

2021 Long-term Outlook Scenarios – December, 2020

2021 Long-term Outlook Stakeholder Feedback



Period of Comment: December 15, 2020 through January 15, 2021	[REDACTED]
Comments From: Heartland Generation Ltd. ("Heartland Generation")	[REDACTED]
Date: [2021/01/15]	[REDACTED]

Keeping with the mandate of providing safe, reliable and economic operation of the Alberta electricity system while facilitating a fair, efficient and competitive market for electricity, the AESO is developing the 2021 Long-term Outlook (LTO).

Given the challenges faced as a result of the COVID-19 pandemic and the low oil price, feedback provided to the AESO will be an important input into how we forecast Alberta's the near to long-term electricity. The AESO will use scenarios as a means of stress testing various market, technological, consumer behaviour, policy and economic outcomes, to assist stakeholders in understanding potential long-term future outcomes in the Alberta electricity market.

Please fill email your completed questionnaire to forecast@aeso.ca by January 15, 2021.

We value stakeholder input and thank you for sharing your perspective. In alignment with our Stakeholder Engagement Framework ([link](#)) all stakeholder submissions, in their original state with personal information redacted, will be published online at www.aeso.ca

Further stakeholder engagement on LTO scenarios and preliminary results can be expected as the AESO makes progress toward the anticipated publication date in Q2 of 2021.

Preliminary results will be based in part from stakeholder feedback received in June 2020.

The AESO thanks you for your time and appreciates your input.

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

	Questions	Stakeholder Comments
1.	Do the proposed LTO scenarios cover a reasonable range of plausible future outcomes? Which scenario do you think is more likely? Which one is less likely?	<p>On Slide 8, the AESO indicates the key generation assumptions for the reference case. The reference case assumes most of coal converts to gas generation and operates until late 2020s; the AESO should reconcile these assumptions with recent industry and carbon policy announcements. There is a possible disconnect between the expected high carbon price in those years and the operation of a high heat rate generation technology, like coal-to-gas converted units.</p> <p>Further, the reference case does not include the Suncor Boiler Replacement, GN1/2 repowering, or SD 5 repowering. It would be helpful to stakeholders to understand the reason for the exclusion of these units from the AESO LTO. Additionally, whether these units are, or should be, included in any of the other scenarios.</p>
2.	Does the “Clean-Tech” scenario focus on the appropriate technologies and policies?	
3.	Are there different scenarios that warrant inclusion?	<p>This may not require an additional scenario, but just an adjustment or clarification of the existing scenarios. Heartland Generation is concerned with how the greater penetration of renewables over the forecast period will deal with the need for expanded transmission capacity. Under most of the scenarios, the carbon policy will incentivize the construction of renewable energy technology, and this will have to be reconciled with the limited transmission capacity to accommodate these forecasted projects.</p>
4.	What long-term hydrocarbon demand projections do you think are reasonable for the Robust and Stagnant Global Oil & Gas Demand scenarios?	

5.	Are there additional generation technologies that warrant inclusion in the 2021 Long Term Outlook Scenarios?	
6.	Do you disagree with any of the assumptions in Slide 4 for any of the scenarios? If so, what would you propose?	<p>On Slide 14, the AESO indicates the carbon pricing assumptions for the LTO scenarios. Heartland Generation believes there is new additional information that should be accommodated: the federal carbon policy direction was announced in December 2020 that should be considered in the development of the AESO 2021 LTO. These items include:</p> <ul style="list-style-type: none"> • The Government of Canada released a strengthened climate plan on December 11, 2020. “A Healthy Environment and a Healthy Economy” sets out new measures to help Canada achieve economic and environmental goals. The plan proposes carbon pricing post 2022 increase by \$15 each year from \$50/tCO₂e to \$170/tCO₂e in 2030. • The Government of Canada published the draft Clean Fuel Regulations in Canada Gazette 1 on December 19, 2020. <p>Given these recent announcements, it would make sense to revisit the assumptions surrounding the carbon pricing and Clean Fuel Standard in the reference case and other scenarios.</p>
7.	The AESO has not yet determined the quantum of change in the scenario variables. Do you agree directionally with the scenario assumptions? Do you have insights regarding the magnitude of scenario changes?	