



11 January 2019

Mr. Gordon Kaiser
Chief Executive Officer
Market Surveillance Administrator
Suite 500, 400 - 5th Avenue SW
Calgary, AB T2P 0L6

RE: IPPSA's Response to OBEG Consultation 2019

Dear Mr. Kaiser;

The Independent Power Producers Society of Alberta (IPPSA) appreciates the opportunity to provide its input on the Market Surveillance Administrator's (MSA) recent consultation on its Offer Behavior Enforcement Guidelines (OBEG).

With regard to the OBEGs themselves, IPPSA recommends that they be reinstated. The MSA introduced the OBEG to provide guidance to the energy-only market and that market remains. Nothing about the current market has changed and nor will it change until the capacity market takes effect in 2021. Alberta's generation investors prefer having the guidance of the OBEG than to operate with the uncertainty of their absence. As the MSA appreciates, policy stability is important for investor confidence. Finally, reinstating the OBEG is administratively simple as the premise for its introduction has not changed.

With regard to the Charles River Associates (CRA) paper commissioned by the MSA, we have asked Power Advisory to prepare a response on the merits of Long Run Marginal Cost as the appropriate benchmark in testing competitive market outcomes. To us, the CRA paper left that as an open question. We ask that the MSA review the Power Advisory paper and endorse its recommendation supporting LRMC. Please see the attached.

Should you have any questions about our recommendation to reinstate the Offer Behavior Enforcement Guidelines, do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Evan Bahry".

Evan Bahry
Executive Director

Encl: 'Commentary on Alberta MSA Offer Behavior Guideline Response – Charles River Report', Power Advisory, January 7, 2019

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