

NOTICE TO MARKET PARTICIPANTS AND STAKEHOLDERS

September 5, 2023

Re: MSA comments regarding AESO's Market Pathways Initiative and Primer

Electricity systems are evolving because of technological change and public policy. While there are numerous active discussions related to the Alberta electricity market and if and how it should change in the future, the MSA agrees that there is an urgent need for some technical changes to be made to the power pool, the rules that govern it, and the tools that operate it to ensure that the electricity system remains reliable and affordable (efficient) for Albertans. Many of these changes are needed no matter the outcome of the other discussions, can only be made by the AESO, and do not require legislative change or policy direction from government. Given this urgency, it is the MSA's view that the Market Pathways Initiative should focus on these and do so in a manner that is robust to presently foreseeable change in the broader industry. The comment matrix is attached.

Comments

On March 10, 2023, the AESO published its Reliability Requirements Roadmap (RRR).¹ The RRR identified numerous issues related to the operation of the Alberta interconnected electric system and provided an indication of the relative importance of their resolution. On August 1, 2023, the AESO published its Market Pathways Primer (Primer), which refined the RRR to outline the principles and process the AESO will consider when evaluating these issues.² The issues identified in the Primer as highly urgent to deal with included primary frequency response, ramp-up capability, controllability of supply, short-term supply adequacy, and congestion management.³

In addition to these reports, as part of its ongoing surveillance program, the MSA has identified an increasing number of economic and operational issues associated with the electricity system. These include:

- unit commitment and the long lead time rule;⁴

¹ [AESO 2023 Reliability Requirements Roadmap](#).

² [AESO Market Pathways Primer](#).

³ Medium urgency issues identified include long-term supply adequacy, ramp-down capability, system inertia, and voltage regulation capability. Supply surplus management was identified as a low urgency issue.

⁴ [Quarterly Report for Q2 2023](#), section 1.5 and [Quarterly Report for Q1 2023](#), section 1.2.

- management (not existence) of real-time congestion;⁵
- the increasing number of Energy Emergency Alert events;⁶
- restrictions on the use of Alberta’s interconnection capacity;⁷ and
- market software / tools issues and limitations.⁸

As indicated in the RRR and MSA Quarterly Reports, many of these issues are related to the integration of intermittent generation, the amount of which is expected to increase substantially over the next year and beyond,⁹ and associated pricing implications. The MSA’s view is that these economic and operational issues can be dealt with within the context of Alberta’s competitive market, albeit with some technical changes to the market design and / or requirements applicable to market participants. The MSA is of the view that economic efficiency should be the primary principle for evaluating these solutions.

Looking forward, the AESO’s Market Pathways Initiative is one of several current public consultations for which there is potentially significant subject matter overlap. Others include the public inquiry that is being conducted by the Alberta Utilities Commission into, among other matters, “[c]onsiderations of the impact the increasing growth of renewables has to both generation supply mix and electricity system reliability”¹⁰ and the Government of Canada’s public comment period related to the draft *Clean Electricity Regulations*.¹¹

While there may be some inclination to wait, it is the MSA’s view that the Market Pathways Initiative should advance solutions for the urgent issues and do so in a manner that is robust to presently foreseeable change in the broader industry. Many of the issues identified by the AESO and MSA can only be dealt with by the AESO through technical changes to the market design and / or requirements applicable to market participants and do not require legislative change or policy direction from government.

The MSA will engage with the AESO and market participants on these issues in a constructive manner and looks forward to the AESO identifying how it will proceed with this initiative.

⁵ [Quarterly Report for Q2 2023](#), section 2 and [Quarterly Report for Q1 2023](#), section 2.

⁶ EEA events are often highlighted in section 1 of Quarterly Reports. See [Quarterly Report for Q4 2022](#), section 1.2.1 for a summary of EEA events in 2022 and [Quarterly Report for Q2 2023](#), section 1.5.3 for a summary of EEA events from January 1, 2022 to June 30, 2023 and an assessment of the AESO’s forward-looking supply metrics.

⁷ Observations on Alberta’s use of the interconnection are featured in section 2 of each Quarterly Report.

⁸ See, for example, [Quarterly Report for Q2 2023](#), sections 1.5.3 and 2.2.

⁹ [AESO Long-Term Adequacy Report August 2023](#). Note that there is considerable intermittent generation capacity that is already under construction or received AUC approval.

¹⁰ [Alberta Order-in-Council 171/2023](#).

¹¹ [Clean Electricity Regulations](#).

Stakeholder Comment Matrix – August 1, 2023

Market Pathways | Market Pathways Primer Initial Written Consultation



Comment period:	August 1, 2023 – September 5, 2023	Contact:	Monique October
Comments from:	Market Surveillance Administrator	Email:	monique.october@albertamsa.ca
Date:	2023/09/05		

Instructions

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. Stakeholder comment matrices will be published on [aeso.ca](https://www.aeso.ca), in their original state.
4. Please upload one completed comment matrix per organization.
5. To upload your completed comment matrix:
 - i. You will need to be registered and signed in on the AESO Engage platform
 - ii. You will need to be on the Market Pathways page (<https://www.aesoengage.aeso.ca/market-pathways>) which can be found on the AESO website at www.aeso.ca and follow the path: AESO Engage > Market Pathways > Stakeholder Feedback > Request for Feedback | Market Pathways Primer Aug. 1-Sept. 5, 2023
 - iii. Please click on the "Complete Stakeholder Feedback" box to upload your completed comment matrix

Request for Feedback

The *Market Pathways Primer* (Primer) is intended to provide information to stakeholders on the system/market issues and priorities identified to date by the AESO, as well as on the AESO's proposed Market Pathways process and engagement approach. The AESO is requesting stakeholder feedback on these key pieces to set the foundation for and to inform the Market Pathways initiative going forward. An industry session is being planned for fall 2023 to review stakeholder feedback on the Primer, to address outstanding questions, and to work toward finalizing the list of issues and the engagement plan. The AESO values stakeholder feedback and invites all interested stakeholders to provide their comments on the following questions. Please be as specific as possible with your responses.

Thank you in advance for your time and for your contribution to Market Pathways and the collective work that needs to be done to meet the future needs of Alberta's electricity system.



	Questions	Stakeholder Comments
1	<p>Proposed purpose and guiding principles</p> <p>To ensure a common understanding and alignment of the intent of the Market Pathways initiative, the AESO is interested in understanding if stakeholders have input on the purpose and guiding principles as described by the AESO.</p>	
	<p>a. Do you believe the proposed purpose of the Market Pathways initiative as described is appropriate to address key market challenges? If not, please explain how you believe it should be revised.</p>	<p>It is the MSA's view that the Market Pathways Initiative should focus on the urgent issues and do so in a manner that is robust to presently foreseeable change in the broader industry.</p>
	<p>b. Do you believe the proposed guiding principles for evaluating solutions as described are appropriate? If not, please explain how you believe they should be revised.</p>	<p>The MSA is of the view that economic efficiency should be the primary principle for evaluating solutions.</p>
2	<p>Proposed issues and priorities</p> <p>To ensure the scope of the Market Pathways initiative is holistic, the AESO is interested in understanding if stakeholders see additional issues beyond those listed in the Primer, as well as whether stakeholders have additional input on the urgency and the priorities as described by the AESO.</p>	
	<p>a. Do you have any input on the AESO's understanding of the urgency and the priorities as listed in the Primer?</p>	<p>The MSA is of the view that the AESO has identified issues that are important to resolve expeditiously.</p>
	<p>b. Are there additional issues that you believe need to be considered? If so, please explain why it is an issue and provide evidence to support (e.g., What attributes/elements are missing and not currently being fulfilled in the market?)</p>	
	<p>c. Please provide suggestions on how the AESO can explore options with stakeholders to address the reliability issues identified that are outside Alberta's existing policy framework.</p>	<p>Many of the issues identified by the AESO and MSA can only be dealt with by the AESO through technical changes to the market design and / or requirements applicable to market participants and do not require legislative change or policy direction from government.</p>

	Questions	Stakeholder Comments
3	<p>Proposed Market Pathways Process</p> <p>To ensure the purpose and objective of the Market Pathways initiative are obtained through a robust, effective and expeditious process the AESO is interested in understanding if stakeholders have input on the proposed Market Pathways process.</p>	
	<p>a. Do you believe the phases identified in Figure 4: Market Pathways Recommendation High-Level Plan and their scopes are appropriate?</p>	
	<p>b. Do you believe the phases identified in the timeline (Figure 4) are sequenced appropriately?</p>	
4	<p>Proposed Engagement Approach</p> <p>The AESO is interested in understanding how you as a stakeholder would like to engage during the Market Pathways process. In the Primer, preliminary thoughts on the development and design of working group(s) with broader stakeholder touchpoints are proposed. Please provide your feedback on the AESO's proposed engagement approach.</p>	
	<p>a. Please explain how you would like to be engaged during the Market Pathways initiative, including details on what you believe an effective, efficient and collaborative engagement approach would entail.</p>	<p>The MSA will engage with the AESO and market participants on these issues in a constructive manner and looks forward to the AESO identifying how it will proceed with this initiative.</p>
	<p>b. Please provide suggestions on how you envision working group sessions could be organized to be as effective and efficient as possible. This could include everything from how often meetings should be held, what representation at the meetings could look like, whether to have separate groups/sessions to discuss the different domains or a single working group (e.g., by issue: energy supply, frequency stability, system strength, flexibility; by time domain: short-term, long-term, etc.), parallel streams in session, etc.</p>	

	Questions	Stakeholder Comments
	c. The AESO would like the working group sessions to be as equitable as possible. Do you have any comments on potential workgroup(s) composition and the possibility of an application process for workgroup(s) selection?	
	d. Please indicate whether your organization/ association would like to be actively involved in working group sessions.	
	e. Please explain what stakeholder role and the level of commitment your organization/association would be willing to play in working group sessions (e.g., an active role in performing analysis, developing potential options/solutions, etc.).	
	f. Please indicate your organization's thoughts on having a stakeholder group representative attend working group sessions on behalf of others, who would then be responsible to report back up to those they represent and the larger stakeholder group.	
5	Additional Feedback and Comments	
	a. Do you have any additional feedback you would like to provide on the Market Pathways Primer?	The MSA has provided additional comments in a notice.

Thank you for your input.