

November 2, 2020

To: Market Surveillance Administrator, Market Participants and Other Interested Parties

Re: Stakeholder Comments on Letter of Notice for Development of Proposed Amendments to Section 306.7 of the ISO rules, *Mothball Outage Reporting* (“Section 306.7”)

Pursuant to Section 5.2 of Alberta Utilities Commission Rule 017, *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, written comments received from Market Surveillance Administrator, market participants and other interested parties (“Stakeholders”) in response to the Alberta Electric System Operator’s (“AESO”) October 14, 2020 Letter of Notice for Development have been posted on the AESO website.

The following grid is hyperlinked to provide assistance in directing Stakeholders to these written comments:

Development of Proposed Amendments to Section 306.7
Capital Power Corp.
Cogeneration Working Group
ENMAX Corp.
Heartland Generation Ltd.
Kineticor Resource Corp.
Market Surveillance Administrator
TransAlta Corp.
TransCanada Energy

Thank you to all stakeholders who participated in this part of the ISO rules comment process. All written comments received will be considered in the AESO’s development of the proposed amendments to Section 306.7.

Sincerely,

Alison Desmarais

Regulatory Administrator
 rules_comments@aeso.ca



<p>Period of Comment: October 14, 2020 through October 29 , 2020</p> <p>Comments From: Capital Power Corporation</p> <p>Date: 2020/10/29</p>	<p>Contact: Brittney Morgan</p> <p>Phone: 403.717.8164</p> <p>Email: bmorga@capitalpower.com</p>
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Instructions:

1. Please fill out the section above as indicated.
2. Please refer back to the Consultation Letter under the “Attachments” section to view materials related to the development of amendments to Section 306.7 of the ISO rules, *Mothball Outage Reporting* (the “Mothball rule”).
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 amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	<p>Capital Power appreciates the opportunity to provide comments on the AESO's Development of Proposed Amendment to Section 306.7 of the ISO rules, <i>Mothball Outage Reporting</i>. Capital Power provides the following comments for consideration.</p> <p>Capital Power appreciates that the AESO is fulfilling their previous commitment to the AUC and stakeholders by proposing to initiate a full stakeholder consultation process under AUC Rule 017 following the expedited rule filing in 2016.</p> <p>Capital Power also believes that the issues the AESO has identified would generally capture the aspects of the mothball rule that are relevant to its role in Alberta's market.</p> <p>It would be helpful, however, for the AESO to provide additional information regarding its perspectives on those issues, and any particular concerns that it may have from the operation of the rule to-date, to inform consideration of the relative priority of this potential consultation versus other initiatives the AESO is considering.</p> <p>In this regard, Capital Power believes that this should be the focus for the first stakeholder session, following which stakeholders would be better positioned to provide more informed comments on potential next steps in this process.</p>
2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	Please see Capital Power's comments above.
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	Please see Capital Power's comments above.
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	Capital Power intends to participate in all related consultation.



	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	Please see Capital Power's comments above. Until further details are provided as discussed above, it is unclear what (if any) amendments are required or whether any further process is necessary at this time.
6.	Do you have any additional comments?	Capital Power has no additional comments at this time.

Period of Comment: October 14, 2020 through October 29, 2020	Contact: Kris Aksomitis
Comments From: Cogeneration Working Group	Phone: 587-894-7150
Date: 2020-10-29	Email: kaksomitis@poweradvisoryllc.com

Instructions:

1. Please fill out the section above as indicated.
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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 amendments to the Mothball rule 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 issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.</p>	<p>The CWG broadly agrees that the issues identified require clarification and that the framework for removing capacity from the market lacks transparency. However, the CWG is not aware of a pressing issue at this time.</p> <p>The high-level question that must be resolved is: “What rights does the AESO have with respect to capacity, particularly given that the Alberta government has committed to the energy only market?”</p> <p>Clarification around specific elements of the mothball framework would be beneficial, including:</p> <ul style="list-style-type: none"> • What is the rationale for limiting mothball outages to 2 years? Further, what is the criteria for extending an outage beyond this limit as has occurred for several units. • Three-month notice for taking and returning from a mothball outage is arbitrary and inconsistent with market rules for other types of outages. Timing of mothball outages should be considered to ensure incentives are appropriate and the rule supports the competitive market. • The definition of ‘economic’ should be carefully considered to ensure asset owners retain the full flexibility to manage their assets, both in terms of taking mothball outages as well as bringing a unit back from an outage. • The relationship between maintenance outages, life extension outages, re-powering outages, long lead time and mothball outages should be considered. • Transparency for other market participants should be ensured through the rule. <p>In general, the mothball outage rule should provide maximum flexibility for asset owners to manage their assets without creating barriers to entry for new assets. This may require consideration of STS contract capacity, though the CWG’s interpretation of Alberta transmission policy is that a mothballed unit would not ‘block’ the development of a new asset. Rather, the AESO would need to consider the implications of mothball units in the planning framework.</p>

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2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	Retirement of assets should remain entirely out of scope. Retirement decisions must remain the sole discretion of owners.
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	The framework is acceptable.
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	The CWG suggests that the mothball outage framework is low priority at this time, but to the extent changes are pursued the CWG will participate. Changes have the potential to significantly impact the business environment for cogeneration facilities.
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	As noted, clarity for mothball outages and other outages is beneficial but not currently a priority.
6.	Do you have any additional comments?	

<p>Period of Comment: October 14, 2020 through October 29 , 2020</p> <p>Comments From: ENMAX Corporation</p> <p>Date: 2020/10/28</p>	<p>Contact: Mark McGillivray</p> <p>Phone:</p> <p>Email: MMcGillivray@enmax.com</p>
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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 amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	ENMAX agrees that a review of the existing Mothball rule would help to address any outstanding stakeholder concerns that may have been raised in past consultations and determine whether revisions to the rule are required at this time.
2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	See response to question 1.
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	The proposed form of consultation which includes online webinars and opportunities to provide written feedback appear reasonable.
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	Yes, ENMAX intends to participate in any related consultation.

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5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	Yes, it should proceed. See response to question 1.
6.	Do you have any additional comments?	The AESO should be mindful of the potential impacts of this rule on the forward traded markets.

<p>Period of Comment: October 14, 2020 through October 29, 2020</p> <p>Comments From: Heartland Generation Ltd. (Heartland Generation)</p> <p>Date: [2020/10/29]</p>	<p>Contact: Shanelle Sinclair</p> <p>Phone: 403.369.7769</p> <p>Email: Shanelle.sinclair@heartlandgeneration.com</p>
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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 amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	<p>The current rule has been a feature of the market for several years and continues to fulfil its intended purpose; however, it was implemented through an expedited process. While the AESO may believe that it has a duty to consult further given the circumstances, that does not necessarily mean that the current rule is deficient and must be amended. Similarly, while there might be “certain matters that may not have been fully addressed when the Mothball rule was originally developed,” that possibility alone does not necessarily warrant a comprehensive review of the rule, as the AESO has proposed. If the AESO is only commencing a consultation with stakeholders because of its prior commitment, it should only proceed if stakeholders strongly support a Mothball rule review at this time.</p> <p>If, however, the AESO has developed a preliminary view of potential problems with the current Mothball Rule and/or a substantive reason why consultation is needed at this time, the AESO should share these concerns with market participants during the first consultation session.</p>

		Given the above, Heartland Generation believes that there could be some possible evolutionary amendments to the Mothball Rule to support competitive markets and to provide increased flexibility for economic decisions.
2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	The objectives and purpose of the proposed consultation are very broad and open the door to a comprehensive review of the rule. At minimum, Heartland Generation submits that the AESO should stipulate from the outset that the purpose of any consultation would not be to re-litigate the rule’s existence. Mothball outages are an important and necessary feature of Alberta’s energy-only market that allow suppliers to make economic decisions regarding the availability of their assets; the existence of mothball outages should not be up for discussion. Because of their importance, Heartland Generation submits that any consultation on mothball outages should focus on increasing the flexibility and clarity provided to market participants (i.e. reporting and notification timelines, maximum duration, etc.).
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	Like with other market-related initiatives, the Mothball rule should undergo evolutionary and measured changes, whereby only targeted and specific amendments are suggested and warranted. Heartland Generation therefore suggests that the AESO use the first consultation session to narrow the scope of the remaining process and/or decide if a consultation is warranted at this time.
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	Heartland Generation will participate in the consultation if it proceeds.
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	Please see Heartland Generation’s responses to questions 1 – 4.



6.	Do you have any additional comments?	Heartland Generation does not have any further comments.
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<p>Period of Comment: October 14, 2020 through October 29, 2020</p> <p>Comments From: Kinetikor Resource Corp.</p> <p>Date: 2020/10/19</p>	<p>Contact: Zahra Ould-Hamouda</p> <p>Phone: 403-383-5966</p> <p>Email: Zahra.ould-hamouda@kineticor.ca</p>
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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 amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	Agree
2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	Agree
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	Agree
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	I intend to participate



	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	Agree
6.	Do you have any additional comments?	Nope



<p>Period of Comment: October 14, 2020 through October 29 , 2020</p> <p>Comments From: Market Surveillance Administrator</p> <p>Date: 2020/10/28</p>	<p>Contact: Mark Nesbitt</p> <p>Phone:</p> <p>Email: Mark.nesbitt@albertamsa.ca</p>
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The AESO is seeking comments from Stakeholders on the development of amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	The MSA agrees that the issues identified and others require the development of an amended Mothball Rule and a review of the broader framework for removing generating capacity from the market.
2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	The MSA agrees with the potential objectives and purpose of the review. The MSA agrees that a review of the broader framework for removing generating capacity from the market, including through retirements and long lead time energy, is required.
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	The MSA agrees with the proposed form of consultation.
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	The MSA intends to participate in any related consultation.
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	The MSA agrees that the development of proposed amendments to the Mothball rule should proceed at this time.
6.	Do you have any additional comments?	Not at this time.

<p>Period of Comment: October 14, 2020 through October 29 , 2020</p> <p>Comments From: TransAlta Corporation</p> <p>Date: 2020/10/29</p>	<p>Contact: Akira Yamamoto</p> <p>Phone: 403-267-7304</p> <p>Email: akira_yamamoto@transalta.com</p>
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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 amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	<p><i>There is no need at this time for a review of the broader framework.</i></p> <p>TransAlta disagrees with a review of the broader framework for removing generating capacity from the market. We are not are of any issues with the current practices of retirement of assets.</p> <p><i>We support a reduction of the requirements for the reporting of mothball outages.</i></p> <p>TransAlta may agree with amendments to the Mothball rule in the context of the red tape reduction initiative. There are many aspects of the mothball rule including the notification timelines, maximum duration, and return to market timelines that are overly restrictive. However, we do not supportive a consultation that would result in even more onerous requirements being imposed on mothball outages.</p>

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2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	<p><i>There is no purpose or objective that suggests this should be pursued at this time.</i></p> <p>We view the AESO's proposed objectives and purpose of the Mothball rule consultation as overly broad, unfocused, and lacking any identification of real issues with the mothball rule that would warrant a need to consult at this time.</p> <p>While we appreciate that the mothball rule was an expedited filing and further consultation was started but then delayed due to the capacity market design, we question whether consulting on this matter during a pandemic and a difficult economic recovery is the appropriate priority to assign to this initiative or an effective use of resources.</p> <p>We believe the AESO's priorities should be set on issues that will support the economic recovery. If the scope of this proceeding is focused on reducing the burdens of the mothball rule and reducing its requirements, we could support it. We fail to understand how, in its present form, this consultation could positively contribute to the flexibility required to meet the economic challenges ahead.</p>
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	<p><i>Six stakeholder sessions are too long.</i></p> <p>No, we do not agree that this consultation should be six stakeholder consultations long. That number of stakeholder consultation sessions is greater than any other initiative that the AESO has consulted on in the past two years since the capacity market work. Furthermore, we are struggling to understand the AESO's overall planning, which sees more time being spent with stakeholders on the mothball rule than tariff modernization – arguably the most important initiatives that the AESO is currently working on. At the very least, the proposed consultation appears disproportionate lengthy.</p> <p>If the AESO does pursue this consultation, we support the use of online sessions.</p>

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	Yes, TransAlta will participate in any related consultation that stands to impact market rules to which we are subject to. As mentioned above, we do not agree with the AESO’s proposed purpose or objective but if the aim is to reduce red tape we would support a consultation group for the amendments to the rule.
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	No, we do not support a broad scope mothball rule consultation at this time.
6.	Do you have any additional comments?	No additional comments at this time.

<p>Period of Comment: October 14, 2020 through October 29 , 2020</p> <p>Comments From: TransCanada Energy Ltd. (TCE)</p> <p>Date: 2020/10/29</p>	<p>Contact: Mark Thompson</p> <p>Phone: 403-589-7193</p> <p>Email: markj_thompson@tcenergy.com</p>
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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 amendments to the Mothball rule with regard to the following matters:

	Development of a Proposed ISO Rule	Stakeholder Comments and/or Alternate Proposal
1.	Do you agree or disagree that the issues identified require the development of an amended Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	<p>In general, there are issues with the existing Mothball rule that should be addressed. In the AESO’s letter of notice, the AESO identified six issues. The first issue is “the economic requirements to temporarily remove generating asset from the market”. With respect, this issue was adequately addressed in the disposition of the MSA’s complaint whereby an attestation requirement was added to the rule. While this requirement was implemented on an expedited basis, it was the result of a negotiated settlement that included a number of stakeholders. TCE agrees that the remaining five issues from the letter of notice should be addressed.</p> <p>TCE does not agree that a “review of the broader framework for removing generating capacity from the market” is an issue that ought to be discussed. Such a discussion would be of a much larger scope than mothball outages, and is unwarranted. Under Alberta’s energy-only market, generators take on the investment risks and must maintain the ability to determine when and how its capacity is to be removed from the market, subject to the FEOC Regulation.</p>

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2.	Do you agree or disagree with the potential objectives or purpose of the review of the Mothball rule and a review of the broader framework for removing generating capacity from the market? Please comment.	Please see the comments in #1 above.
3.	Do you agree or disagree with the proposed form of consultation? Please comment.	TCE does not object to the proposed form of consultation.
4.	Do you intend to participate in any related consultation? OR Do you agree that no consultation group is required for this rule development? Please comment.	TCE has participated in all of the AESO's consultation sessions on this issue to date and intends to continue to participate. TCE submits that the issues proposed for discussion are complex, which would warrant a consultation group.
5.	Do you agree or disagree that the development of proposed amendments to the Mothball rule should proceed at this time?	This would be the fourth time stakeholders have expended resources to discuss amendments to this rule. The AESO's initial discussions were held through the Summer and Fall of 2016. The AESO did not re-commence discussions until the Summer of 2017 and put them on-hold shortly thereafter. Discussions commenced once again in Spring 2018 pursuant to the MSA's complaint. TCE is not suggesting that any party is at fault for the disjointed process, only that it has been inefficient. On this basis, TCE does not object to amending the mothball rule at this time provided the AESO can commit to follow-through and not put the consultation on hold once again.
6.	Do you have any additional comments?	TCE has no further comments at this time.