

<p>Period of Comment: March 1, 2021 through March 31, 2021</p> <p>Comments From: Capital Power</p> <p>Date: 2021/03/31</p>	<p>Contact: Matthew Davis</p> <p>Phone: 403.540.6087</p> <p>Email: mdavis@capitalpower.com</p>
-------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------

Instructions:

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking Stakeholder comments regarding the following questions related to the development of proposed amendments to ISO rules to enable energy storage (“Energy Storage ISO Rule Amendments”):

	Development of a Proposed ISO Rule	Stakeholder Comments
1.	Do you agree or disagree that the issue identified in the letter of notice requires the proposed Energy Storage ISO Rule Amendments? Why or why not? Please comment.	Capital Power agrees that the AESO requires rules to address market participation issues faced by energy storage (ES). The rules are technology agnostic today, and Capital Power believes that this should continue. As such Capital Power believes this effort clarifies how an ES asset would participate in the market but is not supportive of technology specific rules for participating in the market as maintaining a level-playing field amongst all technologies is a foundational principle of Alberta’s market.
2.	Do you agree or disagree with the potential purpose of the proposed Energy Storage ISO Rule Amendments? Why or why not? Please comment.	Capital Power generally agrees with the AESO stated purpose. Given the scope of the long-term ES market participation rules differs from the AESO’s proposed fast frequency reserve pilot, Capital Power would suggest that efforts around addressing fast frequency response be addressed either separately or through the AESO’s forthcoming operating reserves market review to maintain technology neutrality.
3.	Do you agree or disagree with the proposed consultation activities? Why or why not? Please comment.	Capital Power appreciates the AESO’s efforts to develop and introduce the issues through the options paper, and then provide recommendations before rule drafting occurs. Overall Capital Power is supportive of the AESO’s use of road maps when developing new market rules and suggests additional milestones be created where appropriate to ensure market participants have clear understandings on changes, and when the AESO may start to see concern that has to be addressed through rule changes.

	Development of a Proposed ISO Rule	Stakeholder Comments
4.	Do you have any comments in relation to the prioritization of the development of the proposed Energy Storage ISO Rule Amendments or the related timeline? Please comment.	Capital Power appreciates the recognition that the AESO has for competing priorities and the use of stakeholder sessions to discuss specific rule changes and issues. A staged approach will allow for more fulsome review, resulting in better outcomes.
5.	Do you agree or disagree with the AESO's recommendation regarding hybrid asset participation? Why or why not? Please comment.	Capital Power has no concerns with this approach, the AESO's proposed approach will allow participants to configure their site in a manner that best suits the circumstances of the facility.
6.	Do you agree or disagree with the AESO's recommendation regarding full-range participation? Why or why not? Please comment.	<p>The AESO has indicated that their preference is for full-range participation (submit both offers and bids) by energy storage assets but acknowledges there may be a need to allow for ES assets to offer only through half-range participation by submitting only an offer. As such the AESO is allowing voluntary full-range participation.</p> <p>Capital Power shares the AESO's preference for full range participation for the same reasons as the AESO, particularly given how half-range participation through over-dispatching impacts price formation. By making full-range participation voluntary, unless there is a strong incentive to submit full range offers/bids, it is highly unlikely that the AESO will get their preferred participation in the market. Capital Power suggests that the AESO may want to monitor how participants elect to participate with ES assets and review the optionality if there is not material uptake on full-range participation.</p> <p>Capital Power is concerned that at this time there is little incentive for ES to elect for full range market participation. Under the current tariff, ES would look to avoid charging in 12-CP periods even if the market price signal indicates otherwise. Half-range participation would allow more flexibility to avoid these periods as the ES asset would not have a commitment in the form of a bid in the market. While the AESO's proposed tariff changes for ES has yet to be fully articulated, the AESO has indicated that it will look to modernize demand opportunity service (DOS). Capital Power is concerned that these changes will likely not encourage full range participation.</p>

	Development of a Proposed ISO Rule	Stakeholder Comments
7.	Do you agree or disagree with the AESO's recommendation regarding energy storage state of charge requirements? Why or why not? Please comment.	<p>Capital Power is supportive of the AESO's recommendations on state of charge requirements. This is consistent with other fuel limited resources.</p> <p>The AESO may need to consider how the linked bid/offer range is implemented in the Energy Trading System as situations could arise where a participant requires adjustments to where volumes are in their bid / offer combination, the prices of which are locked at T-2. The validation of infeasible bids/offers should only be assessed on non -zero volume blocks to allow for the most flexibility when an ES participant submits a restatement within T-2 as a result of adjustments to their state of charge.</p>
8.	Do you agree or disagree with the AESO's recommendation regarding energy storage commissioning requirements? Why or why not? Please comment.	Capital Power does not have any concerns on the ES commissioning requirements at this time.
9.	Do you have any additional comments?	<p>The AESO has included in the long-term energy storage rules consultation details around its proposed adjustments to load on the margin rule. In general, Capital Power is supportive of ensuring technology neutral rules and is aware that there is no current analog to the payments to suppliers on the margin rule for sink assets that choose to bid into the market. Capital Power would note that the AESO should not view this as the incentive for ES to submit a bid as it is relatively immaterial relative to overall settlement (in 2020 payments to suppliers on the margin totaled \$0.75 M, less than 0.1% of total market value).</p>