

**Stakeholder Comment Matrix – May 14, 2020**  
**Request for feedback on sub-hourly settlement, session 1 material**



<b>Period of Comment:</b> Apr. 23, 2020 through May 14, 2020 <b>Comments From:</b> TransAlta Corporation <b>Date:</b> 2020/05/07	<b>Contact:</b> [REDACTED] <b>Phone:</b> [REDACTED] <b>Email:</b> [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](mailto:stakeholder.relations@aeso.ca) by May 14, 2020*
4. *Stakeholder comments will be published to [aeso.ca](http://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"> <li>- Do you have comments related to the analysis presented?</li> <li>- Would you suggest additional analysis be completed to better understand the benefits of a shorter settlement interval?</li> </ul>	<p><b><i>TransAlta does not support the changes to the settlement interval proposed by the AESO at this time</i></b></p> <p>TransAlta’s commends the flexibility that the AESO has demonstrated in its planning and adjustment to its engagement approach in the face of the Covid-19 pandemic for the sub-hourly settlement initiative. We also commend the AESO for releasing the presentation material ahead of each session so that market participants can come more prepared with questions and comments.</p> <p>However, TransAlta does not support any of the changes proposed by the AESO for sub-hourly settlement at this time. We are concerned about the implementation of changes that could increase the costs to generators at a time when the electricity market and province are facing uncertainty with respect to Covid-19 and the path to economic recovery. The AESO’s own analysis shows that the benefits of pursuing sub-hourly settlement with respect to market efficiency are marginal at best (if any at all, our own assessment concludes that the impacts may be a marginal negative impact to revenue sufficiency for even flexible resources). For these reasons, we do</p>

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		<p>not support any unnecessary market design changes that may divert resources and efforts to adjust the electricity sector in the headwinds of Covid-19 (and the economic recovery) as well as the conversion from coal to gas.</p> <p><b><i>15-minute settlement would be less costly and easier to implement than 5-minute settlement; however, a change to shorter settlement intervals is unnecessary</i></b></p> <p>We agree that directionally the costs to implement 5-minute intervals would likely be significantly greater than 15-minute intervals given that more metering infrastructure would need to be changes with the former versus the latter. From our more recent experience, we are finding that the costs to retrofit metering infrastructure, as would be required for 5-minute intervals, is substantially more expensive than new build (the estimates we provided to the AESO in our previous submission did not fully account for the costs of retrofitting metering infrastructure, which can require the removal of previous infrastructure, additional costs to expand and upgrade to new metering requirements, and significantly greater complexity associated with working within existing physical space constraints.)</p> <p>As TransAlta noted in our submission to session 1, we disagree that there is much benefit to even flexible generators from a change in settlement intervals because the Alberta market is already dispatched on ad-hoc (minute-by-minute if necessary) by the system controllers. In this respect, we agree with the AESO that the current dispatch practice meets current and future system needs. We would further conclude that there are no true or, to the extent that there may be, arbitrary allocative benefits from pursuing a shorter settlement interval because they are not aligned to dispatch practices.</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"> <li>- Do you have comments related to the participation approach suggestion made by the AESO?</li> <li>- Do you have comments related to the true-up analysis presented by the AESO?</li> </ul>	<p>TransAlta does not support different treatment between loads. All load customers should be presented the same opportunity to respond to market price signals. A solution that only permits transmission-connected customers to take advantage of shorter settlements could result in an unlevel playing field and unfair advantage to those business who may directly compete against businesses (loads) that are connected to the distribution system. We recommend that the AESO apply any solution equally to all loads.</p>

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	<ul style="list-style-type: none"> <li>- Would you suggest additional analysis be completed to better understand participation options?</li> </ul>	
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"> <li>- Do you have comments related to the analysis?</li> <li>- Do you have comments related to the qualitative benefits that would be provided to the market from a move to sub-hourly settlement?</li> <li>- 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?</li> <li>- Do you believe the sub-hourly settlement initiative should continue to be pursued by the AESO and industry?</li> </ul>	<p><b>The AESO should publicly post the 5- and 15-minute production data it used in its analysis</b></p> <p>We appreciate the additional data on 5 and 15-minute interval prices. However, this information is the least contentious data that it has used in the AESO's analysis. This data can be easily calculated with the already publicly available system marginal price data published by the AESO.</p> <p>TransAlta request the production data that the AESO has used in its analysis. The information that is entirely inaccessible and non-transparent is the 15- and 5-minute production data for generators. The only information that the AESO provides is hourly meter data, which is not at a granularity that would permit a market participant to verify the AESO's analysis of the impacts of 15- or 5-minute settlement. The other data source that we have used in our own analysis is Current Supply and Demand page data. This is information that market participants can view to understand minute-by-minute changes (and historical data can be obtained by certain data service providers that capture and record the data on a minute-by-minute basis). Our findings from our analysis using this data did not show any marginal benefit nor did it show any increase in the revenues that more flexible resources earn (to the contrary, those resources earned less than hourly settlement).</p> <p><b>Load Impacts</b></p> <p>The AESO should provide an analysis of how loads would be impacted if some loads are on 15- or 5-minute intervals and other load customers are on hourly. This analysis would help to shed light of whether there could be cross-subsidization issues with the change. In cross-subsidization occurs, transmission-connected customers see the benefits of this change while distribution-connected customers are left bearing a higher cost.</p> <p><b>Cost of Implementation</b></p> <p>The AESO should provide the estimated costs for implementation. A key aspect of the analysis that the AESO is currently engaged in is consideration of the cost and benefit of any change. Market participants should be provided transparency into this aspect of the AESO's work.</p>

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		As stated above, <i>TransAlta does not support a change to the settlement interval.</i>
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?	<p><b>Shortening the settlement window should be accompanied with shortening the offer window</b></p> <p>We disagree that the offer window should remain at T-2. We recommend that the AESO seek to shorten the offer window independent of the shorter settlement interval.</p> <p>We further suggest that a reason that the AESO is considering a shorter settlement window is to be more consistent with other jurisdictions. The AESO ought to also consider how unaligned the AESO's offer window is with other jurisdictions. In this respect, any consideration of a change to a shorter settlement window should be accompanied with a change to a T-15 offer window (or equivalent change).</p>
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?	Please refer to TransAlta comments to Session 1 as well as our comments above.
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?	No comments at this time.
8.	Please provide any other comments you have related to the sub-hourly settlement engagement.	As noted above, we question whether this market initiative should be priority at this time. It may be more meaningful to perform the system settlement audit and present the findings of that audit and then further engage on this market initiative.

Thank you for your input. Please email your comments to: [stakeholder.relations@aeso.ca](mailto:stakeholder.relations@aeso.ca).