

June 8, 2021

To: The Market Surveillance Administrator, market participants and other interested parties
("Stakeholders")

Re: **Stakeholder Comments on the Letter of Notice for Additional Feedback from Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting* ("Section 306.7")**

Pursuant to Alberta Utilities Commission Rule 017, *Procedures and Process for Development of ISO Rules and Filing of ISO Rules with the Alberta Utilities Commission*, ("AUC Rule 017") written comments received from Stakeholders in response to the Alberta Electric System Operator's ("AESO") May 7th, 2021 Letter of Notice for Additional Feedback from Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 have been posted on the AESO website. Comments were received from the following Stakeholders:

- Capital Power;
- Direct Energy;
- ENMAX Corporation;
- Heartland Generation Ltd.;
- Market Surveillance Administrator;
- Suncor Energy Marketing Inc.;
- TransAlta Corporation; and
- TransCanada Energy Ltd.

All Stakeholder comments received can be found on the Stakeholder engagement page on the AESO website at www.aeso.ca. Follow the path Stakeholder engagement > Rules, Standards and Tariff > Proposed Amendments to Section 306.7 of the ISO Rules, Mothball Outage

Thank you to all Stakeholders who participated in the ISO rules comment process. All written comments received will be considered in the development of the proposed amended Section 306.7.

If you have any questions, please submit them to rules_comments@aeso.ca.

Sincerely,

Jodi Marshall

Legal Manager, ISO Rules and Alberta Reliability Standards
Legal and Regulatory Affairs
rules_comments@aeso.ca

<p>Period of Comment: May 1, 2021 through May 25, 2021</p> <p>Comments From: Capital Power</p> <p>Date: 2021/05/25</p>	<p>Contact: Matthew Davis, Santi Churphongphun</p> <p>Phone: 403.540.6087, 403.807.2909</p> <p>Email: mdavis@capitalpower.com, schurphongphun@capitalpower.com</p>
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Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to rules_comments@aeso.ca.

The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Capital Power appreciates this opportunity to provide further comments on the development of prospective AESO amendments to ISO Rule 306.7, <i>Mothball Outage Reporting</i> . Session #2 was valuable in better understanding the AESO’s rationale for undertaking this initiative and provided added clarity regarding the scope of this consultation. In particular, Capital Power supports the AESO’s determination to remove the economic test and retirement notification elements from the scope of consultation.
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	Capital Power notes that the transmission access issues identified are most acute when a unit mothballs with no clear plans to return after two years and looks to extend its mothball outage beyond the two-year timeframe. This may be due to a lack of market opportunity or to potentially redevelop the site. The current mothball practices, particularly when extensions are granted, create a free option problem where an asset that temporarily (and potentially permanently) exits the market can retain transmission capacity via its STS capacity without providing any certainty that said capacity will return to service. Capital Power is supportive of the AESO’s assessment that this is a significant issue requiring better alignment between the mothball outage rule and connection/transmission development practices.

	Question	Stakeholder Comments
3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>In Capital Power's view, the AESO appears to have put forward bookends with respect to resolving the transmission access issues. On one end, extending a mothball outage beyond two years would result in STS capacity being released and on the other end is the status quo – where there is a free option on STS capacity through the use of extensions to a mothball outage after two years. At the stakeholder session, some alternatives to these bookends were put forward and this question solicits further alternatives. Capital Power believes that the AESO's bookends can be refined so that they are less extreme and provide more flexibility for units looking to extend a mothball outage while addressing the AESO's concerns around transmission access.</p> <p>One alternative that Capital Power is evaluating at this time would require a refundable deposit tied to MWs on mothball extension (after 2 years) with the purpose being that these MWs are either being kept idle waiting for a market opportunity (which could be limited) or, being reserved for a brownfield behind the fence (BTF) development. The latter allows for avoiding payment of the generating unit owner's contribution (GUOC). The cost to exercise this option (premium) could be per MW-yr based on GUOC rates. For example, if charged 33% of GUOC for three years of extension this would keep a mothball extension and redevelopment project on-site equivalent to retiring and having to submit for a new STS by paying the full GUOC. Additional considerations would include that payment of the option premium would not be required if the mothballed capacity returned to service, or if through the BTF process had reached project inclusion criteria (past gate 3/4) under the AESO's connection process. Like GUOC, this premium would be refundable should the STS capacity be used either by a returning mothballed unit, or a behind the fence project. This refund would have to occur over shorter term than GUOG, particularly as a mothball near the end of an asset's life may limit opportunity to recover the premium cost – this could be as short as immediately upon return or after one year of operation.</p> <p>This has the benefit of address the free option problem by charging an option premium. Further, it supports continued use of brownfield sites, where transmission has already been designed and built for.</p> <p>Capital Power believes that further exploration of the options to limit the exercise of the free option is necessary.</p>

	Question	Stakeholder Comments
4.	Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.	While Capital Power has identified an alternative, others may be proposed through the AESO’s solicitation in question 3. As such Capital Power would suggest that the AESO review, consolidate, and engage stakeholders on the alternatives identified through this consultation.
5.	Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.	At this time, Capital Power is supportive of the AESO’s recommendation to maintain a 24-month duration for a mothball outage. 24 months provides a reasonable timeframe to re-assess future market opportunity for existing capacity or pursue redevelopment plans on-site – as it is not unfeasible to develop a behind the fence project to a point where it is certain enough to meet the AESO’s project inclusion criteria within that timeframe
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	<p>Capital Power believes that terms around return to service are dependent on the circumstances for which a mothball outage is taken. While there may be circumstances that warrant a short three month return to service before taking a subsequent mothball outage, doing so would require the subsequent mothball outage notification to be submitted concurrently with returning from the current mothball outage. Capital Power would not be supportive of maintaining a three month return to service requirement if it is only likely to be used as a loophole to preserve a free option on the STS capacity (i.e. as an alternative to taking out a mothball extension). In circumstances where the return to service is for a limited market opportunity, Capital Power believes that a longer return to service timeframe would not impair the flexibility of assets as long-lead time energy provisions can be used as well to manage unit cycling. As such, Capital Power would be supportive of exploring longer duration return to service requirements.</p> <p>Capital Power believes that further evaluation is necessary in conjunction with how the AESO intends on treating extensions in light of the transmission access issues already identified.</p>

	Question	Stakeholder Comments
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	Capital Power agrees with the AESO's assessment that there are interdependencies between transmission access, maximum duration, and subsequent outages. Capital Power suggests that the AESO additionally consider terms under which an extension is granted to a mothball to this set of interdependencies. Further, these interdependencies only appear to be an issue under a select set of scenarios that do not encapsulate all situations under which a unit may choose to mothball.
8.	Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	Capital Power is supportive of the AESO's assessment that the mothball outage cancellation notification from the AESO should align with return to service timelines that a participant has declared.
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	Capital Power believes that the minimum cancellation time should remain at three months. This provides a reasonable time for the market to respond to the change in mothball status and is aligned with outage notification timelines. Given the planned nature of a mothball outage, it should align with planned outage timelines, which are 90 days. Further, the AESO has not demonstrated that there is a driver to shorten the minimum notification timelines.
10.	Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	Capital Power supports maintaining the existing three-month notification requirement to take a mothball but is concerned that liberally allowing the use of a waiver to this negates the value the market is afforded by having clear notification periods. A waiver of a three-month notification period would presumably reflect the emergence of some unforeseeable, material, and adverse economic harm to the assets in question that are of a magnitude that the standard notice would not be practical. Capital Power suggests that a waiver should only be used in exceptional circumstances and face additional scrutiny to ensure there is no undue harm to the market.
11.	Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.	Capital Power does not support the AESO's proposal to separate out a mothball outage and identify return to service timelines. Outages records should be aggregated where possible (<i>FEOC Regulation §4(4)</i>) and the AESO in the past has not published these outages as a separate outage type. The AESO has though published in its market updates mothball outages, unlike other forms of outage. With respect to return to service timelines, there is no legislative requirement for this, and the information may be construed as commercially sensitive – as such Capital Power does not agree that this information should be published.

	Question	Stakeholder Comments
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	Capital Power is supportive of the AESO's recommendations with respect to long-lead time energy rules.
13.	Do you have any additional comments?	Capital Power appreciates the AESO's attention to this issue and would suggest that, considering the potential for various alternatives to resolve the transmission access issues, the AESO plan for at least one more stakeholder session to evaluate the alternatives.

<p>Period of Comment: May 25, 2021 through May 25, 2021</p> <p>Comments From: Direct Energy</p> <p>Date: 2021/05/25</p>	<p>Contact: Nicole Black</p> <p>Phone: 403-463-3520</p> <p>Email: nicole.black@directenergy.com</p>
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Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to rules_comments@aeso.ca.

The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Yes, the session was valuable. The AESO could have limited some of the speaker’s input, as certain parties dominated the conversation. The session would have been enhanced with more representation from load serving entities.
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	Existing generators should not be able to monopolize transmission access. New generation should be able to connect if a long-term return commitment to the market is not possible from legacy assets that have taken an outage. Avoiding the overbuild of the system is the key for all participants, given the growing costs of transmission.
3.	Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.	#4 should be considered which would impose a more stringent set of rules on the large generators that would lead to the elimination of the “free optionality” that is currently enjoyed by the dominant generators.
4.	Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.	Direct Energy has a preference for Alternative #3. The outages have to be tighter given the current market conditions where dominant parties control most of the generation.

	Question	Stakeholder Comments
5.	Are you supportive of the AESO's recommendation to maintain the existing 24-month maximum duration? Please explain.	Yes, an outage beyond 24 months should initiate a shut down or conversion of the asset. Any application for extension should be made public immediately for the sake of transparency. All application should be immediately public on the AESO website.
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	A "return to service" should be extended to at least two years in order to signal a continuing and significance commitment to the market.
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	Equitable and efficient access to the grid should be the goal. Short-term "returns to service" prevent other generators from accessing the grid without providing any long-term benefit to the grid. A philosophy or "use it or lose it" should be implemented with <u>no free options</u> for any market participants.
8.	Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	A 2 year commitment to the market should be required. Notice should be at least equal to the return to service timeline.
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	Ability to trade around insider knowledge leads to some ability to manipulate the market. There is a dramatic impact to the financial market when companies expect supply "x" and are surprised by a sudden shift to supply "y". The AESO should consider how the mothball rules can be exploited by the dominant parties. For example, a large generator can take an outage, which leads to price increases due to lower supply and hedge at this level, and then come back online unexpectedly, which increases supply and moves the forward curve lower.

	Question	Stakeholder Comments
10.	Are you supportive of the AESO’s recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	Direct Energy is opposed to any “waivers”. Any outage information should be made immediately public. Traders from large generators should be blocked from trading for a week, while they are in possession of insider “supply” knowledge.
11.	Are you supportive of the AESO’s proposal for separate mothball outage reporting? Please explain.	Transparency is key for a FEOC market – detailed reporting is beneficial to all participants to level the playing field by providing greater visibility into the outage reporting, especially any changes to outages.
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	A list of LLT assets should be provided on the AESO website. 36 hours seems like a reasonable start-up time for LLT assets.
13.	Do you have any additional comments?	Input beyond that of generators should be sought out by the AESO. Direct Energy, as an entity that represents load, should be given weight as it brings a disparate, but important view to the issues under consideration. “Free options” should not be available to any market participants and the mothball rules should enhance the FEOC operation of the market.

<p>Period of Comment: May xx, 2021 through May xx, 2021</p> <p>Comments From: ENMAX Corporation</p> <p>Date: 2021/05/25</p>	<p>Contact: Mark McGillivray</p> <p>Phone:</p> <p>Email: MMcGillivray@enmax.com</p>
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The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Yes, the session was valuable.
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	The issues identified appear reasonable.

	Question	Stakeholder Comments
3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>It may be worth further exploring if option 2 (STS reduction) should be expanded to allow a mothballed generator to extend their outage beyond the maximum term, and provide the generator with an option to either relinquish their STS contract or return to service if a new project wanted to connect in the same area.</p> <p>However, if such an option is contemplated, it should not compromise market transparency and stability. ENMAX would expect that the driver of a mothballed outage would remain unchanged (i.e., it is forecasted that a unit is unable to recover its avoidable costs for a temporary period of time).</p> <p>Market signals and investor confidence could become distorted if there is insufficient information about mothballed units that may or may not return to the market. Consideration would be needed on if a maximum term for mothballed outages and/or minimum return to service should remain.</p> <p>The connection process would also need to provide enough certainty for projects in the queue and should not result in additional costs.</p>
4.	<p>Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.</p>	<p>No comment at this time. See Response to Question 3.</p>
5.	<p>Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.</p>	<p>No comment at this time. See Response to Question 3.</p>
6.	<p>Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.</p>	<p>No comment at this time. See Response to Question 3.</p>

	Question	Stakeholder Comments
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	See Response to Question 3.
8.	Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	Agreed, this would allow for greater transparency to the market. Owners should disclose prior to taking any action to return to service (awarding contracts, informing staff etc.).
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	The minimum outage cancellation notification timeline should be at least 3 months or the minimum amount of time it will take the unit to return to service.
10.	Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	Agreed.
11.	Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.	<p>Yes, ENMAX is supportive of the AESO's proposal for separate mothball outage reporting as these are different than forced or planned outages and would provide greater transparency to the market.</p> <p>Given the AESO is able to direct a mothballed outage to return to service for a reliability reason, information on the call-back window should be provided as well.</p>
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	Agreed, a 36-hour maximum startup-up time for long-lead time assets is reasonable.
13.	Do you have any additional comments?	No additional comments.

Stakeholder Comment Matrix – May 7, 2021

Additional Feedback from the Second Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*



Period of Comment: May 7, 2021 through May 25, 2021	Contact: Kurtis Glasier
Comments From: Heartland Generation Ltd. ("Heartland Generation")	Phone: (587) 228-9617
Date: [2021/05/25]	Email: Kurtis.Glasier@heartlandgeneration.com

Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to rules_comments@aeso.ca.

The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Heartland Generation found the session to be valuable. The AESO could improve stakeholder engagement by publishing, or at least circulating a draft of, the meeting minutes prior to the comment deadline.

	Question	Stakeholder Comments
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	<p>The characterization of transmission access does not seem aligned with how Heartland Generation understands the transmission planning uses Supply Transmission Service (STS) contract volumes; that the current transmission planning process includes an expectation of generation performance as part of a probabilistic congestion analysis. A generator on a declared mothball outage would not negatively impact this process. In fact, the additional information surrounding the outage timing and market conditions could allow the AESO to form better probabilistic scenarios more reflective of the expected generation performance in that area. During the AESO’s transmission planning analysis it must account for a myriad of other business decisions from STS holders (generation performance, load growth, etc.).</p> <p>A mothballed generator does not materially increase uncertainty as it would be incorporated into other AESO scenario forecasts to inform transmission planning. The AESO accounts for all available data in its planning criteria, which includes the mothball outages and other performance drivers. Assumedly, the AESO does not plan the transmission system to accommodate for STS volumes if it only expects a generator to perform at a fraction of that level due to market conditions. The AESO already accommodates for commercial operations within its transmission planning, mothball outages are just a furtherance of this practice.</p>

	Question	Stakeholder Comments
3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>ERCOT is the only other north American market with an energy-only framework. Borrowing from this framework, the AESO should not allow a mothball outage to impact a generator’s interconnection. All the other jurisdictions discussed have some variation of transmission access rights or a capacity market, which have features that do not align with Alberta’s electricity markets.</p> <p>Due to the distinct lack of transmission rights in Alberta, there is likely a compromise between the competing interests of mothballed assets and new interconnections.¹ One alternative that should be explored would allow the mothballed asset to have its interconnection unaffected, until such a time there is an application for a new interconnection in that study area. The mothballed asset would then be given a “right of first refusal”. Potentially, the mothballed asset could choose:</p> <ol style="list-style-type: none"> 1) To partially, or fully, return to service prior to, or at the time of, energization of the new interconnection project, or at an appropriately agreed upon time; or 2) Forego the option to return to the market and relinquish in part or in whole a portion of its STS contract volume (as required by the new interconnection). <p>Until there is a new interconnection being applied for, which cannot be accommodated by the current system without a material upgrade, there is no problem caused by the mothballed status of an asset. Under this alternative, the mothballed asset should also be able to extend the outage indefinitely as transmission access is not hindered. Outages are a commercial decision and should not be arbitrarily limited by a maximum duration.</p> <p>Further, this alternative would allow the AESO, the owner of the new interconnection project, and the owner of the mothballed asset to come to a mutual decision. This allows for the efficient use of transmission resources while not necessarily impeding the commercial flexibility required by those connected to the grid. The mothballed asset and the new interconnection project would be able to provide the AESO with better forecasting information required for system planning.</p>

¹ Transmission access rights as a tradeable property right would allow for participants to directly coordinate and negotiate over transmission access. Typically, tradeable property rights are an efficient solution to the competing interests between participants.

	Question	Stakeholder Comments
4.	Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.	<p>Heartland Generation prefers the alternative it has proposed above. It is most similar to the second alternative, however with the necessary distinction that STS reduction would only occur after a new interconnection proposal has been energized and the mothballed asset has chosen not to return to active participation.</p> <p>The maximum term relied upon by all three AESO alternatives is an unnecessary and arbitrary construct, and it impedes efficient commercial decision making. Heartland Generation’s proposed alternative addresses transmission access through a fair, efficient, and openly competitive mechanism, and does not require a maximum term for the mothball outage.</p>
5.	Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.	<p>Heartland Generation is not supportive of the existing 24-month maximum duration. The existing maximum duration is arbitrary and somewhat non-binding as the criteria for an extension is at the sole discretion of the AESO.</p> <p>The focus of the mothball outage rule should be on reporting; a clear process by which the participant can notify the AESO and the market of its intent to take a mothball outage. The size and duration of the mothball outage are clearly within the purview of the asset owner, as directly related to commercial business decisions. Heartland Generation supports the removal of the 24-month maximum duration.</p>

	Question	Stakeholder Comments
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	<p>This limitation on subsequent mothball outages is the result of misplaced concern. A mothball outage is not a simple switch that can be turned off/on. A mothball outage requires commitment and planning on behalf of the generator owner. There are two concerns that it seems the AESO is trying to address with this requirement: (i) that generators after a 24-month mothball outage will only come back for a short time before going on mothball outage again; and (ii) that generators will somehow use a mothball outage to create uncertainty and barriers to entry.</p> <p>Concern (i) only results because of the 24-month maximum duration condition in the first place. A generator may not forecast an improvement in market fundamentals until 36-months from the start of its mothball outage; in this scenario it would be more efficient from a market notification and operation standpoint to remain on mothball outage until conditions improve rather than be forced to return for a 3-month operations window before going on a subsequent mothball outage. The AESO should simplify the mothball outage rule to remove arbitrary limitations on the commercial flexibility of a mothball outage, this would allow generator owners to be more transparent and clearer about the intent of their mothball outage.</p> <p>Concern (ii) presumes that an owner taking a mothball outage is acting in an anticompetitive manner. A mothball outage is clearly reported and part of the market framework, therefore the <i>Fair, Efficient, and Openly Competition (FEOC) Regulation</i> would still be applicable. The removal of the “return to service period” from the ISO Rule would in no way hinder the Market Surveillance Administrator’s authority or ability to ensure that participants are acting in a manner to support the FEOC operation of the market.</p>
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	<p>The transmission access piece is the most critical. As explained above, if transmission access fairly accommodates for commercial flexibility than there is no need to arbitrarily limit the duration of a mothball outage, nor would there be a risk of abuse from subsequent outages. The AESO should consider holding a stakeholder engagement session targeted on a solution to transmission access, as the proper treatment will alleviate other administrative solutions currently being proposed (i.e., maximum duration, return to service, etc.).</p>

	Question	Stakeholder Comments
8.	Are you supportive of the AESO’s recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	Heartland Generation supports the alignment of outage cancellation notification and return to service timelines.
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	It makes sense to shorten the minimum timeline to 30-days notices to align the mothball outage cancellation with other outage cancellation requirements.
10.	Are you supportive of the AESO’s recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	Heartland Generation is supportive of maintaining the existing rule requirement. However, it is worth noting that the intent of this 3-month notification is to not limit commercial/operational flexibility, and a waiver should be granted when it is requested on that basis.
11.	Are you supportive of the AESO’s proposal for separate mothball outage reporting? Please explain.	Heartland Generation is supportive of the transparent reporting of mothball outages, consistent with the <i>FEOC Regulation</i> requirements.
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	<p>Heartland Generation does not support changes to the maximum start-up time for long lead time (LLT) type 2 assets. The 36-hour maximum start-up time for LLT assets has not been justified.</p> <p>The existence of maximum durations for LLT startup creates a seams issue with the other outage reporting. For example, if the optimal configuration for my asset would require a startup time of 40 hours, there is no clear way to communicate this to the market. The maximum duration is greater than the 36-hour maximum for long-lead time but shorter than the notification requirements of a mothball outage. The AESO has therefore limited commercial operation, and to an extent competitiveness of that asset solely through arbitrary limitations on duration.</p>

	Question	Stakeholder Comments
13.	Do you have any additional comments?	<p>In general, the AESO should focus on the public and transparent reporting of outages. Approval and limitations on commercial decisions of participants are antithetical to the deregulated energy markets and the FEOC operation of that market. The AESO has indicated that LLT assets respond to price signals from the energy market; this relationship still holds with mothball outages, but the response is to a longer-term price signal rather than hourly. The energy-only market framework of Alberta relies on participants having the commercial flexibility to optimize the configuration and operation of their assets. Market participants require a clear and transparent way to report mothball outages and LLT status to the market, the rules surrounding these decisions should not impose limitations, which undermine investor confidence.</p>

Stakeholder Comment Matrix – May 7, 2021

Additional Feedback from the Second Stakeholder Consultation Session on the Development of the Proposed Amended Section 306.7 of the ISO Rules, *Mothball Outage Reporting*



Period of Comment: May xx, 2021 through May xx, 2021	Contact: Mark Nesbitt
Comments From: Market Surveillance Administrator	Phone:
Date: 2021/05/25	Email: Mark.nesbitt@albertamsa.ca

Instructions:

1. Please fill out the section above as indicated.
2. Email your completed comment matrix to rules_comments@aeso.ca.

The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	

	Question	Stakeholder Comments
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	<p>With respect to the jurisdictional review the AESO presented, the MSA notes that there is no legal requirement in any of the comparison jurisdictions for the transmission system to be free of congestion. Consequently, there are additional considerations in Alberta in the form of system costs brought about by mothballed units.</p> <p>These potential system costs are a result of the reasonable possibility that a mothballed unit may not become economic in the future and would not return to operation. The current structure of the rule could result in inefficient transmission build because of the uncertainty created by mothball outages with unaltered STS contracts.</p> <p>Any changes to the components of the mothball rule that relate to transmission access should focus on reducing uncertainty regarding transmission use for the mothballed units.</p>
3.	Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.	
4.	Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.	
5.	Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.	
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	

	Question	Stakeholder Comments
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	From the perspective of efficiency, as discussed in response to question 2, the MSA believes that discussions related to interconnection, maximum duration and subsequent outages are inextricably linked and are best reviewed as a package. To the extent that a particular combination of parameters helps the AESO in reducing the uncertainty around transmission usage arising from mothball outages, that combination may be a good candidate to address the risk of inefficient transmission build.
8.	Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	
10.	Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	<p>The MSA submits that is essential for the AESO to maintain the existing three-month notification timeline for a mothball outage request. The MSA requires this time period to complete an assessment of the mothball outage to determine whether the outage satisfies the economic test. It would be costly and inefficient for a unit to go offline on a mothball outage, only to be called back shortly thereafter because the economic test was not satisfied.</p> <p>A waiver of the three-month notification period may be acceptable if the AESO can complete its reliability studies and the MSA can complete its assessment of the economic test on an accelerated schedule. However, if these conditions cannot be satisfied before the notification period has elapsed, the unit must be required to wait the three months.</p>

	Question	Stakeholder Comments
11.	Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.	<p>The MSA is supportive of the AESO's proposal for separate mothball outage reporting. Timely and updated reporting in a central location will allow all market participants to make decisions regarding their assets with up-to-date, accurate information.</p> <p>The MSA believes that the publication of this information will support fair, efficient and open competition and satisfy the requirement in section 4 of the FEOC Regulation to report outage information, aggregated by outage type.</p>
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	
13.	Do you have any additional comments?	<p>The MSA supports the AESO's decision to remove the economic test from the scope of the consultation. The MSA believes that the economic test is essential to ensure the rule supports fair, efficient and open competition. Further, the MSA is of the view that the components of the economic test, avoidable cost and forecast market prices and conditions, are a reasonable basis from which to assess whether a unit is economic. The MSA further submits that, depending on the maximum term for a mothball outage, the AESO should require that an updated attestation based on the economic test be submitted at regular intervals.</p> <p>The MSA believes that the knowledge that mothball outages can only be taken after an economic test may act to reduce the uncertainty for potential entrants. Adding a requirement that the economic test be repeated for mothballed assets at a regular interval may further decrease the uncertainty.</p>

<p>Period of Comment: May 7, 2021 through May 25, 2021</p> <p>Comments From: Suncor Energy Marketing Inc.</p> <p>Date: 2021/05/25</p>	<p>Contact: Horst Klinkenberg</p> <p>Phone: (403) 819-7125</p> <p>Email: horst.klinkenberg@suncor.com</p>
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	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Yes, the session was valuable, and Suncor appreciated the amount of discussion between stakeholders.
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	<p>Suncor agrees that there is a low possibility that mothballed generators retaining their STS contracts could affect potential connection projects. Such a scenario poses a risk of uneconomic outcomes, which can for example include investment in unnecessary transmission infrastructure or the unnecessary stranding of capital.</p> <p>All three of the alternatives presented by the AESO are inflexible, draconian measures that fail to address the issue in an appropriate way. For example, the inclusion of an administrative, arbitrary, and inefficient <i>maximum term</i> for mothball outages is completely unnecessary if a flexible alternative is implemented.</p>

	Question	Stakeholder Comments
3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>Suncor does not think it is efficient to require incremental connection costs from new generators if there is spare system capacity from a mothballed generator that continues to remain offline.</p> <p>Suncor recommends that mothballed generators forgo (part of) their STS contract capacity when a new connection project in the area could make use of the capacity. However, in the circumstances, mothballed generators have the choice to retain their capacity by bringing the unit back to service at the appropriate time. If the mothballed generator chooses not to do so, the STS capacity is then allocated to the new connection project. If, at a later stage, the mothballed generator requires additional STS capacity, it will need to go through the normal process of obtaining incremental STS.</p> <p>Suncor submits that a workshop would be appropriate to determine detailed components of this solution. Questions that need to be answered would be what requirements should be imposed on a mothballed generator choosing to retain its STS and what options could be made available to “share” the STS capacity potentially desired by both generators.</p>
4.	<p>Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.</p>	<p>Suncor does not support any of the provided transmission access alternatives as they all utilize administrative, arbitrary, and inefficient restrictions, for example by imposing a maximum term on mothball outages. It is inappropriate and inefficient for the AESO to dictate how generators operate. Instead, Suncor believes that in the unlikely case where a new project could benefit from (some of) the STS capacity currently held by a mothballed generator, the situation should be flexibly addressed as outlined in question 3.</p>

	Question	Stakeholder Comments
5.	Are you supportive of the AESO's recommendation to maintain the existing 24-month maximum duration? Please explain.	Suncor strongly opposes any limit on the duration of a mothballed outage. Mothballed generators should not be required to give any return time and just be subject to the requirements of outage cancellation notice described in question 8.
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	Suncor does not support any limits on the minimum time between subsequent mothball outages. The generating unit should simply have to follow the same notification requirements for each mothball outage they take. Inefficient, administrative limits on generating unit owner's decisions should be avoided.
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	Suncor sees the inflexible handling of STS contract capacity for mothballed units as the reason behind needing requirements for maximum duration and subsequent outages. A flexible choice to retain or forgo (part of) their STS contract capacity for mothballed units would mitigate the risks of barriers to entry, unnecessary costs, and uncertainty for potential transmission projects. By not indiscriminately retaining their entire STS contract capacity, units can mothball indefinitely without resulting in uneconomic decisions by other market participants.

	Question	Stakeholder Comments
8.	<p>Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.</p>	<p>Suncor supports aligning outage cancellation notifications with return to service timelines with provisions around updates to the declared return to service timelines to safeguard against potential market manipulation.</p> <p>In the case of a reduced return to service timeline the updated timeline should apply to the AESO immediately while it should phase in for the generator. This is to give the AESO increased flexibility should they need the generation and prevent the generating unit from taking advantage of a reduced timeline the market was not expecting.</p> <p>In the case of a longer return to service timeline the updated timeline should apply to the generator immediately and should phase in for the AESO. This is to ensure the AESO has adequate notification of the reduced flexibility of calling the unit back online.</p>
9.	<p>The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.</p>	<p>Suncor recommends the outage cancellation notification align with the return to service timeline with no minimum.</p>
10.	<p>Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.</p>	<p>Suncor recommends the notification requirement for mothballed outages align with the return to service timeline. Suncor is not convinced that any form of minimum notification requirement is appropriate.</p> <p>It is important to remember that by allowing economic withholding, the Alberta market does not incentivize physical withholding, which should eliminate the need for inefficient administrative restrictions.</p>
11.	<p>Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.</p>	<p>Suncor has no issues with the proposal for separate mothball outage reporting and is always supportive of the AESO providing as detailed information as possible to market participants.</p>

	Question	Stakeholder Comments
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	Suncor does not see the need to differentiate long lead time assets from mothballed outages as both are taking outages for economic reasons. In fact, the timing and/or duration of all outages is driven by economic reasons. Long lead times assets should have to follow the same requirements suggested in question 8 including their notice to return being equal to their start up time.
13.	Do you have any additional comments?	<p>Suncor disagrees with the AESO removing the economic test from the scope of the consultation. The economic test should be removed from the rule. Generating unit owners should have sole discretion on how they operate their units. It is inappropriate to require participants to justify their (mothball) outage decisions for two main reasons:</p> <p>First, the Alberta market is deliberately designed that generators take all the risks regarding their investment and are only given a reasonable opportunity to recover their investment from the market. Since owners carry all the risk, their decision making should be interfered with as little as possible.</p> <p>Second, by allowing for economic withholding, the Alberta market provides no incentive to physically withhold, which limits the need for administrative safeguards.</p>

<p>Period of Comment: May 07, 2021 through May 25, 2021</p> <p>Comments From: TransAlta Corporation</p> <p>Date: 2021/25/05</p>	<p>Contact: Luis Pando</p> <p>Phone: (403) 267-3627</p> <p>Email: Luis_Pando@transalta.com</p>
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The AESO is seeking comments from Stakeholders in regards to the following matters:

	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	<p><i>The requirements of the rule should be justified and rationalized.</i></p> <p>Stakeholder session 2 was helpful but still left the rationale behind the mothball outage reporting rule requirements unclear.</p> <p>We had expected/hoped that the AESO would engage in this consultation with a “red tape reduction” mindset that seeks to remove unnecessary regulatory requirements and burden and only includes requirements that are clearly justified. This exercise of reviewing and rationalizing the mothball outage reporting rule was specifically needed because the rule itself was adopted without significant consultation and on an expedited rule basis.</p> <p>Rather than apply a “red tape reduction” approach, the AESO has simply started with a list of all of the requirements in the existing rule as though all of those requirements are needed and is proposing increases/decreases to those requirements. We view the more appropriate approach to be avoiding unnecessary intervention in the market through rule-making and allowing competition to drive outcomes.</p>

<p>2.</p>	<p>Do you have any feedback on the “transmission access” issues identified by the AESO?</p>	<p><i>The mothball outage reporting rule should not be used to drive retirement decisions.</i></p> <p>We are not aware of any circumstances where the transmission access issue that the AESO is trying to solve has ever occurred. We ask the AESO to share a real-life example of when this concern has arisen such that it would necessitate the changes the AESO has proposed. It appears that the AESO has conflated mothball outage reporting with transmission system access and to raise a new problem.</p> <p>A mothball outage is taken by a market participant on a temporary basis. The market participant is responding to unfavourable market conditions or asset-specific issues that have jeopardized the ability to operate the asset profitably. Market participants on mothball outage have an expectation of returning the asset back to market and expect to utilize the transmission capacity needed to export generation to the transmission system.</p> <p>The AESO has no right to second guess a generator’s mothball outage decision and force the generator to make a retirement decision in order to provide transmission access to another participant. We see no rationale for this particularly within the Alberta framework, in which no generator has transmission access rights. In fact, the <i>Transmission Regulation</i> requires the AESO to plan the system to accommodate all in-merit generation without consideration of mothball outages. In short, the AESO cannot/should not change its planning obligation by forcing the market participant to reduce its STS when the market participant themselves expects to return to service and sell its generation to the grid.</p> <p>We believe that issues of transmission access can be resolved on a case-by-case basis rather than through a rule change.</p> <p>Should a transmission access issue arise, the generator that is on mothball should be made aware of the issue. This would allow the market participant to decide whether they will</p>
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	Question	Stakeholder Comments
		<p>reduce their STS contract or otherwise relinquish the transmission capacity to another participant. In reality there is no transmission or access right that the participant holds and even if that mothball generator refused to change its STS contract capacity or “reduces its STS” and subsequently increases the STS in the future the impact from a transmission capacity perspective is the same.</p>
3.	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p><i>Mothballed generation is a source of supply to meet future resource adequacy needs.</i></p> <p>TransAlta considers a mothballed unit to have made significant investment and has significant certainty of being able to generate in the future. We view a mothballed unit to be more certain than development projects that have paid Generator Unit Owners’ Contributions (GUOC). We also see mothballed generators as the most cost effective, from the transmission capacity perspective, at meeting near-term or future resource adequacy needs.</p>

	Question	Stakeholder Comments
4.	<p>Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.</p>	<p><i>The Mothball Outage Reporting rule should not be used to drive transmission access alternatives.</i></p> <p>TransAlta does not agree with any option that would reduce STS or would require a mothballed generator to lose transmission access or any option that removes the ability to request extensions.</p> <p>As noted in Session 1, TransAlta considers fairness and open competition the most relevant principles for the mothball outage reporting rule initiative. A Mothball Rule that has increased flexibility will support a fair, efficient, and openly competitive electricity market and promote investor confidence, and is critical with more renewable energy resources as it incentivize dispatchable generators to stay in the market, providing reliability when non-dispatchable generation is unavailable.</p> <p>In an energy-only market such as Alberta, generators compete and plan their investments based on market conditions. The AESO should refrain from driving unnecessary intervention through rules. The AESO should limit its intervention to situation where the market fails to provide an adequate solution or because the public interest requires it.</p>

	Question	Stakeholder Comments
5.	<p>Are you supportive of the AESO’s recommendation to maintain the existing 24-month maximum duration? Please explain.</p>	<p><i>Market participants should have the maximum flexibility to mothball uneconomic generators.</i></p> <p>We view the ability for a market participant to mothball an uneconomic generator as a sound market design feature. Such actions are consistent with a competitive market design and support the fair, efficient and openly competitive operation of the market.</p> <p>TransAlta is supportive of maintaining the existing 24-month maximum duration alongside the ability to request additional extensions of mothball outages. TransAlta would equally support the mothball outages with no maximum durations, which are the practices in ERCOT or PJM.</p>
6.	<p>Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.</p>	<p><i>No, the ISO rule should not include a requirement to return to service for 3-months before taking a subsequent mothball outage.</i></p> <p>TransAlta does not see any need for a return to service requirement before an asset can take a subsequent mothball outage.</p> <p>We are not aware of AESO’s rationale or justification for instituting a 3-month return to service requirement in the current rule. We view the current restriction and requirement as unnecessarily restrictive and serves no practical purpose.</p> <p>We note that mothball outages are taken when there is economic or market uncertainty about the operating an asset. These conditions do not neatly conform to nor resolve themselves within pre-specified timelines. As such, we recommend that the rule be amended to remove any unnecessary or arbitrary conditions.</p>

	Question	Stakeholder Comments
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	<p><i>Transmission access and mothball outages are independent under the existing framework.</i></p> <p>The premise behind the AESO’s identified interdependencies is that mothballs create barriers to transmission access. As stated above, we have not seen any evidence that this is actually the case.</p> <p>The issue of transmission access is not caused by mothball outages but by the way the legislative framework treats transmission access. It has nothing to do with the duration of a mothball outage or the minimum time the unit must return to service before going into a new mothball.</p> <p>Applying the AESO’s logic, the AESO should also scrutinize every connection request and all projects that caused delays and barriers to other participants. Any existing participant or potential participant that creates barriers or delays to a connection should then be penalized with termination of transmission.</p>
8.	Are you supportive of the AESO’s recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	<p><i>No, TransAlta does not support the recommendation to align outage cancellation notification with declared return to service timelines.</i></p> <p>We do not support a framework with different outage cancellation requirement on different generators. We are well aware that return to service timelines can change over time – for example, returning a unit back to service is likely quicker early on in a mothball outage. We see no benefit of implementing an administrative scheme to track return to service timelines to ensure that they align with outage cancellation notification requirements. In fact, we view this as creating less certainty and confusion around outage cancellation notifications.</p>

	Question	Stakeholder Comments
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	<p>Yes, the cancellation notification should be based on the 30-day minimum.</p> <p>TransAlta states flexibility is important but should not come to the expense of the ability of a mothballed generator to act within reasonable timelines. Mothballs are very restrictive in terms of entries and exits. The period of notification is preventing a generator from returning if economic conditions change. This is very onerous and restrictive.</p>
10.	Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	<p>TransAlta is supportive of a waiver process. However, we note that the need for a waiver would be significantly diminished if the minimum outage cancellation notification timeline was adopted.</p>
11.	Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.	<p>Separate mothball outage reporting should be implemented</p> <p>TransAlta supports the proposal for separate mothball outage reporting. We note that there have only been a few mothball outages reported historically such that tracking these outages is relatively straightforward. However, we agree that separate mothball outage reporting would be an improvement on existing AESO outage reporting practices.</p>
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	<p>TransAlta considers 36 hours is a short time and Long Lead Time assets still need to be available, need to be prepared and waiting in case they need to be dispatched.</p> <p>It is currently unclear how the framework for long lead time assets interacts with the standard outage rules and the mothball outage rule. There is an arbitrary distinction between physical and economic outages. All outage decisions are economic in nature. Long Lead Time assets are very similar to a mothball, and therefore should be treated equally.</p>

	Question	Stakeholder Comments
13.	Do you have any additional comments?	TransAlta recommends having additional sessions to discuss stakeholder comments and AESO responses, and to clearly demonstrate the need for a rule change.

<p>Period of Comment: May xx, 2021 through May xx, 2021</p> <p>Comments From: TransCanada Energy Ltd. (TCE)</p> <p>Date: 2021/05/25</p>	<p>Contact: Mark Thompson</p> <p>Phone: 403-589-7193</p> <p>Email: markj_thompson@tcenergy.com</p>
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	Question	Stakeholder Comments
1.	Please comment on Session #2 hosted on April 29, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	TCE appreciates all opportunities for stakeholder consultation. This session was valuable in moving the mothball outage issues forward. However, we believe that more consultation is still required.
2.	Do you have any feedback on the “transmission access” issues identified by the AESO?	<p>The AESO’s three primary mothball outage issues related to transmission access are that they may create: (i) barriers to entry; (ii) unnecessary costs; and (iii) uncertainty. The AESO describes “barriers to entry: as being “undue barriers to efficient, cost effective transmission access for new connection projects” and “unnecessary costs” as being “[i]ncremental transmission connection and system costs”. These descriptions suggest that the barriers to entry issue may be a subset of the unnecessary costs issue. As such, TCE requests that the AESO either provide confirmation that this is the case or describe how the barriers to entry issue is distinct from the unnecessary costs issue.</p> <p>TCE agrees that these issues should be addressed, and that they be balanced with the occasional need for existing generators to take mothball outages.</p>

<p>3.</p>	<p>Are there any “transmission access” alternatives the AESO did not identify that would be effective in resolving the issues raised? If yes, please provide a detailed description of the solution and how it addresses the issues.</p>	<p>Yes, there is an alternative that could better balance the objectives to minimize unnecessary transmission costs and maintain flexibility for generators taking mothball outages.</p> <p>The AESO’s Alternative 1 may or may not provide a reasonable balance due to a dependency on the AESO’s subjective discretion and due to a lack of transparency. This is because a mothball outage under Alternative 1 could be extended beyond the maximum term, but only if the extension request is approved by the AESO. Further, Alternative 1 lacks transparency because it is not clear what factors the AESO would consider when evaluating the request. As such, the balancing of the objectives may vary considerably over time</p> <p>Both Alternatives 2 and 3 focus too heavily on preventing unnecessary transmission costs and could result in generators on mothball outages being unnecessarily forced to decide to: (i) retire; (ii) return at a later date after a connection process; or (iii) return when it is uneconomic to do so (“Retire/Return Decision”). This is because, under these alternatives, the maximum term would automatically trigger this decision whether or not transmission capacity in the area is limited. This is inefficient.</p> <p>TCE recommends a more flexible and nuanced approach whereby a generator on a mothball outage is only required to make the Retire/Return Decision once the maximum term has been reached <u>and</u> the mothball outage is determined to cause unnecessary transmission costs for new connection projects. In addition, the approach should allow for the possibility of a mothballed generator to reduce its STS or be subject to a RAS rather than a more severe alternative.</p> <p>TCE submits that this approach would meet the identified transmission access principles. By triggering the retire/return decision only when transmission for a new connection in the area is limited, asset owners are afforded reasonable flexibility to efficiently manage their assets and connection and system costs are reasonably controlled.</p>
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	Question	Stakeholder Comments
		<p>This aligns with the principles of open competition, cost causation, stability (transparency is increased and uncertainty is decreased) and fairness.</p> <p>This nuanced approach does come with some additional complexity. For example, the timing of when the Retire/Return Decision is triggered and the timing of an asset's return to the market will need to be established. TCE expects other issues will be identified. However, the efficiency benefits warrant that such an approach be carefully examined. Consequently, we recommend that the AESO hold a workshop so that any issues can be identified and addressed.</p>
4.	<p>Do you have a preference for a transmission access alternative? Do you believe any of the alternatives should be removed from consideration? Please explain, taking into consideration the key principles of open competition, cost causation, fairness and stability, outlined in the April 29, 2021 presentation.</p>	<p>TCE prefers the nuanced approach as described in the response to Question 3 above.</p> <p>For Alternative 2, TCE requests that the AESO clarify the obligations facing a generator on mothball when its STS is reduced to 0 MW after the maximum term. Under what circumstances would the AESO anticipate a market participant to continue its STS contract at 0 MW rather than cancelling this contract?</p> <p>For Alternative 3, TCE requests that the AESO confirm that once an STS contract is terminated a generator would no longer be on a mothball outage and that it would no longer have any obligations to the AESO.</p>

	Question	Stakeholder Comments
5.	Are you supportive of the AESO's recommendation to maintain the existing 24-month maximum duration? Please explain.	<p>The maximum duration is interdependent with the terms to extend a mothball outage and the minimum return to service limit. Each of these must be considered together.</p> <p>A 24-month maximum duration would be appropriate under the nuanced alternative described in the response to Question 3. Under Alternative 1, it is difficult to comment on an appropriate maximum term without knowledge of the factors the AESO is required to consider when determining whether to extend a mothball outage. Under Alternatives 2 and 3, a 24-month maximum duration would be too short considering the rather severe treatment once the maximum duration is reached. In these circumstances, a 36-month maximum duration would be more appropriate and consistent with other jurisdictions.</p>
6.	Do you agree with the current ISO rule requiring the return to service for 3 months before taking a subsequent mothball outage? Or, if the time between mothball outages is extended, what is an appropriate timeline? Please explain.	<p>The minimum return to service limit is interdependent with the terms to extend a mothball outage and the maximum duration. Each of these must be considered together.</p> <p>Ideally, a minimum return to service limit should not be required unless a generator faces an unanticipated economic shock in which case there should be no limit other than the minimum notification period.</p>
7.	Do you have any additional feedback on the interdependencies between transmission access, maximum duration, and subsequent outages? Please explain.	TCE has no further comment.

	Question	Stakeholder Comments
8.	Are you supportive of the AESO's recommendation to align market participant outage cancellation notification with the declared return to service timelines? Please explain.	In principle, TCE agrees that the timelines should be reasonably aligned. However, forcing exact alignment may not be efficient. When initially declaring a return to service timeline, a generator would have to account for the uncertainty involved with staffing the generating facility following an extended mothball outage. Moreover, a market participant has to account for the fact that they would receive no advance notice as to when the AESO may direct a unit back into service. Whereas, when cancelling an outage, TCE expects there to be less uncertainty since a market participant would likely have already made staffing arrangements in advance. As a result, we expect the timeline needed to cancel an outage to be shorter than that needed after receiving direction from the AESO to return. In consideration of these points, TCE recommends that the declared return to service timeline be no more than 30 days longer than an outage cancellation notification.
9.	The AESO is considering shortening the minimum outage cancellation notification timeline. Please provide a recommended minimum timeline that allows for the flexibility needed to make business decisions. Note, the AESO requires a minimum of 30 days-notice.	TCE recommends shortening the minimum outage cancellation notification to 30 days.
10.	Are you supportive of the AESO's recommendation to maintain the existing 3-month notification requirement with the ability to request a waiver for taking a mothball outage? Please explain.	The recommendation to maintain the 3-month notification requirement with a waiver may be reasonable depending upon the criteria by which the AESO would approve the waiver. TCE requests that the AESO provide these details.
11.	Are you supportive of the AESO's proposal for separate mothball outage reporting? Please explain.	Yes. TCE agrees that the reasons for mothball outage are generally different from other outages and that transparency of such information is important for the market.
12.	Are you supportive of maintaining the 36-hour maximum start-up time for long lead time assets and a proposed modification to the rule to apply a maximum start-up time to long lead time type 2 assets? Please explain.	TCE has no comment at this time.

	Question	Stakeholder Comments
13.	Do you have any additional comments?	TCE has no comment at this time.