

Capacity Market Great Expectations: What Producers and Consumers Expect to See

Cheryl Terry
Principal Economist & Director, Corporate Economics

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Your panel

- **Kris Aksomitis**, Director, Power Advisory LLC
- **Marcy Cochlan**, Managing Director, Market Regulation and Policy, TransAlta Corporation
- **Colette Chekerda**, Executive Director, Alberta Direct Connect (ADC)
- **Matthew Davis**, Manager, Regulatory and Policy, ATCO Electricity
- **Chris Joy**, Vice President, Forecasting and Market Structures, ENMAX

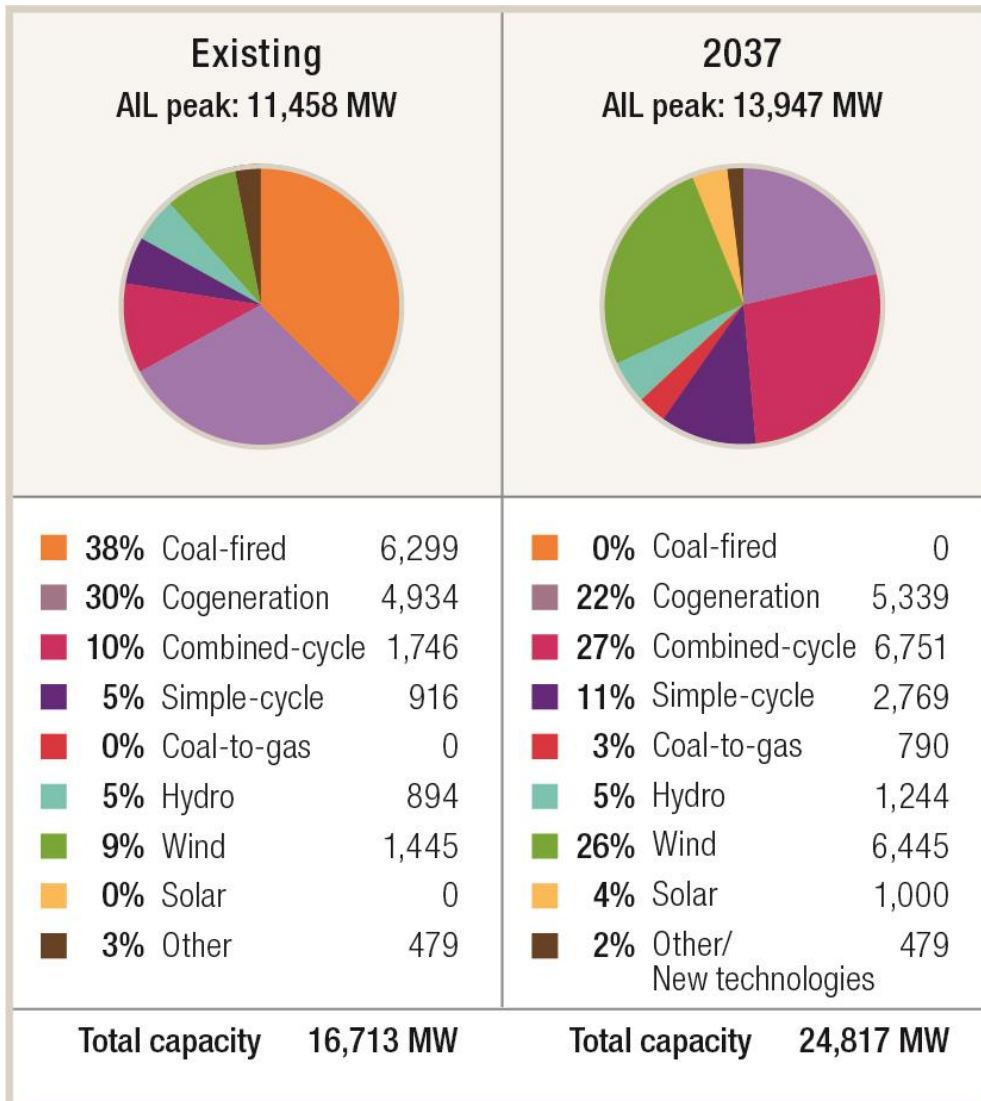
Real-time translation services

- CTG (Coal to Gas conversions)
- DER (Distribution Energy Resources)
- CCL (Capacity Committed Load)
- REP (Renewable Electricity Program)
- UCAP (Unforced Capacity)
- CMD (Comprehensive Market Design)
- SAM (Straw Alberta Market proposal)
- CONE (Cost of New Entry)
- RSI (Residual Supply Index)
- NDV (Net Demand Variability)
- SCUC (Security Constrained Unit Commitment)

- REP in progress
 - REP Round 1 = 600 MW procured, average price \$37/MWh
 - REP Round 2: 300 MW procurement target
 - Objective to encourage Indigenous participation through equity ownership
 - REP Round 3: 400 MW procurement target
- AESO currently evaluating
 - Dispatchable renewables
 - Energy storage



Future generation fleet



By 2037:	
• Coal	↓ 6,299 MW
• Cogen	↑ 405 MW
• Gas-fired	↑ 6,658 MW
• Coal-to-gas	↑ 790 MW
• Renewables /other/new technologies	↑ 6,350 MW

*From 2017 AESO Long-term Outlook

- June – December 2017
 - SAM working groups representing broad cross-section of industry established to develop design recommendations for AESO's consideration
- 2018 – finalize design
 - CMD 1 was developed; AESO hosted working group sessions to review and further refine this draft
 - Stakeholder feedback on CMD 1 has been received and AESO is currently reviewing it as we develop CMD 2
- Once design is complete, rules will be developed and regulatory processes will occur, followed by first capacity auctions in late 2019
 - First contracts will be awarded in 2020/21

Cogeneration and Loads in the market

- Participation of cogeneration and load resources as the energy market opened in 2000 was viewed as a huge success – providing new resources into the market
- Capacity market design will need to address characteristics of all assets in rules
 - Net versus Gross
 - Price Responsive Load (PRL) and Demand Response (DR)
 - Ensuring a level playing field across capacity assets
- Many more examples
 - Imports, REP, long lead time energy (LLTE), storage

- Roadmap for changes to the EAS markets to align with new market framework
- Energy market remains the delivery market
 - Minor rules changes to accommodate “capacity commitments”
 - Minor changes to dispatch and scheduling
 - Priced interties
 - Introduction of capacity contract leads to *ex-ante* mitigation in the energy market
 - Triggers for potential future changes
 - Ramp product
 - Pricing