

Targeted Mitigation Engagement Status Report

Stakeholder comments on Status Report [Posted May 20, 2021]

1. Alberta Direct Connect Consumers Association (ADC)
2. AltaLink Management Ltd. (AML)
3. FortisAlberta Inc.
4. Industrial Power Consumers Association of Alberta (IPCAA)
5. Suncor Energy Inc.
6. TransAlta Corporation

Stakeholder Comment Matrix – May 4, 2021

Bulk and Regional Tariff Design – Targeted Mitigation Engagement Status Report



Period of Comment: May 4, 2021 through May 18, 2021	Contact: Colette Chekerda
Comments From: Alberta Direct Connect Consumer Association “ADC”	Phone: 780-920-9399
Date: 2021/05/18	Email: colette@carmal.ca

Instructions:

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. **Please submit one completed evaluation per organization.**
4. Email your completed comment matrix to tariffdesign@aeso.ca by **May 18, 2021**.

The AESO is seeking comments from Stakeholders on Targeted Mitigation Engagement – Status Report. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	Do you have any comments from the Targeted Mitigation Engagement – Status Report that should be considered by the AESO and impacted parties in forthcoming Targeted Mitigation Engagement Roundtable Discussions?	The ADC is very concerned that the AESO’s mitigation options are a path to exit the grid for the impacted parties. The AESO has not put any effort into examining the benefits these companies bring to the Alberta grid. The AESO has demonstrated a complete lack of effort in seeking out creative solutions by concluding that bill credits are the only option with merit. This will harm all Alberta ratepayers as the revenue currently received from these companies is at risk.
2.	Do you have additional clarifying questions that need to be answered to support your understanding?	In advance of any tariff filing, the AESO needs to undertake analysis of the economic consequences of the proposed tariff. According to the rate impacts provided by the DFO’s, the most a residential customer can expect to save is \$1/month in ATCO service territory. This savings is inconsequential, yet the tariff will impact the lives of Albertans that are employed by these companies as well as the communities they operate in. The AESO owes it to them to fully understand the consequences of the tariff change before finalizing a tariff design or mitigation option.

<p>3.</p>	<p>Additional comments</p>	<p>The ADC requests that the AESO work with the impacted parties and legislators to bring to the table creative solutions that encourages grid use, grows our economy, and contains the transmission revenue requirement for the benefit of all Albertans. We are sharing an example from BC below. BC is introducing “Industrial Electrification Rates” to encourage new industrial load to locate in the province. Similar programs exist in Quebec.</p> <p>Alberta has grossly overbuilt our transmission system and tariffs that encourage grid exit such as the AESO preferred tariff will not lead to higher utilization of the Alberta grid. The ADC recommends that the AESO examine rate classes that retain and attract industrial load to Alberta as a preferred mitigation tool.</p> <h2>Industrial electrification rates</h2> <h3>Discounted rates to connect to BC Hydro's grid</h3> <p>The CleanBC Industrial Electrification Rates are intended to help existing and new industrial customers connect to BC Hydro’s grid by offering discounted rates to encourage the use of clean electricity.</p> <p>There are two categories of rates available to our transmission service customers:</p> <ul style="list-style-type: none"> • Clean Industry and Innovation Rate (Rate Schedule 1894) • Fuel Switching Rate (Rate Schedule 1895) <p>Both rates offer a discount from the standard transmission service rate on both the energy charge and demand charge for a period of seven years:</p> <ul style="list-style-type: none"> • First five years: 20% • Year six: 13% • Year seven: 7%
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These rates are available to customers until March 31, 2030. The rates will expire on March 31, 2037 at which time, customers will be moved to a standard transmission service rate. There is an energy cap of 5,000 gigawatt hours (GWh) a year for all customers under these rates, of which 1,500 GWh/year is allocated to customers under the Clean Industry and Innovation Rate and 3,500 GWh/year to customers under the Fuel Switching Rate. BC Hydro may assess and adjust the energy participation cap, as needed.

To learn more, contact your Key Account Manager. If you're a new BC Hydro customer, [contact our Business & Economic Development team](#).

Clean Industry and Innovation Rate

The Clean Industry and Innovation Rate (Rate Schedule 1894) is to help support and attract new, innovative industries to B.C. by making it more affordable to connect into BC Hydro's grid. The rate is available to two types of new customer plants:

1. **Clean industry customer:** A new customer plant that uses a process to remove greenhouse gases from the atmosphere or produces a renewable or low carbon fuel. This could include the production of hydrogen via electrolysis; the production of synthetic fuels from hydrogen, carbon dioxide or biomass; or the capture and/or storage of carbon dioxide.
2. **Innovation customer:** A new customer plant that is a data centre composed of networked computers and data storage used to organize, process, store and disseminate large amounts of data. To be eligible, a customer's contract demand in its Electricity Supply Agreement must be greater than 10,000 kilovolts amperes (kVA) and the plant must not be used for producing or exchanging cryptocurrency without prior authorization from BC Hydro. In addition, the plant's annual energy consumption must be greater than 70 GWh/year.

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Period of Comment: May 4, 2021 through May 18, 2021	Contact: Hao Liu/Rob Senko
Comments From: AltaLink Management Ltd.	Phone: 403-710-1247/403-874-6762
Date: 2021-05-18	Email: Hao.liu@altalink.ca/rob.senko@altalink.ca

Instructions:

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	Questions	Stakeholder Comments
1.	Do you have any comments from the Targeted Mitigation Engagement – Status Report that should be considered by the AESO and impacted parties in forthcoming Targeted Mitigation Engagement Roundtable Discussions?	AltaLink agrees with the stakeholder comments in the report that ‘any mitigation levers must consider not only the seven sites that are affected today, but whether the decisions made today will limit companies choosing to enter the Alberta market in the future’. AltaLink also agrees with the stakeholder comment concerning that ‘Duration needs to be long-term / semi-permanent (e.g. life of the asset)’. AltaLink would extend these sentiments to consider how a substantial change in rate design might affect other existing customers who have made significant investments in response to current price signals.
2.	Do you have additional clarifying questions that need to be answered to support your understanding?	Nothing to add.
3.	Additional comments	Nothing to add.

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Period of Comment: May 4, 2021 through May 18, 2021	Contact: Darren Hoevng
Comments From: FortisAlberta	Phone: 403-514-4644
Date: May 18, 2021	Email: Darren.Hoenvng@fortisalberta.com

Instructions:

1. Please fill out the section above as indicated.
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4. Email your completed comment matrix to tariffdesign@aeso.ca by **May 18, 2021**.

The AESO is seeking comments from Stakeholders on Targeted Mitigation Engagement – Status Report. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	<p>Do you have any comments from the Targeted Mitigation Engagement – Status Report that should be considered by the AESO and impacted parties in forthcoming Targeted Mitigation Engagement Roundtable Discussions?</p>	<p>The <i>Targeted Mitigation Engagement – Status Report</i> indicated that “there is a lack of potential mitigation solutions that could align the AESO and the impacted parties”, which suggests that it may be premature to examine mitigation solutions before the rate design proposal has considered the comments recently provided by stakeholders as part of the March 25, 2021 stakeholder engagement.</p> <p>With respect to the stakeholder comments provided as part of the March 25, 2021 stakeholder engagement, FortisAlberta stated that the tariff could be developed to evolve gradually in a manner that allows Customers to improve their load factors while not experiencing significant billing impacts. FortisAlberta expects that if the AESO also saw merit in pursuing the load factor structure, that they could analyze the bill impacts from moving from CP to NCP/load factor structure for every POD, and adjust both the weighting of cost recovery between NCP component and the load factor energy component, or adjusting the threshold load factor in the energy component to minimize the resultant bill impacts of the AESO preferred DTS rate design in the first instance. Such an approach, if investigated by the AESO, might obviate, or at least mitigate, the need for further mitigation.</p> <p>Also, please refer to FortisAlberta’s response to question 3 in its April 15, 2021 stakeholder comment matrix submission for comments with respect to the AESO’s proposed rate design.</p>
2.	<p>Do you have additional clarifying questions that need to be answered to support your understanding?</p>	<p>With respect to the <i>Demand-Energy- Classification</i> description provided by the AESO, what factors did the AESO consider in classifying energy related costs based on its definitions of actual system and minimum system (i.e., energy classified as a percentage of those costs incurred in excess of meeting the peak demand)?</p>

3.	Additional comments	<p>For FortisAlberta, the allocation of the AESO's rate components are mirrored in the transmission cost allocation within the distribution tariff design. The AESO's preferred rate structure changes affect the bill impacts of distribution customers and the transmission prices signals that are sent to the customers through the distribution tariff. FortisAlberta has suggested that the AESO consider the potential impacts to distribution customers, of its preferred rate design, prior to finalizing the proposed rate design in its filing.</p> <p>To this end, FortisAlberta provided its Analysis of Estimated Bill Impacts to FortisAlberta DT rate classes / Customers of AESO Preferred DTS Rate Design, which the AESO has now posted to the AESO's stakeholder engagement website. (Note: This document was prepared by FortisAlberta Inc., not the AESO, and is subject to the Disclaimer included in the document.)</p> <p>The analysis demonstrates that the AESO's preferred rate design and the increased cost recovery across all energy consumed, imparts a cost recovery shift from lower load factor consumers (who make less efficient use of the transmission system) to higher load factor consumers (who make more efficient use of the system). As such, with respect to mitigation, FortisAlberta recommends that the AESO investigate adjusting its preferred rate design to account for load factor, prior to contemplating post design mitigation options.</p>
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Period of Comment: May 4, 2021 through May 18, 2021	Contact: Vittoria Bellissimo
Comments From: Industrial Power Consumers Association of Alberta (IPCAA)	Phone: 403 966 2700
Date: 2021/05/18	Email: Vittoria.Bellissimo@IPCAA.ca

Instructions:

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Questions

Stakeholder Comments

<p>1.</p>	<p>Do you have any comments from the Targeted Mitigation Engagement – Status Report that should be considered by the AESO and impacted parties in forthcoming Targeted Mitigation Engagement Roundtable Discussions?</p>	<p>According to the Status Report, the AESO’s specific objectives of this targeted mitigation engagement include reaching “a shared agreement on a temporary mitigation option that supports a ‘path to minimal disruption.’” IPCAA is concerned that limiting the engagement to temporary mitigation options may not be the best approach in order to keep these customers in business in Alberta. In order to ameliorate the negative consequences of the transmission wires over-build in Alberta, we need to attract more load to the province. Introducing a new rate design that may be cost prohibitive to some consumers and then only offering them temporary relief, is not serving what should be our overall goal: more load in Alberta.</p> <p>It would be helpful if the AESO could provide a cost-of-service study or a forecast that would explain the following statement that the AESO makes under “Definition of success”: “The AESO restated its previously shared views that the current rate design is not providing appropriate cost signals and is not resulting in a fair allocation to customers.” Please consider that customers who have seen average transmission costs increase – by almost 70% over the past decade – despite warning the AESO, AUC and the Government of the risk of transmission over-build – may not appreciate being told that costs are not being allocated fairly to customers without being given any analysis to support this opinion. The existing rate design has been approved by the AUC, which is responsible to ensure that the delivery of Alberta’s utility service takes place in a manner that is fair, responsible and in the public interest. If something has changed in the past decade-and-a-half to make the rate design, approved by the AUC in the public interest, no longer fair, customers should be given the evidence that supports this argument, in advance of having to negotiate a mitigation plan to keep their companies solvent.</p> <p>According to the Status Report, “the AESO stated that its mandate is to develop a just and reasonable ISO tariff for Alberta, and not to ensure that individual companies can remain competitive in Alberta as an outcome of the tariff changes.” IPCAA finds it difficult to believe that the AESO would introduce a tariff design and not test it for economic impacts on consumers. We need a sustainable system. The AESO should be working with customers to analyze the value that price responsive loads bring to Alberta and ensuring this value is recognized.</p> <p>Under “Mitigation options,” the AESO indicates that impacted parties proposed a non-firm interruptible rate class. The AESO goes on to state that “the AESO does not see the value that an interruptible rate class would bring to the system.” The Status Report also states that “Impacted parties also requested that the AESO share how it evaluated the ADC’s previously proposed interruptible rate class.”</p>
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		<p>IPCAA supports the impacted parties' request that the AESO share how it evaluated the ADC's proposed interruptible tariff proposal. Again, the end goal should be preserving load on the system, as well as incenting more load to locate in Alberta, in order to carry the costs created by the over-build. What is the harm in examining a fair proposal in an open and transparent manner?</p>
2.	<p>Do you have additional clarifying questions that need to be answered to support your understanding?</p>	<p>As stated above, IPCAA submits that the AESO should undertake and publish an analysis of the economic consequences of the proposed tariff.</p>
3.	<p>Additional comments</p>	<p>The AESO should be aware that British Columbia is introducing "Industrial Electrification Rates" to encourage new industrial load to locate in BC. Alberta should be looking at this as well. We should encourage consumers to locate in Alberta. We have already built transmission for them.</p>

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Period of Comment: May 4, 2021 through May 18, 2021	Contact: Alexandra Dunlop
Comments From: Suncor	Phone: 403-540-0250
Date: 2021/05/13	Email: alexandra.dunlop@suncor.com

Instructions:

1. Please fill out the section above as indicated.
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2.	Do you have additional clarifying questions that need to be answered to support your understanding?	
3.	Additional comments	Suncor is concerned that the discussion has been restricted to a subset of participants. Discussions regarding additional rate classes should be open to all stakeholders and discussions regarding subsidies should not be limited to those parties receiving the subsidies.

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Period of Comment: May 4, 2021 through May 18, 2021 Comments From: TransAlta Date: 2021/05/12	Contact: Luis Pando Phone: 403-267-3627 Email: Luis_Pando@transalta.com
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1.	Do you have any comments from the Targeted Mitigation Engagement – Status Report that should be considered by the AESO and impacted parties in forthcoming Targeted Mitigation Engagement Roundtable Discussions?	<p>TransAlta supports the implementation of mechanisms that identify customers that are negatively affected by the new rate design and supports them in a transition to the new rates. Any mitigation approach should be based on its ability to retain customers and maximize the efficient utilization of the existing system.</p> <p>TransAlta does not have a preference over the proposed alternatives. However, rate mitigation options such as phase-ins or bill impact options should be temporary while mitigation options such as new rates such as interruptible/opportunity rates could be permanent features of a new design. The option of interruptible rates could benefit from a better understanding of AESO’s DOS modernization proposal.</p>
2.	Do you have additional clarifying questions that need to be answered to support your understanding?	No additional questions at this time.
3.	Additional comments	No additional comments at this time.

Thank you for your input. Please email your comments to: tariffdesign@aeso.ca.