



TransAlta Generation Partnership

**Application for Orders Permitting the Sharing of
Records Not Available to the Public Between
TransAlta Corporation, TransAlta Generation Partnership,
TransAlta Alberta Hydro LP and
URICA Energy Real Time Ltd.**

January 20, 2022

Alberta Utilities Commission

Decision 27085-D01-2022

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Proceeding 27085

Application 27085-A001

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1 Decision summary

1. In this decision, the Alberta Utilities Commission considers whether to approve an application brought under Section 3 of the *Fair, Efficient and Open Competition Regulation*, by TransAlta Generation Partnership (TransAlta GP), for the preferential sharing of records that are not available to the public between TransAlta Corporation (TransAlta Corp.), TransAlta GP, TransAlta Alberta Hydro LP (TransAlta Hydro) and URICA Energy Real Time Ltd.

2. As discussed in greater detail below, TransAlta GP established that the sharing of such records is reasonably necessary for it to carry out its business and that the shared records will not be used for any purpose that will not support the fair, efficient and openly competitive operation of the electricity market. On this basis, and noting the support of the Market Surveillance Administrator (MSA), the Commission has granted the application to permit the sharing of records pertaining to the electricity and ancillary services markets under subsection 3(3) of the *Fair, Efficient and Open Competition Regulation*.

2 Introduction and procedural background

3. On November 3, 2020, TransAlta GP filed an application¹ with the AUC pursuant to Section 3 of the *Fair, Efficient and Open Competition Regulation*. As part of its application, TransAlta GP requested that the Commission issue the order by December 4, 2020. The application sought orders from the Commission permitting:

- (a) The sharing of electricity market records not available to the public between TransAlta GP and URICA, relating to the Keephills 1 (KH1) and Keephills 2 (KH2) generating units, both of which had a maximum capacity of 406 megawatts (MW); and
- (b) The sharing of records not available to the public, for the substitution of ancillary services, between TransAlta Corp., TransAlta GP, TransAlta Hydro and URICA, relating to the following generating assets: Sundance 4, Sundance 5, Sundance 6, KH1, KH2, Keephills 3 (KH3), Bow River Hydro, Brazeau Hydro, Bighorn Hydro, and Small Power Producers.

4. In its application, TransAlta GP identified that it had entered into commercial arrangements with URICA which, among other things, appointed URICA as an agent of TransAlta GP, to provide advisory and real-time dispatch and restatement services with respect to KH1 and KH2. Additionally, TransAlta Corp., TransAlta GP and TransAlta Hydro had

¹ Application 26043-A001.

entered into commercial arrangements with URICA for the substitution of ancillary services. These arrangements made it necessary for TransAlta Corp., TransAlta GP, TransAlta Hydro and URICA to share with each other certain records that are not otherwise available to the public, including energy prices, volume pairs and available capability. The agreement between the companies was for dispatch services to be provided from December 31, 2020, until the earlier of June 1, 2029, or the termination of the commercial arrangements.

5. On November 17, 2020, the MSA advised the Commission that it supported the application of TransAlta GP and did not require further evidentiary process.

6. Decision 26043-D01-2020,² Order 26043-D02-2020 and Order 26043-D03-2020 were issued on November 24, 2020, approving the sharing of records as submitted in the application.

7. On January 5, 2022, TransAlta GP filed Application 27085-A001 for the purpose of informing the Commission that, following Decision 26946-D01-2021 and Power Plant Approval 26946-D02-2021, KH1 has permanently ceased operations, effective December 31, 2021. The purpose of the application was to request that the record be updated to reflect the removal of KH1.

8. In reaching the determinations contained within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

3 The Commission's authority to allow record sharing

9. Subsection 3(1) of the *Fair, Efficient and Open Competition Regulation* establishes that an electricity market participant shall not share records that are not available to the public relating to any past, current or future price and quantity offer made to the power pool or for the provision of ancillary services. Subsection 3(2) establishes instances where records that are not available to the public may be shared. Subsection 3(3) allows the Commission to issue an order permitting the sharing of records, stating:

(3) The Commission may, on application by a market participant that is otherwise prohibited from sharing records referred to under subsection (1), issue an order permitting the sharing of those records on any terms and conditions the Commission considers appropriate where the market participant establishes that

² Decision 26043-D01-2020: TransAlta Generation Partnership, Application for Orders Permitting the Sharing of Records Not Available to the Public Between TransAlta Corporation, TransAlta Generation Partnership, TransAlta Alberta Hydro LP and URICA Energy Real Time Ltd., Proceeding 26043, Application 26043-A001, November 24, 2020.

- (a) the records will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the electricity market, including the conduct referred to in section 2, and
- (b) the sharing of the records is reasonably necessary for the market participant to carry out its business.

10. Another factor that the Commission considers in making a determination on the sharing of records is market share offer control. Subsection 5(5) of the *Fair, Efficient and Open Competition Regulation* states that a market participant shall not hold offer control in excess of 30 per cent of the total maximum capability of generating units in Alberta.

11. The Commission is also cognizant of the requirement in Section 6 of the *Electric Utilities Act* that “[m]arket participants are to conduct themselves in a manner that supports the fair, efficient and openly competitive operation of the market.”

4 Submissions of the applicant

4.1 Is the proposed sharing of records reasonably necessary

12. In Application 26043-A001, TransAlta GP identified that offer control for KH2 was with the Balancing Pool at the time; however, upon expiration of the Keephills Power Purchase Arrangement (PPA) on December 31, 2020, offer control reverted to TransAlta GP. Based on an analysis of dispatch service proposals compared to the cost of TransAlta Corp. and its affiliates performing the services internally, TransAlta Corp. determined that it was more economical to contract URICA to monitor KH2 on a 24-hour basis. Similar arrangements between TransAlta GP and URICA already exist for the KH3 generating unit.

13. Regarding the substitution of ancillary services, URICA will need view access of Sundance 4, 5 and 6, KH2, KH3, Bow River Hydro, Brazeau Hydro, Bighorn Hydro, and Small Power Producers (ancillary services units), and the ability to substitute ancillary services in one direction (originating from Sundance 4, 5 and 6, and KH2 and KH3, for which URICA will already be acting as the dispatch agent). The Alberta Electric System Operator requires an order from the Commission to allow the proposed ancillary services asset substitutions.

14. The above-mentioned commercial arrangements will necessitate that TransAlta Corp., TransAlta GP and TransAlta Hydro share offer information with URICA that is not available to the public.

15. URICA has the necessary expertise and resources to assist TransAlta GP by providing 24-hour real-time dispatch desk service for operational energy market services and energy restatements for events at generators as required by the independent system operator rules.

16. For these reasons, TransAlta GP asserted that the sharing of non-public records relating to KH2 with URICA is reasonably necessary in order for it to carry out its business regarding KH2, and that the sharing of non-public records related to ancillary services units is necessary to carry out its business regarding them. A written representation from a senior officer of TransAlta GP, attesting to the necessity for the sharing of records with URICA, was filed with the application.

4.2 Fair, efficient and openly competitive operation of the electricity market

17. As part of its application, TransAlta GP filed a written representation from a senior officer, indicating that the records subject to preferential information sharing will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market, including but not limited to the conduct referred to in Section 2 of the *Fair, Efficient and Open Competition Regulation*.

18. The written representation also identified that TransAlta Corp., TransAlta GP and TransAlta Hydro have a code of conduct in place to safeguard confidential and commercially sensitive information and access to such information, including non-public quantity-offer information and the confidential information of companies with which they do business. All of its employees and affiliated companies must comply with this code. Further, any confidential information held by TransAlta GP will be distributed and made available only to those who are both authorized and required to use the information.

19. A written representation from a senior officer of URICA was filed with the application, which confirms that any records shared with URICA will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market, including but not limited to the conduct referred to in Section 2 of the *Fair, Efficient and Open Competition Regulation*.

20. The senior officer of URICA confirmed that URICA has a formal *Code of Conduct Regulation* compliance plan and program in place to safeguard confidential and commercially sensitive information and access to such information, including non-public quantity-offer information and the confidential information of companies with which URICA does business. All of URICA's employees, officers and affiliates are required to acknowledge and comply with the compliance plan and the *Fair, Efficient and Open Competition Regulation*. Access to secured information is strictly controlled and monitored.

4.3 Offer control

21. TransAlta GP advised that TransAlta Corp., TransAlta GP and TransAlta Hydro's total offer control is 25 per cent, and that URICA's total offer control is zero per cent, both of which are less than the offer-control limit of 30 per cent, as set out in subsection 5(5) of the *Fair, Efficient and Open Competition Regulation*.

5 Commission findings

22. Subsection 3(3) of the *Fair, Efficient and Open Competition Regulation* authorizes the Commission to issue an order permitting the sharing of records on any terms and conditions that the Commission considers appropriate, provided that certain requirements are satisfied. For the reasons that follow, the Commission finds that those requirements have been met.

23. The Commission is satisfied that TransAlta GP has demonstrated that (i) the sharing of records is reasonably necessary for TransAlta GP to carry out its business; and (ii) the subject records will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market, including the conduct referred to in Section 2 of the *Fair, Efficient and Open Competition Regulation*. The Commission is further satisfied that TransAlta GP, TransAlta Corp., TransAlta Hydro and URICA will conduct themselves in a manner that supports the fair, efficient and openly competitive operation of the market. In making these findings, the Commission has relied on:

- (a) Submissions from TransAlta GP that based on TransAlta Corp.'s analysis, it is more economical to contract URICA to monitor KH2 on a 24-hour basis, rather than having TransAlta Corp. and its affiliates continuously monitor KH2.
- (b) Written representations from senior officers of TransAlta GP and URICA confirming that any records subject to preferential information sharing will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market and that they will conduct themselves in a manner that supports the fair, efficient and openly competitive operation of the market.
- (c) Written representations from TransAlta GP, confirming that it has a formal system of controls and policies that ensure the information shared with URICA will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market, including the conduct referred to in Section 2 of the *Fair, Efficient and Open Competition Regulation*. The Commission understands that all officers and employees of TransAlta GP, TransAlta Corp. and TransAlta Hydro are required to comply with these policies.
- (d) Representations from URICA that it has a formal system of controls and policies that ensure the information shared with URICA will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market, including the conduct referred to in Section 2 of the *Fair, Efficient and Open Competition Regulation*. The Commission understands that all officers and employees of URICA are required to comply with these policies.

24. The Commission also finds that offer-control figures for all entities involved (both before and after any approval to share records) are less than the offer-control limit of 30 per cent, as set out in subsection 5(5) of the *Fair, Efficient and Open Competition Regulation*.

25. Finally, the Commission considers the MSA's support of this application to be a contributing factor in its determination to permit the sharing of records, given the MSA's mandate under subsection 39(2)(a)(vi) of the *Alberta Utilities Commission Act*, to survey, investigate or enforce the "arrangements, information sharing and decisions relating to electricity market participants exchanging or wishing to exchange electric energy and ancillary services or any aspect of those activities."

26. For all of the above reasons, the Commission is prepared to issue orders allowing TransAlta Generation Partnership to share records not available to the public with URICA, and for TransAlta Corp., TransAlta GP and TransAlta Hydro to share records not available to the public with URICA, for the substitution of ancillary services, subject to the following terms and conditions:

- (a) The first order applies to the sharing of non-public price, quantity and availability information, between TransAlta GP and URICA, pertaining to KH2, that may relate to KH2's participation in the Alberta electricity and ancillary services markets, as described in the application.
- (b) The second order applies to the sharing of non-public records not available to the public, for the substitution of ancillary services, between TransAlta Corp., TransAlta GP, TransAlta Hydro and URICA, pertaining to the ancillary services units, as described in the application.
- (c) TransAlta GP, TransAlta Corp., TransAlta Hydro and URICA must notify the Commission of the termination of the commercial arrangements between TransAlta GP, TransAlta Corp., TransAlta Hydro and URICA as soon as is practicable and within 30 days of the termination of such commercial arrangements.
- (d) TransAlta GP, TransAlta Corp., TransAlta Hydro and URICA must notify the Commission of any material changes to the information and continued applicability of any representations included within its application that may affect the compliance of TransAlta GP, TransAlta Corp., TransAlta Hydro or URICA with the *Fair, Efficient and Open Competition Regulation* as soon as is practicable and within 30 days of the material changes.

27. The order shall be effective from the date of the decision until the earlier of June 1, 2029, or the termination of commercial arrangements between TransAlta GP, TransAlta Corp., TransAlta Hydro and URICA.

6 Order

28. Pursuant to the provisions of Section 3 of the *Fair, Efficient and Open Competition Regulation*, the Commission grants the application for the sharing of records set out in the following orders granted to TransAlta Corporation, TransAlta Generation Partnership, TransAlta Alberta Hydro LP and URICA Energy Real Time Ltd., which are separate dispositions in this proceeding:

- (1) Preferential Sharing of Records Between TransAlta Generation Partnership and URICA Energy Real Time Ltd. – Keephills 2 Generating Unit – Order 27085-D02-2022
- (2) Preferential Sharing of Records Between TransAlta Corporation, TransAlta Generation Partnership, TransAlta Alberta Hydro LP and URICA Energy Real Time Ltd. – Substitution of Ancillary Services – Order 27085-D03-2022

Dated on January 20, 2022.

Alberta Utilities Commission

(original signed by)

Fino Tiberi
Executive Director, Market Oversight and Enforcement
On behalf of the Alberta Utilities Commission