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MSA REPORT

Market Share Offer Control Process

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MARKET SURVEILLANCE
ADMINISTRATOR

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1 INTRODUCTION

Section 5 of the *Fair, Efficient and Open Competition Regulation* (“Regulation”) requires that the MSA, at least annually, publish certain metrics related to market share offer control. This document sets out the process for this annual publication, including obligations for market participants to provide information to the MSA, and details triggers for mid-year reporting.

2 ANNUAL MARKET SHARE OFFER CONTROL PROCESS

The Annual Market Share Offer Control Process consists of five steps set out below. A process summary is provided in Appendix B.

STEP 1: Collection of Maximum Capability Data from the AESO

In April of each year the MSA will request that the AESO confirm the maximum capability of all units as defined in Section 5(1)(e) of the Regulation.

Maximum capability is defined in section 5(1)(d) of the Regulation as:

- (d) “maximum capability” means the maximum quantity of megawatts that could be provided or offered from a generating unit to the power pool under optimal operating conditions, in accordance with ISO rules;

Not all units that are capable of providing energy to the power pool have submitted a “maximum capability” to the ISO as defined under the ISO rules. These units include:

- Wind generation
- Some small power producers
- Units smaller than 5MW

Where no “maximum capability” is provided under the ISO rules the MSA will request the AESO instead provide the generation units “maximum continuous rating” (MCR). Should “maximum capability” ratings for these become available in the future the MSA will update future calculations with these values.

STEP 2: MSA will determine annual reporting threshold

The MSA will determine the *annual reporting threshold*, specified as a percentage of total maximum capability. The annual reporting threshold will be set in the range from 0% to 5%.

STEP 3: Publication of notice

In May the MSA will publish a notice on its website requesting that market participants controlling greater than the *annual reporting threshold* provide information. The notice will include:

- the total maximum capability of all units as defined in Section 5(1)(e) of the Regulation. From this market participants will be able to calculate whether they are above or below the *annual reporting threshold*.

- A deadline for market participants to provide the information which is not less than two weeks from the date of the notice. Where the *annual reporting threshold* is set below 5% the deadline to provide the information will be not less than four weeks from the date of the notice.
- An appendix listing all assets included in the total above showing the maximum capability of each, such that market participants are able to understand the calculation of the total and verify the maximum capability of assets under their control. The list will indicate assets not required by the ISO to make a price and quantity offer to the power pool.
- A pro-forma to assist market participants in providing the requested information. An example pro-forma is provided in Appendix A.¹

STEP 4: Market participants submit data

- Market participants who are above the annual reporting threshold should complete the pro-forma. Maximum capability submissions should be consistent with the appendix to the Notice.
- The completed pro-forma should be sent to the MSA via email to reporting@albertamsa.ca.
- A market participant submitting information where there has been no change in any of the information provided in the previous years' submission may record 'no change'.
- Market participants requiring an extension to the deadline to provide information should:
 - Request an extension at least two business days prior to the deadline.
 - Requests must be in writing (e.g. email), submitted to reporting@albertamsa.ca include the reason for requiring an extension and the length of extension requested.
 - Prior to the expiration of the deadline the MSA will post to its website a notice indicating if an extension has been granted, which may include the request(s) received from the market participant.
 - If a participant is above the reporting threshold and fails to respond to the notice within the specified timeline the matter may be pursued as a breach of the Act and/or regulations.
- Where only one market participant determines the price and quantity of offers at an asset, offer control should be reported as the maximum capability of the unit, including any must run or minimum stable generation.

¹ The 'pro-forma' in Appendix A is similar to that provided in the MSA's May 29, 2008 request to market participants to provide information on offer control.

Example 1: Source asset Y is owned by Participant A and Participant B. Participant A plays no role in the day to day determination of the price and quantity offers. Participant A should record offer control of 0MW. Participant B should record offer control equal to the maximum capability of the unit.

- Where two or more market participants determine the price and quantity of offers for an asset they should each record offer control equal to the maximum number of dispatchable MW over which they determine the offer price and quantity AND the same proportion of the asset's must run or minimum stable generation.

Example 2: Source asset X is offered to the pool by Participant A. Participant A plays no role in deciding offers but merely aggregates offers received from Participant B and Participant C. Participant A should record offer control of 0MW and Participant B and C should record offer control equal to the maximum number of dispatchable MW over which they are able to exercise control AND the same proportion of the asset's must run or minimum stable generation. For example, a source asset with a maximum capability of 100MW has a minimum stable generation of 20MW, participant B decides the offers for 30MW and participant C for 50MW. Participant B should records offer control of 37.5MW $(30+20*(30/(30+50)))$ and participant C should record offer control of 62.5MW $(50+20*(50/(30+50)))$.

Example 3: Source asset Y is offered to the pool by Participant B. Participant A plays no role in determining pricing but does decide on the number of MW's that are must-run in order to supply their industrial facility with steam. Participant B submits the must run offer at \$0 and decides the price and quantity at which to offer the remainder of the unit. The amount of MW's that are must run varies from day to day. Participant B should report that it has offer control equal to the total maximum capability of Source asset Y.

STEP 5: Publishing of Report

- In May or June of each year the MSA will publish a report containing market share offer control metrics on its website. The report will contain a table specifying the company names, MW's controlled and percentages, similar to that shown in the table below.

Company Name	Offer Control (MW)	Offer Control (%)
Company Name A	x MW	X%
Company Name B	y MW	Y%
Company Name C	z MW	Z%
Other	(total max. capability – x-y-z) MW	(100 –X-Y-Z)%
Total	(total max.capability) MW	100%

- Where a market participant has associates (as defined under section 5(1)) these will be listed in an Appendix to the report.

- For all market participants above the reporting threshold appendices will also list the MC at individual assets under a market participant's control.

3 MID-YEAR REPORTING REQUIREMENTS

Section 5(4) of the Regulation allows that the MSA may update the market share offer control metrics if, in the MSA's opinion, it believes there has been a material change in offer control or if a market participant may exceed the 30% offer control limit.

The MSA proposes that any of the following criteria would trigger a market participant to resubmit the pro-forma prior to the annual update:

- if the change in offer control is greater or equal to 100MW (at one unit or a combination of units) and:
 - a) The market participant had offer control greater than 5% in the previous annual assessment; or
 - b) The change in offer control would take the market participant above the 5% threshold based on the total maximum capability reported in the previous annual assessment
- if, based on the total maximum capability reported in the previous annual assessment the market participant would exceed 30% offer control.

Market participants resubmitting information should send the pro-forma to reporting@albertamsa.ca.

On receipt of the updated information the MSA will determine whether to publish an updated report. In making this determination the MSA will consider all updates received since the last published report and the time remaining until the annual update.

A market participant may request in writing that the MSA recalculate metrics prior to an annual update (e.g. a change in offer control places a market participant close to the 30% offer control limit). The MSA will consider such requests based on their merits.

4 REVIEW OF THE MARKET SHARE OFFER CONTROL PROCESS

Section 6(2)(a) of the Regulation requires the AESO develop information technology systems capable of identifying and tracking a market participants offer control. The addition of these systems would likely remove the need for the MSA to collect data on offer control. Once such systems are in place the MSA would review its market share offer control process. Such a review would seek comment from Stakeholders.

The MSA may also review the market share offer control process from time to time. Significant changes would be the subject of Stakeholder Consultation. The following changes would not normally constitute a significant change in process:

- changes to the pro-forma in Appendix A
- changes to the mid-year reporting threshold

APPENDIX A: EXAMPLE PRO-FORMA

Section A

All fields in this section are required fields (i.e. must be completed).

Market participant – name of market participant

List of associates - associates of the market participant as defined in Section 5(1)(a) of the *Fair Efficient Open Competition Regulation*.

Date – date on which submission made

Contact information – Name, job title, email, phone number. The contact person should be able to answer questions regarding the participant's response.

Date of last submission (if applicable) – date on which the last submission was made. If the market participant has never made a submission on offer control this field and the subsequent field should be left blank.

Has a change occurred since the date of last submission? (Yes / No) – If a change has occurred since the last submission the market participant must complete Section B and Section C. If no changes have occurred since the last submission the participant may elect not to complete Section B or C but must still return the completed Section A of the pro- forma to the MSA. In this case, the MSA will use the information provided in the previous submission to complete its assessment of offer control.

Section B

To be completed for all generating assets where the market participant has sole offer control (e.g. market participant controls all dispatchable MW's). For each applicable asset fields [A] through [C] are required fields.

[A] Asset name – should match the unit name as listed on the AESO's Current Supply and Demand Report (http://ets.aeso.ca/ets_web/ip/Market/Reports/CSDReportServlet)

[B] Asset ID – should match the three or four digit alpha-numeric identifier assigned to each unit as listed on the AESO's Current Supply and Demand Report

[C] Maximum Capability (MC) – the maximum capability of the asset (the sum total of the offers made for the source asset in accordance with ISO rule 3.5.3.1). NOTE: this value is not necessarily the MCR listed on the AESO's Current Supply and Demand Report and should match the number of MW indicated in the MSA's notice published in accordance with Step 3 of the MSA's *Market Share Offer Control Process*.

Section C

To be completed for all generating assets where the market participant and at least one other market participant shares offer control of dispatchable MW's. For each applicable asset fields [A] through [D] and [F] are required fields (fields [E] and [G] are calculated). [H] should be completed if this information is available.

[A] as defined in Section B

[B] as defined in Section B

[C] as defined in Section B

[D] Minimum stable generation of the asset – The field should record the minimum stable generation of the asset. For a cogeneration unit this field should record the minimum number of ‘must-run’ (i.e. non-dispatchable) MW.

[E] Dispatchable MW – no input required. This field is calculated as $[C] - [D]$

[F] Dispatchable MW controlled by market participant – The number of dispatchable MW controlled. Must be less than or equal to [E]

[G] Market Participants offer control – no input required. This field is calculated as $[F] + ([F]/[E]) \times [D]$

[H] List of other market participants with control of dispatchable MW – For all other market participants with offer control for the asset list the name of the market participant and the number of MW controlled by the participant. The list should be delimited by ‘,’ with MW levels enclosed in ‘()’. For Example: ‘Anonymous Power Ltd (20), ‘Acme Energy Company (10)’. The total of the MW levels listed in this should be equal to the difference between [F] and [G].

APPENDIX B: ANNUAL MARKET SHARE OFFER CONTROL PROCESS

Step	Approximate timing	Description
<p>1</p> <p>Collection of maximum capability data from the AESO</p>	<p>Prior to May</p>	<p>MSA requests AESO provide maximum capability data of all units as per Section 5(1)(e) of the Regulation</p>
<p>2</p> <p>MSA determines annual reporting threshold</p>	<p>Prior to May</p>	<p>MSA determines if annual reporting threshold. In most years this is expected to be set at 5%.</p>
<p>3</p> <p>Publication of Notice</p>	<p>Early May</p>	<p>MSA publishes a notice on its website providing the annual reporting threshold, MC values for assets and date by which responses are required. The notice also includes a pro-forma to assist with data submission.</p>
<p>4</p> <p>Market Participants submit data</p>	<p>May – at least two weeks after publication of the notice</p>	<p>Market participants submit data on pro-forma. At least four weeks is given to respond where the annual reporting threshold is less than 5%.</p>
<p>5</p> <p>Publishing of Report</p>	<p>June</p>	<p>MSA publishes report with a summary table and more detailed appendices.</p>