

Stakeholder Comment Matrix – February 23rd, 2021

DER Market Participation Draft Recommendations



<p>Period of Comment: February 17th, 2021 through March 17th, 2021</p> <p>Comments From: ASCENT Energy Partners Ltd.</p> <p>Date: 2021-03-17</p>	<p>Contact: Phone:</p> <p>Email:</p>
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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.	<p>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.</p> <p>b) If significant barriers to participation in the energy and/or OR markets remain, what are they? Please comment.</p>	<p>Yes, we believe that the recommended 1 MW limit is a very reasonable threshold for participation.</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>Yes, 5MW is very a reasonable limit for must offer. We agree with this cutoff because:</p> <ol style="list-style-type: none"> 1) it is consistent with the 5MW limit for micro-generation and 2) it is a “nice size” limit for communities and other small generator that allows a meaningful investment and participation in the wholesale market without taking on the complexity and burden of offering and dispatchability.
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>Yes, allowing voluntary participation permits generators who have the interest and sophistication to do so without compelling less sophisticated generators to take it on. This should provide at least the following benefits:</p> <ol style="list-style-type: none"> 1) To the extent that some Small DERs choose to participate the AESO will have greater visibility of the likely supply, reducing the volume of “discretionary

		<p>supply” that must be anticipated and ultimately accommodated. In theory this may eventually reduce the amount of reserves required.</p> <ol style="list-style-type: none"> 2) the Small DGs that choose to participate will have clear dispatch criteria and the opportunity to tailor operational strategy through bidding choices rather than following the pool price – more proactive rather than reactive participation. 3) Adding this optional ability to participate creates option value for generation projects in this size range and, on the margin, improves the financial viability of these projects.
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>Yes, there is potential value in reducing the limits for participation. The higher limits for OR market participation may have been a sufficient hurdle to constrain supply and raise prices. It will be very interesting to see:</p> <ol style="list-style-type: none"> 1) how smaller generators adjust their investment and operating strategies to participate in the more open OR market and 2) how the cost for reserves trends immediately after the change in limits and over time as a new equilibrium is reached.
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.	Yes, the smaller size of the OR market (relative to the energy market) warrants distinct participation limits.
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?	Yes, it is reasonable to accommodate Small DERs but unreasonable to cobble together complex aggregation for a very small segment of supply. The interest level amongst <1MW DERs is likely low enough (and the sophistication to effectively participate likely scarce enough) that there are negligible efficiency gains to be realized in this segment.
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?	Yes, it is reasonable to accommodate Small DERs but unreasonable to cobble together complex aggregation for a very small segment of supply. The interest level amongst <1MW DERs is likely low enough (and the sophistication to effectively participate likely scarce enough) that there are negligible efficiency gains to be realized in this segment.

8.	<p>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.</p>	<p>If the economic efficiency gains warrant changes in the market participation thresholds, those changes should be implemented in a direct and efficient way. Delays in implementation (that then delay improved economic efficiency) come at the expense of the consumer and to the benefit of current OR market participants. If there is economic harm that will befall incumbent participants due to this change, a transition period may be appropriate, but this consultation process likely serves as sufficient notice – by the time the implementation is realized there will have effectively been a lengthy transition.</p> <p>Anticipating objections to prompt implementation based on potentially low levels of participation, we counter that while these particular market changes may not see heavily subscription immediately, the development of participation mechanisms for small DERs is a clear signal of the value they can provide to the markets and AIES. This potential market participation by small DERs can be an important first step to the broader consideration of the framework for value and compensation for services to the system for generators of all sizes. We therefore reiterate and encourage prompt advancement of these recommendations and of the broader grid modernization initiatives that are already underway by DFOs and the AESO.</p>
9.	<p>Do you have any concerns or suggestions on the DER market participation process and timeline? Please comment.</p>	<p>No, in fact we are encouraged by the forward movement of the AESO in the DER Roadmap initiatives particularly in this consultation as it relates to greater recognition of the value of all DERs as system resources.</p>
10.	<p>Do you have any other suggestions or comments you would like to share on DER market participation or the engagement activities? Please comment.</p>	

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