

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: Maxim Power Corp	[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><i>MAXIM believes the proposed scenarios will provide a reasonable range of outcomes to form the basis of the LTO. Based on signals from the Federal Government regarding carbon pricing to 2030 and net-zero 2050 target, MAXIM believes an outcome lying somewhere in between the Ref Case and the Clean-Tech scenario has the highest likelihood of coming to fruition – with the Robus O&G Demand scenario being the least likely. Having said that, given lags in policy changes and current limitations of transformative technologies, key assumptions around timing of grid transformation will have to be closely vetted.</i></p>
2.	Does the “Clean-Tech” scenario focus on the appropriate technologies and policies?	<p><i>MAXIM believes it would be of value for the AESO to assume the carbon price profile currently suggested by the Federal Government (\$50/tonne in 2022 escalating up to \$170/tonne by 2030) as part of the “Clean-Tech” scenario.</i></p> <p><i>MAXIM believes the “Clean-Tech” scenario will result in significant renewables (wind/solar) penetration into the market and that any such scenario must also contemplate a regulatory change to the energy-only market such as negative pricing, which may in turn have an impact on the scenario outcome.</i></p> <p><i>MAXIM agrees that energy storage technologies are likely to accompany the “Clean-Tech” scenario.</i></p>
3.	Are there different scenarios that warrant inclusion?	<p><i>MAXIM wishes to point out the Clean-Tech and Stagnating Global O&G demand scenarios are not necessarily mutually exclusive and, as such, suggests the AESO consider reviewing a Clean-Tech scenario with stagnating oilsands outlook.</i></p>
4.	What long-term hydrocarbon demand projections do you think are reasonable for the Robust and Stagnant Global Oil & Gas Demand scenarios?	<p><i>No comment</i></p>

5.	Are there additional generation technologies that warrant inclusion in the 2021 Long Term Outlook Scenarios?	<i>No comment</i>
6.	Do you disagree with any of the assumptions in Slide 4 for any of the scenarios? If so, what would you propose?	<p><i>Although the AESO is showing increases (albeit small) in peak AIL load from 2030 to 2040, there is a significant net decrease in total generation with an increased penetration of renewables and a decrease in conventional dispatchable generation (see slide 9) over the same time period. At face value, this implies that either the system is oversupplied in 2030 or the system will be undersupplied in 2040. Both cases have implications for market conditions, particularly overall system <u>reliability</u>. In the past LTO the AESO determined required generation additions by assuming a given reserve margin would be required. The AESO has said they are not developing their scenarios in the 2021 LTO on reliability measures but instead on economic considerations. MAXIM supports this approach with the caveat that the AESO still provide some form of review of market reliability across the various scenarios. To this end, key metrics that the AESO should consider sharing with stakeholders include anticipated power prices and price duration curves as well as a general description of anticipated market conditions over the forecast horizon.</i></p> <p><i>MAXIM acknowledges the AESO's reference to Alberta Internal Load (AIL) throughout the presentation. Although AIL is a key metric to evaluate, with increasing numbers of commercial/industrial customers looking to build behind the fence generation, tracking and forecasting AIES load is of increasing critical importance. Particularly as it relates to transmission cost borne by those customers that remain connected to the AIES. MAXIM recommends that the AESO include AIES metrics as part of its forecast so stakeholders can evaluate risks of potential declines in system load.</i></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?	<i>No comment</i>
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