

Date of Request for Comment: December 3, 2020  
 Period of Comment: December 3, 2020 through January 8, 2021

Question	Stakeholder Comments	AESO Replies
<b>Performance Assessment</b>		
<p><b>2(1)</b> The ISO must assess the performance of a <b>generating unit</b> or <b>aggregated generating facility</b> as follows:</p> <p>(a) subject to subsection 2(b), if the <b>revenue meter</b> of the <b>generating unit</b> or <b>aggregated generating facility</b> recorded zero metered energy in all <b>settlement intervals</b> during the previous calendar year, the performance factor is 0%;</p> <p>(b) for a site with 1 or more onsite <b>generating units</b> or <b>aggregated generating facilities</b> that supply electric energy for 1 or more onsite load assets and offers excess generation to the energy market on a net basis, if the <b>revenue meter</b> recorded zero metered energy in all <b>settlement intervals</b> because load growth at the site resulted in no export to the <b>interconnected electric</b></p>	<p><b>Capital Power</b></p> <p>Capital Power has no additional comments at this time.</p> <p><b>Heartland</b></p> <p>It is unclear why 2(1)(b) requires that a generator be offered on a “net basis” as a prerequisite for receiving a 100% performance factor in the event of co-located load growth. Presumably, the way the generator offers – net or gross – is irrelevant to its metered energy and whether it indicates any net export. It therefore seems sensible to remove this requirement from the section, as follows:</p> <p>“for a site with 1 or more onsite generating units or aggregated generating facilities that supply electric energy for 1 or more onsite load assets <del>and offers excess generation to the energy market on a net basis</del>, if the revenue meter recorded zero metered energy in all settlement intervals because load growth at the site resulted in no export to the interconnected electric system, the performance factor is 100%; and”</p>	<p>The AESO agrees with the recommendation of Heartland and Suncor to remove the reference to net offering from subsection 2(1)(b). The intent of subsection 2(1)(b) is to ensure that net metered sites where generation serves onsite load are not assessed a performance factor of 0% under subsection 2(1)(a) if there is no export to the Alberta interconnected electric system. The AESO agrees that this is irrespective of whether the generating unit submits offers into the energy market on a net or gross basis.</p> <p>The AESO has revised subsection 2(b) of Section 505.2 accordingly.</p> <p>For clarity, if a generating unit serving onsite load is metered on a gross basis, the AESO will have visibility of the generating unit and will be able to assess performance under subsection 2(a) or subsection 2(c).</p>

<p><b>system</b>, the performance factor is 100%; and</p> <p>(c) in all other cases, the performance factor is 100%.</p>	<p><b>Suncor</b></p> <p>Suncor submits that the section “and offers excess generation to the energy market on a net basis” should be deleted from subsection 2(1)(b). Whether the generating facilities offer on a gross or net basis should have no bearing on the determination of the performance factor.</p> <p>Suncor accepts that for a site that consistently imports, it wouldn’t matter whether the generating facilities offer on a gross or net basis. However, the situation could arise where in some years on-site load exceeds on-site generation capability in all hours and in some years the site exports power to the grid. It would be inappropriate to mandate a net offer for the generating facilities to be eligible for the determination of the performance factor under section 2(1)(b).</p> <p><b>TCE</b></p> <p>TCE supports the simplified version of the performance assessment for the reasons provided in its November 9, 2020 comments on this subject.</p>	
<p>(2) The <b>ISO</b> must assess a performance adjustment factor for a <b>generating unit</b> or <b>aggregated generating facility</b> in accordance with the following formula if, based on the <b>ISO’s</b> most recent information at the time of the performance assessment, energized MC is not equivalent to critical MC:</p> $= \frac{\text{performance adjustment factor} \times \text{ABS}(\text{critical MC} - \text{energized MC})}{\text{critical MC}}$ <p>where:</p>	<p><b>Capital Power</b></p> <p>Capital Power has no additional comments at this time.</p> <p><b>Heartland</b></p> <p>It would be helpful for the AESO to explain the rationale behind the calculation of the performance adjustment factor. The last draft of the rule said that a penalty factor would only be assessed if the energized MC is less than the critical MC; given that the AESO has chosen to retain the absolute value formula and drop the “less than” criteria, it would be useful to understand why, and whether penalizing in the “less than” case follows the same or different rationale as penalizing in the “more than” case.</p>	<p>As indicated in the AESO’s February 10, 2021 Reply Letter, following further consideration of the practical implementation of the performance adjustment factor to generating units required to pay GUOC, the AESO has decided to remove the performance adjustment factor from proposed final amended Section 505.2.</p> <p>The AESO is of the view that the removal of the performance adjustment factor does not impact the original goal of aligning Section 505.2 with the changes in the ISO tariff and securing accurate, timely information from market participants.</p> <p>The AESO has removed subsections 2(2) and 2(3), accordingly.</p>

<p>(a) ABS is absolute value;</p> <p>(b) critical MC is, subject to subsection 2(3), the <b>maximum capability</b> of the <b>generating unit</b> or <b>aggregated generating facility</b> used to calculate the contribution of the <b>legal owner</b> of a <b>generating unit</b>; and</p> <p>(c) energized MC is, subject to subsection 2(3), the <b>maximum capability</b> of the <b>generating unit</b> or <b>aggregated generating facility</b> that the <b>legal owner</b> submits to the <b>ISO</b> in accordance with the applicable <b>pool asset</b> registration process.</p>	<p><b>Suncor</b></p> <p>Suncor submits that some further clarity regarding the definition of critical MC [subsection 2(2)(b)] and the ability to change it [subsection 2(3)] is required. Subsection 2(3) implies that the market participant can easily change the critical MC while subsection 2(2)(b) implies that the critical MC is a fixed number that is determined at a specific point in time (when the GUOC is determined). At this point Suncor is not confident it understands what critical MC is and when and how it could be changed.</p> <p><b>TCE</b></p> <p>TCE supports the simplified version of the performance assessment for the reasons provided in its November 9, 2020 comments on this subject.</p>	
<p><b>(3)</b> The <b>ISO</b> must, if the <b>legal owner</b> of the <b>generating unit</b> or <b>aggregated generating facility</b> updates the critical MC or energized MC of the <b>generating unit</b> or <b>aggregated generating facility</b> with the <b>ISO</b> on or before October 30 of the year before the refund calculation, adjust critical MC or energized MC in the application of the formula in subsection 2(2) based on the information the <b>legal owner</b> provides.</p>	<p><b>Capital Power</b></p> <p>Capital Power has no additional comments at this time.</p> <p><b>Heartland</b></p> <p>It would be helpful for the AESO to explain why it chose October 30 and not December 31, given that the refund is assessed for the previous calendar year.</p> <p><b>TCE</b></p> <p>TCE supports the ability of market participants to update the critical MC and energized MC of a generating unit. However, TCE questions why the AESO has chosen October 30 as the deadline for such updates. TCE submits that a deadline of November 30 should be sufficient to allow the AESO 20 business days to record the change (pursuant to subsection 7(2) of ISO Rule 201.1) and to calculate the preliminary assessment by the January 31 deadline. This would allow the market participant the time necessary to update the</p>	<p>See the AESO's replies to comments on subsection 2(2).</p>

information for changes that may have happened during the latter half of the year.

TCE understands that, pursuant to section 7 of ISO Rule 201.1, updates to the critical MC or energized MC are to be provided to the AESO by following the procedures set out on the AESO website. TCE further understands that such updates are to be provided by submitting the AESO's Generator Asset Addition Request Form. While this form does include a section for an asset's maximum capability, it does not include sections for critical MC or energized MC. Does the AESO intend to amend this form to include sections that would enable pool participants to update an asset's critical MC or energized MC? If not, please clarify how a market participant is to provide such updated information to the AESO.

In its GUOC Refund Sample Calculations, the AESO provided examples where updates to critical MC and energized MC were acceptable. In particular, the AESO's examples allowed for changes to critical MC or energized MC to reflect: (i) circumstances outside of the market participant's control; (ii) onsite load growth; and (iii) phased resource development. TCE requests that for clarity purposes, the AESO list these in the rule as examples of acceptable updates. Similarly, if the AESO intends to deny certain requests for updates to critical MC or energized MC, that the AESO include such information within the rule.

The AESO's GUOC Refund Sample Calculations were helpful and provided clarity as to the intent of the proposed rule. TCE recommends that the AESO include these sample calculations in an information document. The comments provided along with each of the scenarios was helpful and provided insight into the AESO's rationale for the treatment of each of the scenarios. In addition to this, TCE recommends that the AESO provide the formula for each of the cells under the "Performance Adjustment Factor (%)" column so that market participants can see precisely how

	the AESO calculated the adjustment factor.	
<b>Refund of Generating Unit Owner's Contribution</b>		
<p><b>3</b> The ISO must calculate a refund for each calendar year during the refund period as follows:</p> <p>refund  = (annual amount x performance factor) x (1 – adjustment factor)</p> <p>where:</p> <p>(a) annual amount is as specified in the <b>ISO tariff</b>;</p> <p>(b) performance factor is the performance factor assessed in accordance with subsection 2(1) for the calendar year; and</p> <p>(c) adjustment factor is the performance adjustment factor calculated in accordance with 2(2).</p>	<p><b>Capital Power</b></p> <p>Capital Power has no additional comments at this time.</p> <p><b>Suncor</b></p> <p>Please see the previous comments regarding subsection 2(2).</p> <p>Suncor is unclear on why October 30 was selected as a cut-off date compared to a later date in the year.</p> <p><b>TCE</b></p> <p>TCE supports the refund calculation as proposed by the AESO.</p> <p>For clarity purposes, TCE recommends that the AESO rename “adjustment factor” to “performance adjustment factor” to match the term used in subsection 2(2). Similarly, TCE recommends that the AESO clarify that the “annual amount” is as specified in subsection 7.5(3) of the ISO tariff.</p>	<p>See the AESO’s replies to comments on subsection 2(2) above. Subsection 3 has been updated to eliminate reference to the performance adjustment factor in proposed final amended Section 505.2. The AESO does not agree with TCE’s recommendation to reference subsection 7.5(3) of the ISO tariff in subsection 3(a). The generic reference to the ISO tariff will accommodate any future changes to the ISO tariff without a corresponding need to update Section 505.2.</p>

<p><b>Preliminary Refund Assessment</b></p>		
<p><b>4</b> The <b>ISO</b> must provide a preliminary refund assessment, along with relevant input data, to the <b>legal owner</b> of a <b>generating unit</b> or an <b>aggregated generating facility</b> by January 31 of the year following the calendar year to which the refund relates.</p>	<p><b>Capital Power</b> Capital Power has no additional comments at this time.</p> <p><b>TCE</b> TCE supports the provision of a preliminary assessment by January 31.</p>	<p>The AESO acknowledges Capital Power's and TCE's comments.</p>
<p>Any additional comments regarding the proposed final draft of Section 505.2?</p>	<p><b>Capital Power</b> Capital Power appreciates the AESO's efforts to address the concerns that stakeholders identified with the proposed Option 2. These include:</p> <ul style="list-style-type: none"> <li>○ providing definitions of critical and energized maximum capability;</li> <li>○ accommodating changes to the critical and energized maximum capability of generating units; and</li> <li>○ providing GUOC refund sample calculations.</li> </ul> <p>With these modifications, Capital Power is supportive of the AESO's Final Draft of the Amended ISO Rule – Section 505.2, Performance Assessment for Refund of Generating Unit Owner's Contribution.</p>	<p>The AESO acknowledges Capital Power's comment.</p>