

February 15, 2018

Independent Electricity System Operator
1600-120 Adelaide Street West
Toronto, ON
M5H 1T1

Re: ERUC – Preliminary Decisions

Attention: Stakeholder Engagement

TransAlta would like to thank the Independent Electricity System Operator ("IESO") for the opportunity to comment on the ERUC Workstream. TransAlta supports the continuation of a competitive market in Ontario that delivers an efficient, competitive and reliable electricity/market for the wholesale supply and purchase of electricity and ancillary services to best serve customers and ratepayers.

TransAlta has the following concerns with the presentation provided in the January 31, 2018 meeting:

1. Further clarity required for offer restrictions in the ERUC period
2. Market power mitigation reference levels

ERUC offer restrictions:

TransAlta believes that more clarity is required from the IESO regarding offer restrictions.

TransAlta suggests the following needs be considered:

1. If a facility receives a binding ERUC instruction, its offers would be restricted as per the preliminary decision. No increases or more restrictive offers would be allowed for that ERUC resource. However, if the ERUC resource was only committed for partial volumes for those hours, offers changes should be allowed for the non-committed volumes.
2. How would shutdown offers be reflected in order to be ramped down after a binding ERUC instruction?
3. Contravention of the offer change restriction should be dealt with through settlement calculations and not through a compliance regime.
4. Could the IESO please provide examples of how the ICA, DAM, ERUC and RT markets would work together. How does an obligation in the ICA flow through to RT. What are the offer obligations, compliance obligations and penalties associated with each of these markets.

Market power mitigation reference levels:

TransAlta supports the use of generic thresholds for the conduct test. The IESO's decision to apply the principles used today to determine reference levels for market power mitigation in an SSM market is appropriate with a few modifications. TransAlta recommends that a process be developed to create pre-approved reference levels for units. The IESO should publish energy reference levels for classes of facilities and allow facility owner's the opportunity to submit unit specific values based on their facilities unique characteristics. This would be done on a yearly basis in order to minimize the administrative burden to both the IESO and market participants. Also market participants should be allowed to change inputs (such as fuel) as often as possible to ensure that the reference level is as accurate as possible.

Conclusion:

In summary, TransAlta has the following concerns:

1. Further clarity required for offer restrictions in the ERUC period
2. Market power mitigation reference levels

Overall, TransAlta believes that further consultation is required on the Enhance Real-time Unit commitment workstream. We look forward to participating in future discussions with the IESO. TransAlta would like to thank the IESO for taking into consideration our comments.

Sincerely,

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cc: Darren Matsugu, SR Manager – Market Design & Integration, IESO