

AESO Discussion Paper – Intertie Restoration Initiative Stakeholder Comment Matrix

Section	Subsection	Stakeholder Response
2.0 Intertie Restoration Policy	2.1 Obligation to Restore Capacity	From the introduction of the Transmission Development policy in 2003, the AESO has been under an explicit obligation to restore Intertie capacity. As the AESO has correctly noted, this ongoing obligation has been reinforced over time in the Transmission Regulation, Alberta's Electricity Policy Framework and the Alberta Provincial Energy Strategy. With ever increasing wind generation, the need to act upon this obligation is increasingly important and urgent. TransCanada is concerned that material harm may occur to the Alberta marketplace if export ATC is not restored in hours when it is economic to export. Waiting for major transmission upgrades is not acceptable when other reasonable measures can also be undertaken in the mean time. It would be useful to have an explanation of why the AESO has been unable to achieve this government mandated requirement up to now.
	2.2 Cost Allocation <ul style="list-style-type: none"> a. Transmission Development Policy b. Import restoration cost allocation c. Export restoration cost allocation d. Variable cost flow through? 	General Comment: The AESO states that "Intertie capacity restoration services are, in effect, a 'non-wires' solution to specific instances of congestion that impact the ability of the market to access the intertie for both imports and exports". TransCanada believes this statement is too narrow and excludes important wires solutions that can decongest the transmission system. The Export Working Group, active from 2005 to 2007, generated a wide range of potential solutions to intertie capacity concerns, a number of which were wires related. The AESO, with encouragement from industry, was able to

		<p>partially decongest the north south transmission system by making a small investment in transmission (900L) and introducing some changes to operating procedures. There may be several other activities that could increase north south flows (and hence export ATC) or otherwise enhance export ATC that involve wires costs. It would be useful for the AESO to describe what potential wires and non-wires solutions have been discarded by the AESO and provide the reasons.</p> <p>Import Restoration Cost Allocation: TransCanada suggests the AESO should consider whether it is appropriate to fund a portion of the direct costs of restoring import capacity to imports or develop some other mechanism to level the playing field and potentially benefit Albertans. Import suppliers have a number of advantages over generators in Alberta. A few examples are:</p> <ol style="list-style-type: none"> 1. import suppliers may have access to capacity market revenues in their own jurisdictions; 2. importers receive a payment in Alberta's energy-only market that includes a capacity and energy service, whereas non-firm imports do not provide a capacity service; 3. if import suppliers are Crown corporations, they may have access to unlevel playing field advantages such as public funding, low cost government backed capital, regulated rates of return and tax advantages (not required to pay income taxes); 4. import suppliers do not have a "must offer" obligation; 5. when the prices in other markets go above Alberta's \$1000/MWh price cap, import suppliers can switch to those markets that have a higher price cap and Alberta could lose supply because the other markets are more attractive; and 6. the AESO does not direct the operations of import suppliers
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		<p>as it does with generators in a number of ISO rules.</p> <p>TransCanada sees merit in allocating the variable costs of restoring import capacity to importers where those importers have caused the variable costs to be incurred.</p> <p>Export Restoration Cost Allocation: TransCanada agrees with the AESO that exports provide access to wider markets. Exports increase utilization of Alberta generators when they are economic and attract investment that benefits Alberta. TransCanada also agrees that exports improve the ability to absorb wind generation. Exports are loads, albeit with fewer rights than intra-Alberta load, and should be treated as such.</p> <p>While the AESO states that increasing intertie capacity promotes a FEOC market (pg 5), the AESO also refuses to implement any services such as export must run generation and bifurcating ancillary services into north and south zones in order to preserve the FEOC market (pg 7). The AESO needs to demonstrate that the FEOC benefits of such options do not outweigh the FEOC costs of such options before taking this position. The evaluation of this tradeoff will be even more important if no other solutions can be found to restoring intertie capacity.</p> <p>TransCanada agrees that improved procedures that recognize southern Alberta generation in the determination of export ATC ought to be implemented. Given recent deterioration of export ATC, TransCanada stresses the urgency of implementing these measures. To assess the effectiveness of the existing operating procedures, TransCanada requests a historical analysis from Jan, 2008 until the present that evaluates what export ATC could have been provided if actual generation and load levels had been known compared to what was actually posted (based on</p>
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		forecasts).
3.3 Options to Increase Import ATC	3.3 Options <ul style="list-style-type: none"> a. LSSi to be pursued b. ILRAS not an option at this time c. Service available for in market use as opposed to emergency use only? d. Others? 	No comment at this time.
	3.4 Next Steps <ul style="list-style-type: none"> a. Form working group 	No comment at this time.

<p>4.3 Options to Increase Export ATC</p>	<p>4.3 Options</p> <ul style="list-style-type: none"> a. GRAS to increase export limit to 935 MW b. No GRAS to increase SOK flow limit c. Integrate wind forecast into export ATC limit d. Service available for in market use? e. Others? 	<p>GRAS to increase export limit to 935 MW TransCanada continues to support increasing the export limit but given the apparent AESO desire to accommodate MATL, 935 MW may be inadequate.</p> <p>No GRAS to increase SOK flow limit: TransCanada seeks further clarification from the AESO to support that the original GRAS concept to increase export limits is no longer required (apparently due to additional transmission infrastructure added, KEG area de-bottlenecking, and a 240 kV substation in Crowsnest). TransCanada is concerned that stability concerns will require GRAS and that the AESO is being shortsighted in not considering its future needs.</p> <p>TransCanada does not agree that a GRAS solution should be dropped because it would be “complex” and because there are a “limited number of potential providers”. It is expected that GRAS is a unique service that only a few suppliers can provide. The AESO should determine whether it is needed to meet their mandate and procure it if it is. For example, only a few suppliers can provide Blackstart services, but the AESO should and does procure those services because of its legislated mandate.</p> <p>This assessment by affected participants is particularly appropriate if the AESO decides that exporters alone will be paying for the service. TransCanada does not accept that reasonable solutions should not be pursued now given the north south transmission upgrade will remove constraints some time in the future. The energy market needs ATC limitations resolved as much as reasonably possible before the north south upgrade is completed; which could take several more years.</p> <p>Integrate wind forecast into export ATC limit TransCanada supports integrating wind forecasting in the</p>
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	4.4 Next Steps a. Form Working Group	<p>TransCanada is willing to participate in this Working Group. Invitations should be extended to all exporters. TransCanada requests that the mandate of this Working Group be expanded to include the provision of ATC below 735 MW in the many hours where it currently only available at much lower levels or not available at all.</p>
5.0 Conclusions and Next Steps	5.0 Conclusions and Next Steps a. Form Independent Working Group b. Should variable costs of services be	<p>Form Independent Working Group: TransCanada agrees that the working groups can proceed independently because there is no material interdependence</p>

	charged to users?	<p>between the two products. TransCanada assumes the AESO will keep all participants aware of the work of the two groups.</p> <p>Should variable costs of services be charged to users? TransCanada is willing to discuss charging variable costs to the users as per comments above.</p>
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