

Suite 600, 440 – 2nd Avenue SW Calgary AB T2P 5E9

NOTICE TO MARKET PARTICIPANTS AND STAKEHOLDERS

June 29, 2020

Re: MSA enforcement statement related to economic withholding

On July 24, 2019, the Government of Alberta decided that the province would retain the energyonly electricity market framework that has been in operation since 1996.¹ Following a review, the Government further concluded that the existing legislative and policy framework is effective and will continue to restrict the abuse of market power in the future.²

Pursuant to the conclusions of the government's review, the Market Surveillance Administrator (MSA) is taking the opportunity to add clarity and certainty to its approach to market oversight in the form of an <u>Enforcement Statement</u> that sets out its definition of, and enforcement approach to, "economic withholding." The MSA is of the view that this approach is not meaningfully different from the approach it has followed in practice in the past.

In the course of its surveillance activities, the MSA has observed instances of market participants engaging in economic withholding that was neither connected with nor accompanied by conduct that does not support the fair, efficient, and openly competitive operation of the electricity market. Consistent with the principles enunciated in the Enforcement Statement, the MSA has not investigated or taken enforcement action regarding these observations.

It is important to view the clarification of the MSA's enforcement approach to economic withholding in the context of the MSA's broader strategy of promoting effective competition and a culture of compliance and accountability in Alberta's electricity and retail natural gas markets. This includes active and timely surveillance and public reporting related to market participant conduct and market outcomes, the determination and publication of market share offer control information that is used to administer the cap on generation market share limitations, the publication of information related to Alberta's forward and retail markets, and ensuring compliance with the ISO rules and Alberta Reliability Standards.

If market participants or stakeholders have any questions or comments regarding the Enforcement Statement, or are of the view that the MSA should develop guidelines related to

¹ See the Government of Alberta's statement "Restoring certainty in the electricity system," dated July 24, 2019; available online at <u>https://www.alberta.ca/release.cfm?xID=642387D0ECA3E-ED8E-6B02-885D35312EBBB3EE</u>.

² See the Government of Alberta's statement "Review finds electricity market protections in place," dated April 23, 2020; available online at <u>https://www.alberta.ca/release.cfm?xID=70148975AA110-9150-8050-585CD87F00B92F05</u>.

economic withholding or offer behaviour more broadly, feedback is welcome at <u>stakeholderconsultation@albertamsa.ca</u>.

Sincerely,

Derek Olmstead Market Surveillance Administrator