



May 16, 2014

### Feedback – Sale of Genesee Strips

The MSA has been asked whether the sale of two 100 MW energy contracts, each with 3-year terms derived from the 762 MW Genesee Power Purchase Arrangement (PPA) would raise competition concerns.

On September 11, 2013 the MSA provided [feedback](#) on the sale of the Genesee PPA which stated in part that the MSA decision to challenge a transaction based on competition concerns:

...depends on the details of the transaction(s) in question, the competitive circumstances in the Alberta market at the time and for the foreseeable future, and the degree to which the parties have market power in the Alberta wholesale market. Each proposed transaction would be reviewed on a case by case basis although those involving entities new to Alberta or without significant existing market power would not likely raise a competition issue.

Since that time the Balancing Pool announced the sale would consist of two 100 MW energy contracts, or strips. Based on the MSA's analysis, the sale of either or both strips at this time to even a large market participant would not raise competition concerns. In coming to that view, the MSA notes that significant capacity will be added to the market in the near term and that the transaction is of limited term (3 years).

At this time the MSA provides no additional feedback with respect to the possibility competition concerns associated with subsequent strip sales or if strip sales occurred in conjunction with other significant market transactions. The MSA does not believe it can provide definitive answers to such questions since its position will depend on prevailing and expected market conditions. Nevertheless the MSA will endeavor to produce a document describing in more detail the framework under which it will assess competition concerns. Once complete the MSA would publish that on its website. The MSA's ability to complete this work is contingent on other commitments so we are unable to provide an expected completion time.

*Note to reader: This feedback does not constitute a formal guideline or opinion of the MSA. However, within the parameters of the applicable facts and absent any superseding view, we consider ourselves bound by feedback given. Views expressed by the MSA do not supplant the role and authority of the courts, the Alberta Utilities Commission or other adjudicative body with jurisdiction over a given matter. Questions or comments regarding this feedback can be sent to the MSA through the Contact Us link on our website.*