

## Stakeholder Comment Matrix – January 5, 2021

### Development of Proposed Amendments to Section 202.6 of the ISO rules, *Adequacy of Supply* (“Section 202.6”)



<b>Period of Comment:</b> January 5, 2021 through January 22, 2021	<b>Contact:</b> Santi Churphongphun
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#### Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the Letter of Notice under the “Related Materials” section to view related materials.
3. 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 comments from Stakeholders on the development of proposed amendments to Section 202.6 of the ISO rules, Adequacy of Supply, with regard to the following matters:***



	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	<p>Do you agree or disagree that the issue identified requires the development of proposed amendments to Section 202.6? Please comment.</p>	<p>Capital Power understands that there are two issues prompting the AESO’s proposed amendments to ISO Rule Section 202.6 (the “Adequacy of Supply Rule”).</p> <p><b>The Adequacy of Supply Rule Should be Amended to Enhance the Accuracy of the AESO’s Supply Forecasts and Assessments.</b></p> <p>First, the AESO has identified a need to reconsider the current exclusion of wind and solar resources as inputs to its long-term adequacy (LTA) assessment outlined at subsection 4 of the Adequacy of Supply Rule. Capital Power agrees that amendments in this regard are warranted given the continued and likely sustained wind and solar penetration in Alberta. Incorporating these resources as part of the AESO’s forecasts and assessments should improve adequacy metrics like the forecast reserve margin and supply cushion as well as allow for better decision making by those who use this information such as market participants, prospective investors and consumers.</p> <p>Capital Power recommends that the AESO provide more detail and further consult on the changes to incorporate these resources in the LTA assessment. The amendments should, in any case, be technology neutral where possible to avoid having to undertake future rule revisions to include other supply types.</p> <p><b>The Level of Detail in the Calculation of Short and Long-term Adequacy Must be Maintained.</b></p> <p>The second issue relates to the potential for red tape reduction. Capital Power does not agree with the proposed removal of the forecast and assessment elements to achieve this end. While Capital Power is generally supportive of removing unnecessary or duplicative requirements and reducing overall administrative burden, the AESO’s proposed changes are inconsistent with previously established government policy and AUC findings for the AESO to provide explicit steps in assessing adequacy.</p> <p>Though the adequacy assessments, to date, have not triggered an outage cancellation or preventative long-term adequacy actions by the AESO, this does not relieve the need for continued oversight of the supply shortfall thresholds. Capital Power submits that the governance of out-of-market AESO measures via these thresholds supersedes the AESO-identified need to remove the calculation details within the Adequacy of Supply Rule.</p>



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2.	Do you agree or disagree with the potential objective or purpose of proposed amendments to Section 202.6? Please comment.	<p><b>The Adequacy Assessment Details Must Be Maintained to Preserve Oversight of Market Intervention.</b></p> <p>Capital Power disagrees with the AESO’s objective to remove the detailed calculations for short-term and long-term adequacy assessments in subsections 2, 3, and 4 as these calculations establish the threshold for when the AESO may take out-of-market actions to maintain system reliability. The AESO itself previously noted that this was directly linked to Section 18 of the Transmission Regulation as part of determining if such actions are required.<sup>1</sup></p> <p>While the AESO has committed to continue producing the adequacy forecasts and reports, their conversion into internal AESO processes or information documents will reduce overall oversight of when, for example, the AESO may intervene in the market to prevent a supply shortfall. In turn, this increases uncertainty for market participants given the thresholds would be at the AESO’s discretion and would no longer be subject to regulatory approval. The absence of this oversight could allow for the unnecessary increase of out-of-market action in the face of supply shortfalls. Such an outcome would be inconsistent with recommendations in the 2005 Alberta Electricity Policy Framework – that the AESO should take steps to make all accessible capacity available for dispatch in the event of an anticipated supply shortfall while also limiting the use of its own discretion for unit commitment.<sup>2</sup></p> <p>In a 2008 AUC proceeding to consider rules regarding long lead time energy dispatches and directives, the AESO explained that the threshold for supply adequacy established under the predecessor authoritative document – OPP 705 – is an interpretation of section 18 of the Transmission Regulation when having to determine the unexpected need for generation. The AESO’s intent at that time appears to have been to address the supply adequacy issues and capture recommendations of the 2005 Alberta Electricity Policy Framework. In particular, those recommendations looked to strike a balance between out-of-market steps to address anticipated supply shortfall while also limiting the use of AESO discretion.</p> <p>Removing these requirements now from the Adequacy of Supply Rule would be inconsistent not only with those policy recommendations but also with the Commission findings and expectation from the 2008 proceeding that the AESO “...clarify the measures it will use to determine that the adequacy assessment indicates insufficient supply to meet AIES demand” and that “... these measures will be reflected in the updates to OPP 705.”<sup>3</sup> [Emphasis added] It is clear from this that the forecast and assessment steps for supply adequacy within the rule were contemplated to be made explicit after deliberation before and as specified by the AUC. Capital Power believes this applies both to the AESO’s assessment of short and long-term supply adequacy.</p>

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3.	Do you agree or disagree with the proposed form of consultation and timelines? Please comment.	The proposed written format should be sufficient for this consultation though to the extent further amendments to related rules are included, the timelines may need to be revisited.
4.	Do you have any additional comments?	The AESO's <i>Proposed Section 202.6 Amendments and Rationales</i> document published with the letter of notice was helpful to see the revisions and understand the AESO's perspective. Capital Power appreciates the AESO's efforts in providing this as part of the consultation and encourages this practice to continue in future stakeholder engagements where substantial changes to authoritative documents are being proposed.

<sup>1</sup> AUC Decision 2009-007, para 49.

<sup>2</sup> *Alberta's Electricity Policy Framework: Competitive – Reliable – Sustainable* (6 June 2005), Alberta Department of Energy, p.23.

<sup>3</sup> AUC Decision 2009-007, para 54.