

January 11, 2019

Via Email

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

RE: Charles River Associates Report “Offer Behavior Guidelines prior to the implementation of a capacity market” – Request for Written Comments

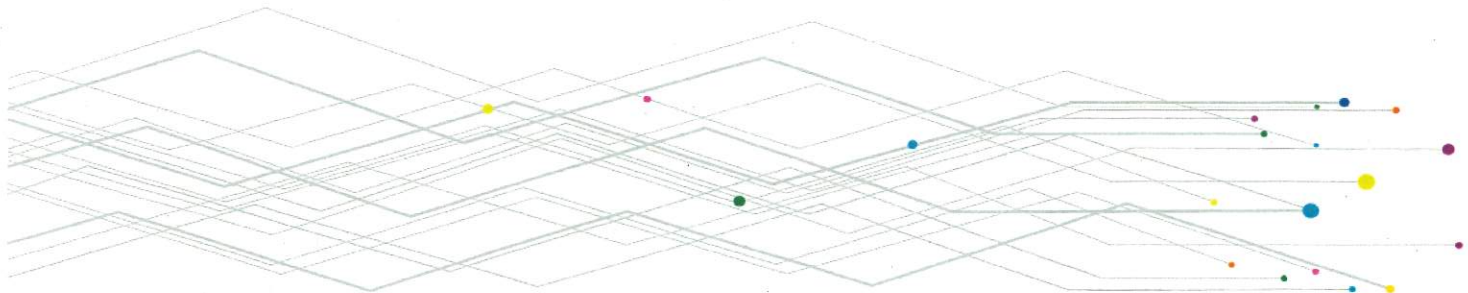
Dear Ms. Kaiser,

Powerex appreciates the opportunity to provide comments to the MSA on the report by Charles River Associates entitled “Offer Behavior Guidelines Prior to the Implementation of a Capacity Market” (“the Report”).

Powerex is a longstanding market participant in Alberta and power markets throughout North America and has implemented business processes to ensure compliance with applicable market rules and regulations. Powerex continues to find that the most effective markets are those where rules are clear and unambiguously provide participants with the certainty needed to engage in commercial transactions without undue regulatory risk. Regulatory certainty has multifold benefits as it incents greater market participation and investment with lasting long term effects.

As stated in the MSA’s OBEG Revocation comment period in 2017, Powerex believes that the OBEG provided clarity to market participants by describing, in a concise way, offer behavior that may trigger MSA enforcement action. Powerex is of the opinion that the revocation of the OBEG prior to the implementation of the proposed Capacity Market was premature.

This said, Powerex generally agrees with the conclusion of the CRA’s Report and specifically, the recommendation that the MSA not attempt to implement new offer behavior guidelines prior to the implementation of the proposed Capacity Market in 2021. Powerex’s position is primarily influenced by the challenges associated with developing and implementing a technically robust set of guidelines that would be suitable for the transition period in the short timeframe available. Moreover, Powerex supports the Report’s statement that “by declining to act now, the MSA would not be left without a tool kit to address future issues as they arise. At any point, if average prices exceed reference levels for a sustained period of time, the MSA could then consider taking steps to restore competitive behavior.”



Finally, Powerex believes that the MSA's proposed Advisory Opinion Program can likely provide an alternative interim solution if designed properly. Powerex agrees with the statement in the Report that the Advisory Opinion Program "could provide useful guidance to market participants, while reducing regulatory uncertainty. Such a program would, in effect, provide guidance as a form of substitute for guidelines." Powerex plans to further comment on the proposed Advisory Opinion Program and Ian Nielsen-Jones' report on the topic during the MSA's Request for Written Comment, due January 21, 2019.

Thank you.

Sincerely,



Kim Craven
Compliance Manager

/xx

Encl.

