

# Stakeholder Comment Matrix – February 23rd, 2021

## DER Market Participation Draft Recommendations



<b>Period of Comment:</b> February 17th, 2021 through March 17th, 2021 <b>Comments From:</b> Capital Power Corporation <b>Date:</b> 2021/03/17	<b>Contact:</b> <b>Phone:</b>  <b>Email:</b>
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Instructions:

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 comment matrix to stakeholderrelations@aeso.ca **by March 17th, 2021.**

**The AESO is seeking comments from Stakeholders with regard to the following matters:**

	Questions	Stakeholder Comments
1.	a) In your view, has the AESO’s approach reasonably addressed potential barriers to participation for Small DER in the energy and OR markets? Please comment.  b) If significant barriers to participation in the energy and/or OR markets remain, what are they? Please comment.	<p>Capital Power appreciates the opportunity to provide comments on the AESO’s <i>DER Market Participation Draft Recommendations</i>. Capital Power provides the following comments for consideration.</p> <p>Capital Power continues to support a FEOC market that promotes market efficiency, price fidelity and reduces barriers to entry. However, at this time the AESO has not provided sufficient evidence to demonstrate to stakeholders that enabling Small DER participation in the energy and OR market will promote a more efficient market.</p> <p>Following the AESO’s October 14<sup>th</sup> session on <i>DER Market Participation Options</i>, Capital Power understood that the AESO had concluded there would be little benefit to, or interest from small DERs to participate in the energy or OR markets due in part to implementation costs and minimum market participant requirements. The AESO’s recommendation to now enable Small DER participation is at odds with the conclusion reached in the October 14<sup>th</sup> session. Further, there has not been any additional information provided to stakeholders significant enough to support this change in direction.</p> <p>Capital Power reiterates its concerns in the comments submitted on October 15<sup>th</sup>, that enabling DER participation in both the energy and OR markets raises important issues</p>

		<p>for the market, and it is important that any rules developed are consistent with the level playing field principles established in the <i>EUA</i>. Capital Power also submits that any changes to the market design to enable Small DER need to be weighed against the potential benefits and costs of implementation.</p>
2.	<p>Do you agree with the AESO recommendation to maintain ISO Rules Section 203.1 <i>Offers and Bids for Energy</i> (must offer) requirement for energy submissions for source assets 5 MW and greater? Why or Why not.</p>	<p><b>Capital Power supports the AESO’s recommendation to maintain ISO Rules Section 203.1, requirement for energy submissions for source assets 5 MW and greater at this time.</b> However, the AESO’s forecasted growth in Small DERs over the next 20 years, as presented in the <i>DER Market Participation Draft Recommendations</i> paper could present significant market issues in the future. For example, the AESO forecasts there is expected to be approximately 712 MW of &lt;5MW solar capacity online in 2040, compared to approximately 95 MW today. The significant increase in capacity presents a market and operational visibility issue that could negatively impact the FEOC operation of the energy market.</p> <p>Capital Power recommends that the AESO define milestones associated with Small DER penetration levels and that once these milestones are met, a review of the associated market rules is triggered. The AESO utilizes a similar approach in transmission planning (i.e., CETO construction milestones) and a key takeaway from the AUC’s Distribution System Inquiry was to incorporate “triggers” or specific circumstances that would signal to the Commission that further steps must be taken to enable DER integration. Capital Power recommends the milestones should be implemented through the AESO’s <i>DER Roadmap</i> initiatives.</p>
3.	<p>Do you agree with the AESO recommendation of allowing voluntary participation in the energy market for small DERs 1 MW and greater? Why or Why not.</p>	<p><b>Capital Power does not agree with the AESO’s recommendation to allow voluntary participation in the energy market for small DERs 1 MW and greater.</b> While Capital Power appreciates the AESO’s intent to reduce barriers to entry for market participants, voluntary participation for Small DERs does not support a level playing field, or a FEOC market structure.</p> <p>Capital Power submits that all market participants participating in the energy market should be held to the same standards, regardless of size and be obligated to comply with the same market rules. If the AESO continues to recommend voluntary energy market participation, Capital Power makes the following recommendations:</p> <ul style="list-style-type: none"> <li>• Similar to its comments in the previous question, a milestone should be defined for Small DER penetration levels that would trigger a review of the associated market rules. While the level of Small DER penetration may not be material at this time, the AESO’s forecasts indicate a significant amount of Small DER growth over the next 20 years that will have material impacts to the</li> </ul>

		<p>energy market.</p> <ul style="list-style-type: none"> <li>• Small DERs must not be able to participate in the energy market on an inconsistent basis (i.e., participate one day and not the following). If a Small DER chooses to participate in the energy market, they must submit offers for each settlement interval.</li> <li>• Small DERs must be held to the same standard as other market participants and comply with all ISO rules and requirements that generators &gt;5MW are obligated to comply with.</li> </ul>
4.	Do you agree with the AESO recommendation of lowering the OR asset qualification thresholds to provide operating reserves for regulating reserve, spinning reserve, and supplemental reserve from the current requirement of 15 MW, 10 MW and 5 MW, respectively, to 1 MW? Why or Why not?	<p><b>Capital Power does not support reducing the OR asset qualification thresholds at this time.</b> The AESO has provided limited information in the <i>DER Market Participation Draft Recommendations</i> paper that would support a change to the existing OR market.</p> <p>Further, the AESO intends to conduct an OR market review later this year, including consultation on changes to minimum size thresholds. Any changes to the existing market structure to enable participation of Small DER in the OR market should be contemplated in that review, and not before then.</p>
5.	Do you agree with the AESO recommendation of allowing small DER (1 to 5 MW) participation in the OR market without a requirement to submit offers in the energy market? Why or why not.	Capital Power reiterates its comments in the previous question that no changes to the existing OR market should be considered prior to the AESO's OR market review scheduled for later this year.
6.	Do you agree with the AESO recommendation of discontinuing exploration of aggregation options for small DERs in the energy market? Why or Why not?	Capital Power supports the AESO's decision to discontinue exploration of aggregation options for Small DERs in the energy market. As outlined by the AESO, there is limited interest from stakeholders in pursuing this initiative at this time.
7.	Do you agree with the AESO recommendation of discontinuing exploration of aggregation options for small DERs in the OR market? Why or Why not?	Capital Power supports the AESO's decision to discontinue exploration of aggregation options for Small DERs in the OR market. As outlined by the AESO, there is limited interest from stakeholders in pursuing this initiative at this time.
8.	In your view, what is the priority and pace required to progress the recommendations? Do they need to be progressed now or can they be implemented in the future? Please comment.	Capital Power reiterates its previous comments that any changes contemplated to the OR market, including a reduction to participation thresholds should be included in the AESO's OR market review scheduled for later this year.

9.	Do you have any concerns or suggestions on the DER market participation process and timeline? Please comment.	Capital Power has no additional comments at this time.
10.	Do you have any other suggestions or comments you would like to share on DER market participation or the engagement activities? Please comment.	Capital Power has no additional comments at this time.

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