



Market Share Offer Control 2012

June 11, 2012

The Market Surveillance Administrator is an independent enforcement agency that protects and promotes the fair, efficient and openly competitive operation of Alberta's wholesale electricity markets and its retail electricity and natural gas markets. The MSA also works to ensure that market participants comply with the Alberta Reliability Standards and the Independent System Operator's rules.

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1 Introduction

Section 5 of the Fair, Efficient and Open Competition Regulation (the FEOC Regulation) requires that the MSA publish certain metrics that reflect the percentage of offer control held by market participants, at least annually. In September 2009 the MSA published a Market Share Offer Control Process,¹ which included information on how the MSA would collect data and what information would be published. The process document also set the timing of the annual assessment to be between April and June of each year.

2 Assessment of Market Share Offer Control 2012

In accordance with the process the MSA posted a notice on its website in early April 2012 requesting any market participants with offer control greater than 5% on March 27, 2012 to provide information by April 20, 2011.² Six market participants responded to the information request. The offer control of these participants is shown in Table 2.1.

Table 2.1: 2012 Market Share Offer Control (March 27, 2012)

	Offer Control (MW)	Offer Control (%)
ATCO	1,391	10.3
Balancing Pool	734	5.4
Capital Power	1,417	10.5
ENMAX	1,831	13.5
TransAlta	2,276	16.8
TransCanada	2,496	18.4
Other	2,175	16.1
(Not required to offer to Pool)	1,209	8.9
Total	13,529	100

As per the MSA's process further details are provided in Appendix A: a list of selected associates of a market participant and the individual assets under a market participant's control. The definition of 'market participant' in Section 5 of the *FEOC Regulation* is broader than that in the *Electric Utilities Act* and some entities have a large number of associates. For this reason the list of associates for a market participant should not be considered as complete, rather it is meant to be indicative of an entity's associations with the Power Pool. The MSA also notes that in some cases associates do not individually hold 'ultimate offer control' over any assets.

The MSA's method of calculating *Market Share Offer Control* was detailed in the MSA's September 2009 "Market Share Offer Control Process." According to that process where more than one market participant has offer control of an asset the offer control of minimum stable generation is shared based on the proportion of dispatchable generation controlled. A participant's total offer control is measured as the ratio of megawatts under its control to the total megawatts of generation in Alberta, as per Section 5(2) of *FEOC Regulation*.

¹ Market Share Offer Control Process, September 24, 2009.

² Information Request Market Share Offer Control, April 2, 2012

The offer control figures listed in Table 2.1 do include the offer control associated with Sundance 1 and 2 (SD1, SD2). The PPA owner for these units has issued a notice of a *force majeure* and a notice of termination for destruction under the terms of the PPA. During Q1/11, the PPA buyer for these units provided notice that it intended to dispute both notices. At the time of the 2012 assessment these units continue to have maximum capability values declared and are consequently included in the offer control assessment. This matter is discussed further in Section 4.1.

In a few cases, market participants submitted maximum capability (MC) values for assets different from those contained in the list attached to the MSA's April 2, 2012 notice. The MSA advised participants that for purposes of the assessment the MC value should be consistent with that declared to the AESO on March 27, 2012 (the date of the assessment) since this is also equal to the total offers made on that day. If the MC of the unit changes or the values declared to the AESO are in error, the change should be made to the value submitted to the AESO and would be reflected in future MSA offer control reports. Submissions made to the MSA on offer control would not result in a change in MC. Values in the table above are based on the offer control submissions of participants but use MC values declared to the AESO.

3 2010 – 2012 Offer Control Comparison

Over the past year the total maximum capability (MC) of generating assets in Alberta increased by 3.2% from 13,114 MW to 13,529 MW. The additions to the market included the 182 MW expansion of Suncor # 1 (SCR1), the 88 MW addition of wind generation at Wintering Hills (SCR4), and the 26 MW expansion of APF's Biomass plant in Athabasca (APG1). A complete list of the generation additions and expansions is listed in Table 3.2. There were a few minor unit derates this year but no noteworthy asset retirements.

The annual change in percentage offer control for each major participant is summarized in Table 3.1. Since the MSA's first report on market share offer control in 2010, there has been little change in the relative offer control of the major participants. TransCanada, ATCO and ENMAX have all seen a slight fall in their relative offer control as other generators have expanded the size of the market. Meanwhile Capital Power and TransAlta have both seen a slight increase in their relative offer control, mainly as a result of the Keephills #3 addition. TransAlta's offer control has also increased with the expansion of Suncor #1 in January 2012, and fallen as the 27 MW Grande Prairie EcoPower (GPEC) asset was sold to Canfor in Q4 2011.

Table 3.1: Year to Year Comparison (2010 – 2012)

	Offer Control (%) 2010	Offer Control (%) 2011	Offer Control (%) 2012
ATCO	11.1	10.6	10.3
Balancing Pool	6	5.7	5.4
Capital Power	9.3	10.6	10.5
ENMAX	14.6	13.9	13.5
TransAlta	14.9	15.9	16.8
TransCanada	20	19.0	18.4
Other	15.9	15.3	16.1
(Not required to offer)	8.1	8.9	8.9

Table 3.2: Assets which saw an increase in MC (from 04/20/2011 to 03/27/2012)

Asset Short Name	MC 2012 (MW) [A]	MC 2011 (MW) [B]	Difference (MW) [C]=[A]-[B]
SCR1	722	540	182
SCR4	88	0	88
AFG1	67	11	56
FNG1	73	47	26
GN3	466	450	16
KH2	406	390	16
GN2	400	390	10
DAI1	52	42	10
CRS1	48	40	8
CRS2	48	40	8
CRS3	48	40	8
PW01	5	0	5

4 Additional Considerations

4.1 SUNDANCE 1 AND 2

The market share offer control figures reported in Tables 2.1 and 3.1 include the offer control associated with Sundance 1 and 2 (SD1, SD2). In January 2011 the PPA owner for these units issued a notice of a *force majeure* and subsequently issued a notice of termination for destruction under the terms of the PPA. The PPA buyer for these units is currently disputing both notices and the case is under arbitration. The two assets have a combined maximum capability of 576 MW, which is all under the offer control of TransCanada, the PPA buyer. Table 4.1 highlights the impact of excluding these units on the percentage offer control for 2011 and 2012.

Accounting for the Sundance *A force majeure* reduces TransCanada's offer control to 1,920 MW and TransCanada's percentage offer control falls to approximately 15% in 2011 and 2012 (see Table 4.1). The removal of Sundance 1 and 2 also increases the relative capacity of other market participants as the total market capacity is reduced.

Table 4.1: The impact of SD1 and SD2 on 2011 and 2012 Offer Control (%)

Participant	2011 Offer Control (%)	2012 Offer Control (%)	Excluding SD1 & SD2	
			2011 Offer Control (%)	2012 Offer Control (%)
ATCO	10.6	10.3	11.1	10.7
Balancing Pool	5.7	5.4	5.9	5.7
Capital Power	10.6	10.5	11.1	10.9
ENMAX	13.9	13.5	14.6	14.1
TransAlta	15.9	16.8	16.7	17.6
TransCanada	19.0	18.4	15.3	14.8
Other	15.3	16.1	16.0	16.8
(Not required to offer)	8.9	8.9	9.3	9.3

4.2 OFFER CONTROL AND SECTION 6(2) OF THE FECC REGULATION

Section 6 of the *Fair, Efficient and Open Competition Regulation* requires that the ISO develop systems capable of identifying and tracking the market participant that holds the offer control associated with a particular price and quantity offer made to the power pool (Section 6(2)(a)). The MSA noted in its *Market Share Offer Control Process* that it would review its process once those systems were in place as they remove the need for the MSA to collect offer control data. The MSA understands the AESO will have in place systems to track offer control in 2012. The design of those systems is not yet finalized but it may have implications for the MSA's assessment of offer control. For obvious reasons, it is desirable that offer control between the two assessments is consistent, but a potential issue arises around how offer control is determined for units where more than one participant determines the offers for an asset. We describe the nature of the issue in more detail so participants can understand the potential impact.

Under the MSA's *Market Share Offer Control Process*³ where two or more market participants determine the price and quantity of offers for an asset they should each record offer control equal to the maximum number of dispatchable MW over which they determine the offer price and quantity, and the same proportion of the asset's minimum stable generation. This has two impacts on the assessment of offer control. Firstly, for a unit where participant A determines the minimum generation (for example, determined by need for steam) but participant B decides on how to offer additional generation the control of the whole asset is allocated to participant B. Secondly, where the decision on how to offer MW's is shared among participants control over minimum stable generation is allocated in proportion to control over dispatchable MW's. This is the case at a number of PPA units where the owner control offers associated with excess energy. Systems developed by the ISO to track offer control on an offer block basis now seem likely to generate a result that would be inconsistent with the values generated by the MSA offer control process. For example, a PPA owner's control may be limited to only excess energy and not include any control over minimum stable generation. If it becomes apparent that consistency between the two offer control approaches becomes an issue it is likely the MSA would amend its offer control process and take advantage of the richer data on offer control available from the ISO. This amendment would also avoid any problems associated with minimum stable generation having become a dynamic stated

³ Market Share Offer Control Process, September 24, 2009

value as of the end of March 2012. In making amendments to the *Market Share Offer Control Process* the MSA would seek comments from stakeholders.

4.3 OFFER CONTROL OF WIND ASSETS

No offer control is assigned to assets that do not make offers to the power pool, although such assets are included in the denominator when calculating market shares. Wind assets currently make up the majority of assets not required to offer to the power pool.

Starting on May 8th 2012 and ending on November 8, 2012, the AESO is undertaking a pilot project with two wind generating facilities to test the ability of wind to be dispatchable.⁴ The total capacity of the two wind assets participating in the pilot is 136 MW. During May 2012 TransAlta submitted a mid-year filing reflecting the additional capacity under the firm's offer control for the duration of the experiment, along with some other changes that have occurred since March 27, 2012 (the date of the 2012 offer control assessment). As a consequence the offer control of TransAlta has increased from 16.8% to 18.0% (see Table 4.2).

Table 4.2: Impact of the mid-year filing on the 2012 MSOC figures

Participant	Offer Control (%) 2012 (March 27, 2012)	Offer Control (%) 2012: – Wind Pilot (May 2012)
ATCO	10.3	10.3
Balancing Pool	5.4	5.4
Capital Power	10.5	10.5
ENMAX	13.5	13.4
TransAlta	16.8	18.0
TransCanada	18.4	18.4
Other	16.1	16.1
(Not required to offer)	8.9	7.9

Table 4.3 below illustrates how the initial 2012 market share offer control assessment would have been affected if all current wind capacity was required to offer to the power pool. The offer control of assets Not Required to Offer falls by 6.4% with TransAlta, ENMAX and Other firms all seeing an increase in the capacity under their offer control.

⁴ AESO launches pilot project to test ability for wind to be dispatchable

Table 4.3: The Potential Impact of Wind Capacity on MSOC

Participant	2012 Offer Control - (March 27, 2012)		2012 Offer Control – Including Wind	
	(MW)	(%)	(MW)	(%)
ATCO	1,391	10.3	1,391	10.3
Balancing Pool	734	5.4	734	5.4
Capital Power	1,417	10.5	1,417	10.5
ENMAX	1,831	13.5	2,050	15.2
TransAlta	2,276	16.8	2,621	19.4
TransCanada	2,496	18.4	2,496	18.4
Other	2,175	16.1	2,473	18.3
(Not required to Offer)	1,209	8.9	347	2.6
Total	13,529	100	13,529	100

5 Future updates

The next annual assessment is planned for the period between April and June 2013. Market participants are reminded that should offer control change mid-year they may be required to submit updated information. For further details see Section 3 of the *Market Share Offer Control Process*.⁵ Participants submitting information mid-year should use the excel spreadsheet attached to the April 2, 2012 notice.⁶

⁵ Market Share Offer Control Process, September 24, 2009.

⁶ Information Request Market Share Offer Control, April 2, 2012

Appendix A: Detailed Offer Control (March 27, 2012)

Table A.1: ATCO

	Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation)
ATCO	ATCO Power
	ATCO Electric
Asset Short Name	Offer Control (MW)
Assets with sole offer control	
PR1	95
APS1	195
PH1	48
MKR1	202
RB5	50
RL1	47
RB1	30
RB2	40
RB3	20
ST1	8
ST2	8
JOF1	474
VVW1	50
VVW2	50
OMRH	32
Assets with multiple offer control	
BR3	3
BR4	13
BR5	26
TOTAL	1,391 MW (10.3%)

Table A.2: Balancing Pool

	Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation)
Balancing Pool	Balancing Pool
Asset Short Name	Offer Control (MW)
Assets with multiple offer control	
GN1	372
GN2	362
TOTAL	734 MW (5.4%)

Table A.3: Capital Power

	Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation)
Capital Power	Capital Power Corporation Capital Power PPA Management Inc. Capital Power (Alberta) Limited Partnership Capital Power (G3) Limited Partnership CP Energy Marketing L.P. Capital Power L.P. Capital Power (K3) Limited Partnership
Asset Short Name	Offer Control (MW)
Assets with sole offer control	
ENC1	48
ENC2	101
ENC3	101
Assets with multiple offer control	
SD5	322
SD6	331
GN1	18
GN2	38
GN3	233
KH3	225
TOTAL	1,417 MW (10.5%)

Table A.4: ENMAX

ENMAX	Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation)
Asset Short Name	Offer Control (MW)
Assets with sole offer control	
CAL1	300
CRS1	48
CRS2	48
CRS3	48
Assets with multiple offer control	
KH1	379
KH2	361
BR3	146
BR4	142
BR5	359
TOTAL	1,831 MW (13.5%)

Table A.5: TransAlta

TransAlta	Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation)
Asset Short Name	Offer Control (MW)
Assets with sole offer control	
BIG	120
BOW1	320
BRA	350
SCR1	722
TAY1	14
Assets with multiple offer control	
GN3	233
KH1	8
KH2	45
KH3	225
SD4	84
SD5	84
SD6	70
TOTAL	2,276 MW (16.8%)

Table A.6: TransCanada

	Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation)
TransCanada	TransCanada Energy Ltd. ASTC Power Partnership Cancarb Limited
Asset Short Name	Offer Control (MW)
Assets with sole offer control	
BCRK	58
BCR2	36
MKRC	185
SD1	288
SD2	288
SD3	362
TC01	95
TC02	46
SH1	390
SH2	390
CCMH	36
Assets with multiple offer control	
SD4	322
TOTAL	2,496 MW (18.4%)

References

Market Surveillance Administrator

Market Share Offer Control Process, September 24, 2009.

<http://albertamsa.ca/uploads/pdf/Archive/2009/Market%20Shares%20Process%20%20092409.pdf>

Information Request- Market Share Offer Control, April 2, 2012

http://albertamsa.ca/uploads/pdf/Archive/2012/Notice_re_Information_Request_MSOC_040212.pdf

Alberta Electric System Operator

Letter RE: AESO launches pilot project to test ability for wind to be dispatchable

http://www.aeso.ca/downloads/Letter_to_Stakeholders_-_Pilot_April_26_2012.pdf



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