generation suppliers, even before adjustments from Payments to Suppliers on the Margin (PSM), appear to be limited and may not warrant a transition to sub-hourly settlement without the evolution of capital infrastructure (e.g., meters, back-office systems, data analytics, storage etc.) that facilitates cost effective real time demand response by end use customers and thus expanding the benefits from the transition to all market players. • In the absence of mechanisms that modify consumer behavior, demand for energy, FortisAlberta does not see any other qualitative benefits from the defined scope. • Beyond the cost estimate for changes to its settlement engine, which FortisAlberta is prepared to provide to the AESO in a separate session, FortisAlberta does not have any suggestions that could be included in the economic evaluation. • FortisAlberta suggests that the decision whether the sub-hourly settlement initiative should continue to be pursued by the AESO be made after undertaking a cost/benefit analysis that includes the costs from the MDMs and LSAs most likely to be borne by end use customers in these very challenging economic and uncertain times.
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>No comment.</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>No comment.</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>FortisAlberta is looking forward to participating as both an MDM and LSA.</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?	FortisAlberta suggests additional consideration be done on recovery mechanisms for incrementally incurred costs and their impacts on tariff and commodity charges eventually to be borne by end use customers.
8.	Please provide any other comments you have related to the sub-hourly settlement engagement.	<p>FortisAlberta is pleased with this engagement process in so far as it has been doing the following:</p> <ul style="list-style-type: none"> • Engaging all applicable stakeholders to ensure the entire scope of the initiative is explored and therefore avoiding any potential unintended consequences. • Providing sufficient time to analyze and respond to questions posed. • Providing transparency by sharing stakeholders' comments.

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