

June 28, 2019

Doug Lammie
Assistant Deputy Minister, Electricity and Sustainable Energy
Alberta Energy

Re: 90-day review of its electricity market system

Dear Mr. Lammie,

The Canadian Solar Industries Association (CanSIA) is a not-for-profit membership-based national trade association for the solar energy industry throughout Canada, established in 1992. We proudly represent manufacturers, installers, developers, builders, owners, engineers, and other stakeholders, such as municipalities or Indigenous communities, who want to see solar energy grow in Canada. Our members are involved in multiple segments of the solar industry including micro-generation, “behind the meter” applications and utility scale solar connected to either the distribution or transmission systems. CanSIA’s mandate includes engaging in policy development and regulatory affairs activities in Alberta in order to support a growing role for solar energy in the province’s electricity supply mix. With recent utility-scale solar projects going forward at a price of less than \$0.05/kWh, Alberta is leading the country with the lowest prices on solar energy. We appreciate the opportunity to provide comments to Alberta Energy during this 90-day review process.

CanSIA has actively participated in the Alberta Utilities Commission’s (AUC) proceeding on ISO rules to implement the capacity market, and we have extensively analyzed the challenges with respect to the capacity market design, submitting expert evidence with support of Solas Energy Consulting and Blake, Cassels & Graydon LLP.

CanSIA has coordinated with the Canadian Wind Energy Association (CanWEA) in respect of our comments during this 90-day review period. Like CanWEA, given the choice between an energy-only market and a capacity market, **CanSIA recommends maintaining an energy-only market structure.**

Simply put, the current energy-only market provides a critical revenue stream for solar energy facilities based on energy that is generated and sold to Albertans. The energy-only market provides full market value for electricity which will attract more renewable energy development to Alberta. On the contrary, the introduction of a capacity market would reduce revenues available from the energy market, resulting in reduced revenues available for solar. This is particularly problematic for solar which produces electricity during day-light hours. A capacity market, particularly if there is a risk of over-procurement, could lead to the suppression of day-time energy prices when solar is productive and demand is greatest.

From a customer perspective, the energy-only market structure has resulted in low electricity prices and makes Alberta the only province in Canada that allows customers (e.g., utilities, large commercial, industrial, etc.) to lock-in long term, low cost power purchase agreements directly with renewable energy generators, including solar. There is growing interest in such opportunities within Alberta's corporate sector. CanSIA also commends the Alberta government's commitment to implement the Technology Innovation and Emissions Reduction (TIER) program, which creates an incentive for large emitters to investigate opportunities for corporate and industry power purchase agreements with renewable energy generators. We encourage the government to take the same targeted approach to consultations on this program.


In terms of the need for a capacity market, CanSIA notes that the Alberta Electricity System Operator's (AESO) report on Dispatchable Renewables and Energy Storage states that it would be possible to maintain adequate flexibility in the Alberta electricity system to support renewable integration up to 30%. Specifically, the AESO report states "The current approach of procuring flexibility and ramping capability through the procurement of electricity in the energy market, and regulating reserves in the ancillary services market, is forecast to provide sufficient flexibility to meet the forecast increase in variability and ramping to 2030."

Going forward, CanSIA will remain active in regulatory, market and policy engagements affecting solar energy, energy storage and distributed energy resources. For example,

- Distribution System Inquiry (AUC Proceeding 24116) which is considering the future of Alberta's electricity grid;
- AESO 2018 Tariff Application (AUC Proceeding 22942) concerning the value of distributed generation; and
- AESO market initiatives, including the energy storage roadmap and flexibility roadmap.

Thank you for your consideration of our submission. Please don't hesitate to reach out to me to discuss further.

Sincerely,



Wes Johnston
President and CEO
Canadian Solar Industries Association