



Market Share Offer Control 2011

June 24, 2011

The Market Surveillance Administrator is an independent enforcement agency that protects and promotes the fair, efficient and openly competitive operation of Alberta's wholesale electricity markets and its retail electricity and natural gas markets. The MSA also works to ensure that market participants comply with the Alberta Reliability Standards and the Independent System Operator's rules.

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1 Introduction

Section 5 of the Fair, Efficient and Open Competition Regulation (the FEOC Regulation) requires that the MSA publish certain metrics that reflect the percentage of offer control held by market participants, at least annually. In September 2009 the MSA published a Market Share Offer Control Process,¹ which included information on how the MSA would collect data and what information would be published. The process document also set the timing of the annual assessment to be between April and June of each year.

2 Assessment of Market Share Offer Control 2011

In accordance with the process the MSA posted a notice on its website in early May 2011 requesting any market participants with offer control greater than 5% on April 21, 2011 to provide information by May 20, 2011.² Six market participants responded to the information request. The offer control of each is shown in the Table below.

Table 2.1: Market Share Offer Control (April 21, 2011)

| | Offer Control (MW) | Offer Control (%) |
|---------------------------------|--------------------|-------------------|
| ATCO | 1392 | 10.6 |
| Balancing Pool | 743 | 5.7 |
| Capital Power | 1390 | 10.6 |
| ENMAX | 1826 | 13.9 |
| TransAlta | 2088 | 15.9 |
| TransCanada | 2496 | 19.0 |
| Other | 2011 | 15.3 |
| (Not required to offer to Pool) | 1169 | 8.9 |
| Total | 13114 | 100 |

As per the MSA's process further details are provided in the Appendix: a list of selected associates of a market participant and the individual assets under a market participant's control. The definition of 'market participant' in Section 5 of the *FEOC Regulation* is broader than that in the *Electric Utilities Act* and some entities have a large number of associates. For this reason the list of associates for a market participant should not be considered as complete, rather it is meant to be indicative of an entity's associations with the Power Pool. The MSA also notes that in some cases associates do not individually hold 'ultimate offer control' over any assets.

The MSA's method of calculating *Market Share Offer Control* was detailed in the MSA's September 2009 "Market Share Offer Control Process." According to that process where more than one market participant has offer control of an asset the offer control of minimum stable generation is shared based on the proportion of dispatchable generation controlled. A participant's total offer control is measured as the ratio of megawatts under its control to the total megawatts of generation in Alberta, as per Section 5(2) of *FEOC Regulation*.

¹ Market Share Offer Control Process, September 24, 2009.

² Information Request Market Share Offer Control, May 4, 2011

The offer control listed in the table above includes offer control at Keephills 3 (KH3). At the time of the assessment (April 21, 2011) the unit was not commissioned but did have a maximum capability of 450MW declared and consequently was included in the assessment. The table above also includes the offer control associated with Sundance 1 and 2 (SD1, SD2). The PPA owner for these units has issued a notice of a *force majeure* and a notice of termination for destruction under the terms of the PPA. During Q1/11, the PPA buyer for these units provided notice that it intended to dispute both notices. At the time of the assessment these units had maximum capability values declared and are consequently included in the offer control assessment.

In a few cases, market participants submitted maximum capability (MC) values for assets different from those contained in the list attached to the MSA's May 4, 2011 notice. The MSA advised participants that for purposes of the assessment the MC value should be consistent with that declared to the AESO on April 21, 2011 (the date of the assessment) since this is also equal to the total offers made on that day. If the MC of the unit changes or the values declared to the AESO are in error, the change should be made to the value submitted to the AESO and would be reflected in future MSA offer control reports. Submissions made to the MSA on offer control would not result in a change in MC. Values in the table above are based on the offer control submissions of participants but use MC values declared to the AESO.

3 2010 – 2011 Offer Control Comparison

Over the past year total Maximum Capability (MC) increased from 12488 MW to 13114 MW, a change of 5.01 percent (626MW). The major changes to MC from the previous year are the addition of 450MW at Keephills 3 (KH3), 66MW at Ardenville Wind (ARD1) and 82MW at Ghost Pine (NEP1). Stakeholders interested in a complete list of changes from 2010 to 2011 can compare the lists attached to the MSA information requests for offer control data in each year.

The percentage change in offer control for each participant is summarized by the table below.

Table 3.1: Year to Year Comparison

| | Offer Control (%) 2010 [A] | Offer Control (%) 2011 [B] | Difference (%) [C]=[B]-[A] |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
| ATCO | 11.1 | 10.6 | -0.5 |
| Balancing Pool | 6.0 | 5.7 | -0.3 |
| Capital Power | 9.3 | 10.6 | 1.3 |
| ENMAX | 14.6 | 13.9 | -0.7 |
| TransAlta | 14.9 | 15.9 | 1.0 |
| TransCanada | 20.0 | 19.0 | -1.0 |
| Other | 15.9 | 15.3 | -0.6 |
| (Not required to offer to Pool) | 8.1 | 8.9 | 0.8 |

4 Future Updates

The next annual assessment is planned for the period between April and June 2012. Market participants are reminded that should offer control change mid-year they may be required to submit updated information. For further details see Section 3 of the *Market Share Offer Control Process*.³ Participants submitting information mid-year should use the excel spreadsheet attached to the May 4, 2011 notice.⁴ The MSA is not intending to conduct any formal review of the *Market Share Offer Control Process* at this time. The AESO continues to evaluate options to track market participant offer control (based on the requirements in Section 6(2)(a) of the Regulation). The primary option under consideration would not remove the need for MSA information requests on offer control.⁵

³ Market Share Offer Control Process, September 24, 2009.

⁴ Information Request Market Share Offer Control, May 4, 2011

⁵ Merit Order Offer Control Reporting, November 24, 2010

Appendix A: Detailed Offer Control

Table A.1: ATCO

| | Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation) |
|---|--|
| ATCO | ATCO Power |
| | ATCO Electric |
| Asset Short Name | Offer Control (MW) |
| Assets with sole offer control | |
| PR1 | 95 |
| APS1 | 195 |
| PH1 | 48 |
| MKR1 | 202 |
| RB5 | 50 |
| RL1 | 47 |
| RB1 | 30 |
| RB2 | 40 |
| RB3 | 20 |
| ST1 | 8 |
| ST2 | 8 |
| JOF1 | 474 |
| VVW1 | 50 |
| VVW2 | 50 |
| OMRH | 32 |
| Assets with multiple offer control | |
| BR3 | 3 |
| BR4 | 13 |
| BR5 | 27 |
| TOTAL | 1392 MW (10.6%) |

Table A.2: Balancing Pool

| | Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation) |
|---|--|
| Balancing Pool | Balancing Pool |
| Asset Short Name | Offer Control (MW) |
| Assets with multiple offer control | |
| GN1 | 372 |
| GN2 | 372 |
| TOTAL | 743 MW (5.7%) |

Table A.3: Capital Power

| | Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation) |
|---|---|
| Capital Power | Capital Power Corporation Capital Power PPA Management Inc. Capital Power (Alberta) Limited Partnership Capital Power (G3) Limited Partnership CP Energy Marketing L.P. Capital Power L.P. Capital Power (K3) Limited Partnership |
| Asset Short Name | Offer Control (MW) |
| Assets with sole offer control | |
| ENC1 | 48 |
| ENC2 | 101 |
| ENC3 | 101 |
| Assets with multiple offer control | |
| SD5 | 322 |
| SD6 | 331 |
| GN1 | 18 |
| GN2 | 18 |
| GN3 | 225 |
| KH3 | 225 |
| TOTAL | 1390 MW (10.6%) |
| | |

Table A.4: ENMAX

| ENMAX | Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation) |
|---|--|
| Asset Short Name | Offer Control (MW) |
| Assets with sole offer control | |
| CAL1 | 300 |
| CRS1 | 40 |
| CRS2 | 40 |
| CRS3 | 40 |
| Assets with multiple offer control | |
| KH1 | 376 |
| KH2 | 376 |
| BR3 | 149 |
| BR4 | 143 |
| BR5 | 362 |
| TOTAL | 1826 MW (13.9%) |

Table A.5: TransAlta

| | Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation) |
|---|--|
| TransAlta | TransAlta Generation Partnership Canadian Hydro Developers Inc. Canadian Gas and Electric Inc. TransAlta Energy Marketing Corp TransAlta Corporation |
| Asset Short Name | Offer Control (MW) |
| Assets with sole offer control | |
| BIG | 120 |
| BOW1 | 320 |
| BRA | 350 |
| GPEC | 27 |
| SCR1 | 540 |
| TAY1 | 14 |
| Assets with multiple offer control | |
| GN3 | 225 |
| KH1 | 14 |
| KH2 | 14 |
| KH3 | 225 |
| SD4 | 84 |
| SD5 | 84 |
| SD6 | 70 |
| TOTAL | 2088 MW (15.9%) |

Table A.6: TransCanada

| | Market Participant (as defined in Section 5(1)(a) of the Fair, Efficient, Open Competition Regulation) |
|------------------------------------|--|
| TransCanada | TransCanada Energy Ltd. ASTC Power Partnership Cancarb Limited |
| Asset Short Name | Offer Control (MW) |
| Assets with sole offer control | |
| BCRK | 58 |
| BCR2 | 36 |
| MKRC | 185 |
| SD1 | 288 |
| SD2 | 288 |
| SD3 | 362 |
| TC01 | 95 |
| TC02 | 46 |
| SH1 | 390 |
| SH2 | 390 |
| CCMH | 36 |
| Assets with multiple offer control | |
| SD4 | 322 |
| TOTAL | 2496 MW (19.0%) |

References

Market Surveillance Administrator

Market Share Offer Control Process, September 24, 2009.

<http://albertamsa.ca/uploads/pdf/Archive/2009/Market%20Shares%20Process%20%20092409.pdf>

Information Request Market Share Offer Control, May 4, 2011

<http://albertamsa.ca/index.php?page=notice-information-request-market-share-offer-control>

Alberta Electric System Operator

Merit Order Offer Control Reporting, November 24, 2010

http://www.aeso.ca/downloads/Merit_Order_Offer_Control_Reporting_Recommendation_Paper_FINAL.pdf