

NOTICE TO PARTICIPANTS AND STAKEHOLDERS

September 27, 2018

Re: Offer Behaviour Guidelines prior to the implementation of a capacity market

Background

The Market Surveillance Administrator (“MSA”) expects provisional Independent System Operator (“ISO”) rules regarding offer behaviour into the energy market to come into force in time for the commencement of the capacity market’s first obligation period on November 1, 2021. The MSA has previously indicated that prior to this time there may be a need for MSA guidelines to address acceptable offer behaviour.

The Consultation

The MSA has decided to hold a consultation to determine if guidelines during the transition period are warranted. To this end the MSA has retained an independent consultant to prepare a Report that will start that process. The consultant’s Report will address three questions.

- Could there be a problem with offer behaviour that would need to be addressed during the transition period?
- If so, could the problem identified be addressed in whole, or in part, through MSA guidelines and what form could those guidelines take?
- If guidelines were made and market participants did not follow those guidelines what remedies should the MSA seek from the Alberta Utilities Commission (“Commission”) in an enforcement proceeding?

Once the MSA has received the consultant’s Report the MSA will make that Report public and stakeholders will be invited to provide written comments. Following the written comments the MSA will hold a consultation and receive oral submissions. Participants will have an opportunity to address questions to the consultants. Once that process has been completed, the MSA will decide if guidelines are warranted and, if so, what guidelines will be put in place. The MSA expects to make this decision in early January 2019.

For this work the MSA has selected Charles River Associates as its consultant. The MSA expects that the consultant Report will be publicly available before the end of October.

Guidelines for the post-transition period

The MSA has decided not to consider guideline making for the post-transition period at this time. Instead, the MSA intends to participate, and call independent expert evidence in Commission Proceeding 23757 to consider the proposed ISO Rules to regarding the capacity market.

Following the Commission Decision in proceeding 23757 the MSA will determine whether Offer Behavior Guidelines are required. If the MSA finds that guidelines are required it will implement a consultation process similar to the process the MSA is proposing for the guidelines during the transition period.

/s/

Gordon Kaiser

Market Surveillance Administrator