



## **Alberta Electric System Operator**

**2018 Independent System Operator Tariff  
Compliance Filing Pursuant to Decision 22942-D02-2019  
and 2020 Independent System Operator Tariff Update**

**November 30, 2020**



**Alberta Utilities Commission**

Decision 25175-D02-2020

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Proceeding 25175

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## **1 Decision summary**

1. In this decision, the Alberta Utilities Commission considers the Alberta Electric System Operator's (AESO) application for approval of its compliance with the directions issued in Decision 22942-D02-2019<sup>1</sup> (hereinafter 2018 ISO tariff decision) in respect of the 2018 comprehensive Independent System Operator (ISO) tariff application (the compliance application) as well as its 2020 ISO tariff update (update application).

2. The update application was approved in Decision 25175-D01-2020<sup>2</sup> on an interim, refundable basis on February 28, 2020. In this decision, the Commission has approved the AESO's annual revenue requirement and rate, rider and maximum investment level amounts on a final basis.

3. With respect to the compliance application, for the reasons outlined in the decision, the Commission finds that:

- (a) the AESO has complied with directions 3,6,7,8,12,15,16,17, 21 and 22;
- (b) no further action is required to comply with Direction 18;
- (c) the AESO's Phase 1, direct transmission service (DTS) bulk/regional rate design application is to be filed by June 30, 2021;
- (d) the AESO's Phase 2 filing shall not be filed earlier than six months following the filing of Phase 1;
- (e) the AESO's proposed generating unit owner's contribution (GUOC) amendments are approved;
- (f) the Commission's findings in paragraph 870 of the 2018 ISO tariff decision may be varied pending further consideration of this issue in either the Proceeding 25848 decision or within the AESO's next comprehensive ISO tariff application; and
- (g) the AESO's proposed amendments to subsection 7(1) (customer contribution) shall be presumed to apply for connection projects with permit and license dates falling prior to January 1, 2021, unless the Commission panel in Proceeding 25848 directs that changes to the ISO tariff will have effect prior to January 1, 2021.

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<sup>1</sup> Decision 22942-D02-2019: Alberta Electric System Operator, 2018 ISO Tariff Application, Proceeding 22942, September 22, 2019.

<sup>2</sup> Decision 25175-D01-2020: Alberta Electric System Operator, 2020 ISO Tariff Update – Interim, Proceeding 25175, February 28, 2020.

4. With the exception of (6) and (7) above, the AESO's amended refiled tariff and the ISO tariff terms and conditions (T&Cs) are approved effective January 1, 2021.

## 2 Introduction and background

5. The AESO filed its application<sup>3</sup> for approval of its compliance with directions issued in the 2018 ISO tariff decision on January 31, 2020. In the same filing, the AESO sought approval of its 2020 Update Application to update the rates for the 2020 ISO tariff (update application). The AESO requested that its update application be approved on an interim and refundable basis by March 1, 2020, so that it could implement the proposed tariff updates for an effective date of April 1, 2020.

6. The Commission filed a notice of the compliance application and the update application on February 3, 2020.<sup>4</sup> In response to the notice, statements of intent to participate (SIPs) were filed by the following parties on or before the February 18, 2020, deadline specified in the notice:

- AltaLink Management Ltd.<sup>5</sup>
- Community Generation Working Group (CGWG)<sup>6</sup>
- the Consumers' Coalition of Alberta (CCA)<sup>7</sup>
- EPCOR Distribution & Transmission Inc. (EPCOR or EDTI)<sup>8</sup>
- Greengate Power Corporation<sup>9</sup>
- Heartland Generation Ltd.<sup>10</sup>
- Kalina Distributed Power<sup>11</sup>
- University of Alberta (U of A)<sup>12</sup>

7. SIPs were also filed by the following parties after the February 18, 2020, deadline:

- BluEarth Renewables Inc.<sup>13</sup>
- the Dual Use Customers (DUC)<sup>14</sup>
- the Alberta Direct Connect Consumers Association (ADC)<sup>15</sup>

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<sup>3</sup> Exhibit 25175-X0002.

<sup>4</sup> Exhibit 25175-X0012.

<sup>5</sup> Exhibit 25175-X0020.

<sup>6</sup> Exhibit 25175-X0021. The SIP was filed by Canadian Solar Industries Association. Subsequently, written argument and reply argument was filed by a coalition referred to as the Community Generation Working Group comprised of the Canadian Solar Industries Association, the First Nations Power Authority and the Alberta Community and Co-operative Association.

<sup>7</sup> Exhibit 25175-X0013.

<sup>8</sup> Exhibit 25175-X0015.

<sup>9</sup> Exhibit 25175-X0014.

<sup>10</sup> Exhibits 25175-X0017 and 25175-X0018.

<sup>11</sup> Exhibit 25175-X0022.

<sup>12</sup> Exhibits 25175-X0016 and 25175-X0019.

<sup>13</sup> Exhibit 25175-X0025.

<sup>14</sup> Exhibit 25175-X0026.

<sup>15</sup> Exhibit 25175-X0039.

- Cascade Power Project Limited Partnership<sup>16</sup>
- the Industrial Power Consumers Association of Alberta (IPCAA)<sup>17</sup>

8. On February 19, 2020, the Commission established a process schedule for consideration of the AESO's proposal to approve its update application on an interim refundable basis. The update application was approved on an interim refundable basis on February 28, 2020, with the release of Decision 25175-D01-2020.<sup>18</sup>

9. The Commission set out a process schedule for considering the compliance application on February 20, 2020.<sup>19</sup> Between its issuance and the close of record on November 9, 2020, a number of procedural and process steps took place, including the AESO's filing of an amendment and updates to its application on September 28, 2020; the exchange of information requests (IRs) and responses among the parties; motions for the AESO's response to additional IRs; and written final argument and reply argument.<sup>20</sup> Notably, amongst the many procedural steps:

- (i) The Commission issued a process proposal with respect to proceedings to consider ISO tariff provisions pertaining to distribution-connected generation. Following receipt of submissions from the AESO, BluEarth, the CGWG and Fortis Alberta Inc., the Commission ruled on the proposed process on September 1, 2020, determining that:
  - (a) Alternatives to the substation fraction methodology could potentially resolve concerns with the methodology that served as the basis for review and variance applications of the 2018 ISO tariff decision under consideration in proceedings 25101 and 25102, and address issues referenced in the complaint filed by BluEarth under consideration in Proceeding 25058 (the suspension of which would continue pending the resolution of the substation fraction issue in Proceeding 25848).
  - (b) A Stage 2 variance proceeding would be granted in respect of the review and variance applications under consideration in proceedings 25101 and 25102.

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<sup>16</sup> Exhibits 25175-X0056 and 25175-X0057.

<sup>17</sup> Exhibit 25175-X0034.

<sup>18</sup> The Commission notes that while Decision 25508-D01-2020: Alberta Electric System Operator, Request for Deferral of Payment of 2020 Interim Refundable Demand Transmission Service Charges, Proceeding 25508, April 27, 2020, provided for the deferral of the payment of 2020 interim refundable demand transmission service charges arising from the COVID-19 pandemic, that decision had the effect of authorizing the AESO to create certain deferral accounts but did not otherwise change the commencement of the interim and refundable rates effective April 1, 2020, approved in Decision 25175-D01-2020.

<sup>19</sup> Exhibit 25175-X0027.

<sup>20</sup> Written argument was filed on May 29, 2020, by the AESO (Exhibit 25175-X0080), the CCA (Exhibit 25175-X0075), the CGWG (Exhibit 25175-X0076), Greengate (Exhibit 25175-X0077), and U of A (Exhibit 25175-X0078). Written reply argument was filed on June 5, 2020 by the AESO (Exhibit 25175-X0085), Cascade (Exhibit 25175-X0081), the CCA (Exhibit 25175-X0086), the CGWG (Exhibit 25175-X0082), and Greengate (Exhibit 25175-X0083).

- (c) All aspects of the AESO's 2018 ISO tariff compliance application other than those to be examined in Proceeding 25848 would continue to be examined in this compliance filing proceeding.
- (ii) The Commission requested<sup>21</sup> that the AESO identify any T&Cs or other provisions set out in the refiled ISO tariff that the AESO considered should not be implemented upon the approval of its application in this compliance filing proceeding as a consequence of the Commission's ruling of September 1, 2020.<sup>22</sup>
- (iii) The AESO requested that the refiled ISO tariff be made effective no earlier than the first day of the month at least 30 days after the date of the Commission's decision regarding the AESO's application, and in any event, no earlier than January 1, 2021. It also proposed changes to its plans for the filing of its next comprehensive ISO tariff application.<sup>23</sup>

10. As argument and reply submissions of parties were filed prior to the Commission's ruling of September 1, 2020, and prior to the AESO's subsequent filing of revised ISO tariff T&Cs on September 28, 2020, (which reflected the effect of the September 1, 2020, ruling), the argument and reply submissions referred to specific numbered provisions of the ISO tariff T&Cs that may have been changed by the AESO's September 28, 2020, update. In this light, the Commission has, where required in this decision, referred to the updated September 28, 2020, numbering of T&C provisions with the former numbering indicated in brackets. The Commission has also attempted (where applicable) to denote by the use of brackets whether the referenced provision was eliminated or modified as a result of the AESO's September 28, 2020, update.

11. The Commission considers the record for Proceeding 25175 to have closed on November 9, 2020.<sup>24</sup>

### **3 Details of the compliance application**

12. The AESO filed the following supporting documentation to its compliance application:
- Appendix A – the refiled ISO Tariff (2020 ISO Tariff);<sup>25</sup>
  - Appendix B - blackline version of refiled ISO tariff against the AESO's applied-for 2018 ISO tariff;<sup>26</sup>

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<sup>21</sup> Exhibit 25175-X0113.

<sup>22</sup> Exhibits 25175-X0115 through 25175-X0117. Note that because the AESO filed revised exhibits that included revised terms and conditions in Exhibit 25175-X0116 (blackline), and Exhibit 25175-X0117 (clean), references made to certain exhibit numbers by parties in argument and reply have been revised to reflect the revised numbering set out in these exhibits.

<sup>23</sup> Exhibit 25175-X0121.

<sup>24</sup> Note that while the Commission issued a ruling in respect of the eligibility of the CGWG for costs on September 25, 2020 (Exhibit 25175-X0114), the Commission considers that this matter pertains primarily to other proceedings and, as such, does not affect the determination of the close of record for Proceeding 25175.

<sup>25</sup> Exhibit 25175-X0003.01.

<sup>26</sup> Exhibit 25175-X0004.

- Appendix B.1 - blackline of refiled ISO tariff rates and investment levels compared against the currently effective 2019 ISO tariff;<sup>27</sup>
- Appendix C - AESO 2020 business plan and budget proposal;<sup>28</sup>
- Appendix D - 2020 rate calculations - Microsoft Excel workbook which calculates the updated dollar and percentage of pool price amounts for the 2020 rates;<sup>29</sup>
- Appendix E - 2020 escalation factor and investment levels — Microsoft Excel workbook which calculates the composite inflation index and escalation factor used to update maximum investment levels; and<sup>30</sup>
- Appendix F - 2020 bill impact analysis - Microsoft Excel workbook which provides the analysis on market participants' bills of the Rate DTS changes proposed in this application resulting from changes to the revenue requirement, billing determinants and the approved changes resulting from the 2018 ISO tariff decision.<sup>31</sup>

#### **4 Compliance with directions from the 2018 ISO tariff decision**

13. The AESO addressed all Commission directions set out in the 2018 ISO tariff decision, including overviews of certain directions that were to be addressed as part of future AESO comprehensive ISO tariff applications. In the following sections, the Commission considers each of the directions from the 2018 ISO tariff decision that were intended to be considered as part of the AESO's compliance application.

##### **4.1 Direction 3 - Additional support for power factor deficiency charge amount**

14. In Section 5.2 of the 2018 ISO tariff decision, the Commission considered the AESO's proposed changes to its power factor deficiency charge (PFDC), including the AESO's proposal to increase the charge from \$400/megavolt ampere (MVA) to \$1,200. The Commission found that an increase in the PFDC was required, but denied the AESO's proposed increase from \$400 to \$1,200/MVA on the basis of not having a clear understanding of how the \$1,200 charge was derived.<sup>32</sup>

15. Direction 3 from the 2018 ISO tariff decision required the AESO to provide support for its \$1,200/MVA charge in either its compliance filing, or in its next comprehensive general tariff application (GTA).<sup>33</sup>

16. In its response to this direction, the AESO indicated that it intends to provide further support for its calculation of the \$1,200/MVA charge in its 2020 comprehensive ISO tariff application rather than in this compliance filing.

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<sup>27</sup> Exhibit 25175-X0005.01.

<sup>28</sup> Exhibit 25175-X0006.

<sup>29</sup> Exhibit 25175-X0007.

<sup>30</sup> Exhibit 25175-X0008.

<sup>31</sup> Exhibit 25175-X0009.

<sup>32</sup> Decision 22942-D02-2019, paragraph 254.

<sup>33</sup> Decision 22942-D02-2019, paragraph 254.

### Commission findings

17. The Commission considers that the AESO's proposal to address PFDC parameters in its next comprehensive ISO tariff application is reasonable and that the AESO has accordingly complied with Direction 3.

#### 4.2 Direction 6 - Denial of proposed extension of Rider A1

18. Section 6.5 of the 2018 ISO tariff decision addressed an AESO proposal in the 2018 ISO tariff application to extend, by an additional 20 years, a duplication avoidance tariff benefitting Dow Chemical Canada (Rider A1) that was set to expire in 2021.

19. In its findings in Section 6.5 of the 2018 ISO tariff decision, the Commission denied the AESO's request to extend Rider A1. Direction 6 from the 2018 ISO tariff decision required the AESO to reflect this finding.

20. The AESO indicated in the compliance application that it had revised Rider A1 of the refiled ISO tariff to comply with this direction.

### Commission findings

21. As Rider A1 has been revised in the refiled ISO tariff to reflect expiry on December 31, 2021, the Commission finds that the AESO has complied with Direction 6.

#### 4.3 Direction 7 - Reassessment of subsection 7.3(1)(b) in light of E.L. Smith Solar Power Plant decision

22. In Section 6.6 of the 2018 ISO tariff decision, the Commission addressed changes proposed by the AESO in the ISO 2018 tariff application regarding how generating unit owner's contribution (GUOC) rates are to be applied to generation developers, and addressed the AESO's proposal to charge the GUOC rate on a net basis where a new load is to be added at the same site. However, in light of changes to the AESO's ability to apply totalized billing at dual-use sites, which arose from Decision 23418-D01-2019<sup>34</sup> in respect of the E.L. Smith Solar Power Plant, Direction 7 from the 2018 ISO tariff decision required the AESO to clarify, in its compliance filing, whether the option of charging the GUOC rate on a net basis was still valid.

23. The AESO clarified its view that net billing of GUOC would not be appropriate in light of the Commission's conclusions in E.L. Smith and proposed revisions to the wording of subsections 7.2 and 7.3 of the ISO tariff T&Cs to reflect this change.

### Commission findings

24. The Commission considers that the AESO's explanation is reasonable. It has also reviewed the AESO's proposed changes to subsections 7.2 and 7.3 of the refiled ISO tariff T&Cs, is satisfied that the changes reflect the AESO's explanation, and therefore considers that the AESO has complied with Direction 7.

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<sup>34</sup> Decision 23418-D01-2019: EPCOR Water Services Inc., E.L. Smith Solar Power Plant, Proceeding 23418, Applications 23418-A001 and A002, February 20, 2019.

#### **4.4 Direction 8 - AESO discretion to adjust contract capacity**

25. In Section 7.2.1 of the 2018 ISO tariff decision, the Commission addressed an AESO proposal presented as part of a package to address the Proceeding 20922 closure letter. The AESO proposed in its 2018 ISO tariff application that it should have discretion to change system access service (SAS) agreement contract capacity levels to reflect actual power flows, and set out the primary changes to address this discretion in subsection 5.2(2) of its proposed 2018 ISO tariff T&Cs.

26. The Commission's findings in Section 7.2.1 generally approved subsection 5.2(2) as filed, but directed the AESO to amend the wording to ensure that the AESO would discuss contract capacity changes with the market participant before applying a change, and to clarify that the AESO's discretion would not be applied in respect of deviations of power flow versus contract capacity of less than 10 per cent. In its compliance application, the AESO indicated that it had made the proposed change by adding wording to subsection 5.2(2) to give effect to these requirements.<sup>35</sup>

#### **Commission findings**

27. The Commission is satisfied that the AESO's revisions to subsection 5.2(2) are reflective of the Commission's findings and considers that the AESO has complied with Direction 8.

#### **4.5 Direction 12 - Discretion to vary the application of certain aspects of the ISO tariff contribution policy**

28. Section 7.2.5 of the 2018 ISO tariff decision addressed changes in how the AESO classifies transmission project costs as either system-related or participant-related. Section 7.2.5.2 addressed an EPCOR concern that the T&Cs proposed in the AESO 2018 tariff no longer allowed the AESO discretion to deem project costs that might otherwise be required to be classified as participant-related, as system-related.

29. The Commission agreed with EPCOR and directed the AESO to provide specific language (in Section 4.10 of the T&Cs) to allow the AESO broad discretion. The AESO indicated that it revised subsection 4.10(3) of the refiled ISO tariff to comply with this direction.

#### **Commission findings**

30. The Commission is satisfied that the AESO's revisions to subsection 4.10(3) of the refiled ISO tariff reflect the Commission's findings and therefore considers that the AESO has complied with Direction 12.

#### **4.6 Direction 15 - Effect of adjusted metering practice on the U of A**

31. Section 7.3 of the 2018 ISO tariff decision addressed an AESO proposal in the 2018 ISO tariff application to create parity between distribution-connected and transmission-connected generation by applying an "adjusted metering practice" whereby load and supply power flows of distribution facility owner (DFO) substations would be metered separately. Section 7.3.11.2 of the 2018 ISO tariff decision addressed concerns raised by the U of A in its argument that the adjusted metering proposal could adversely affect the U of A's district energy system. The

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<sup>35</sup> Exhibit 25175-X0004, PDF page 72.

Commission's findings in Section 7.3.11.2 of the 2018 ISO tariff decision indicated that while compliance filings should not generally deal with complex matters such as the U of A's concerns, the Commission would consider the U of A's concerns within the AESO refile application proceeding.

### Commission findings

32. The U of A has indicated that it is satisfied that its concerns with the impact of the adjusted metering practice on its district energy system have been addressed satisfactorily. In any event, the Commission considers that the U of A's concerns no longer arise in light of changes to the refiled 2018 ISO tariff that the AESO proposed in response to the Commission's September 1, 2020, ruling. The AESO's compliance with Direction 15 is therefore confirmed.

#### 4.7 Directions 16 and 17 - Totalized billing of industrial complexes

33. Section 7.5 of the 2018 ISO tariff decision addressed the reasonableness of continuing to totalize billing of dual-use industrial complexes. In that section, the Commission found that totalization is not permitted for industrial complexes that have not obtained an industrial system designation under Section 4 of the *Hydro and Electric Energy Act*.

34. The Commission directed the AESO to (i) provide any tariff changes necessary to comply with the above findings (Direction 16); and (ii) to identify any other issues regarding metering, exemptions, or approvals that should be available to dual-use customers or industrial complexes (Direction 17).

35. In the compliance application, the AESO indicated that it had revised subsection 3.2(2)(g) (formerly 3.2(2)(f)) and removed the former subsection 3.6(4)(a) (removed) of its refiled 2018 ISO tariff to clarify that, on a go-forward basis, totalized metering at a substation is only permissible for industrial systems that have obtained a designation from the Commission or in circumstances where a market participant has otherwise obtained an approval from the Commission that allows the export to the interconnected electric system of electric energy in excess of the market participant's own requirements.

36. The CCA was concerned that the AESO's proposals did not appear to require cost responsibility at the point of delivery (POD) for the supply transmission service part of system use by dual-use customers who may not be permitted to totalize load against supply going forward, and requested that the AESO be directed to include a clause to address its concern.<sup>36</sup>

37. The AESO responded that the CCA's position appeared to be based on a misunderstanding of the AESO's amended refiled ISO tariff and provided further explanation to demonstrate that the provisions in the amended refiled ISO tariff reflect the Commission's direction to comply with the findings in Section 7.5 of the 2018 ISO tariff decision.<sup>37</sup>

### Commission findings

38. As further discussed later in Section 5.1 below, the Commission's September 1, 2020, ruling on a proposed process for considering ISO tariff provisions related to distribution-

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<sup>36</sup> Exhibit 25175-X0075, CCA argument, paragraphs 11-17.

<sup>37</sup> Decision 22942-D02-2019, paragraph 872, cited at Exhibit 25175-X0085, AESO reply argument, paragraph 36.

connected generation and the AESO's subsequent filing of revised T&Cs reflecting changes (required as a result of the September 1, 2020, ruling)<sup>38</sup> had the effect of applying subsequent changes to the T&C provisions revised by the AESO as part of its initial compliance with directions 16 and 17.

39. The Commission nevertheless finds that the revisions to the ISO tariff T&Cs it proposed in response to directions 16 and 17 are responsive to its directions in Section 7.5 of the 2018 ISO tariff decision, and that the AESO has complied with directions 16 and 17.

#### **4.8 Direction 18 - Implementation of AltaLink contribution proposal**

40. Direction 18 reflected the approval of AltaLink's proposal to transfer Fortis's AESO contribution rate base to AltaLink.

41. The AESO's response to Direction 18 noted that in Proceeding 24932, the Commission applied a stay of findings in Section 8.1 of the 2018 ISO tariff decision which dealt with the AltaLink contribution proposal. The AESO indicated that it would respond to Direction 18, if required, after the Commission lifts its stay and decides the matters being considered in Proceeding 24932.

#### **Commission findings**

42. The Commission issued its decision in Proceeding 24932<sup>39</sup> on November 4, 2020. A subsequent and related proceeding is ongoing (Proceeding 26061). No further action is required by the AESO in respect of Direction 18.

#### **4.9 Direction 21 - Pass-through of construction commitment agreements to DFO end-use customers**

43. In Section 9 of the 2018 ISO tariff decision, the Commission rejected an AESO proposal whereby transmission direct connected distribution customers, rather than Fortis, would execute a construction commitment agreement directly with AltaLink. In accordance with this finding, the Commission directed the AESO to make any T&C changes necessary to reflect the expectations that only direct-connect customers who have obtained exemptions under subsection 101(2) of the *Electric Utilities Act* should interact directly with transmission facility owners rather than through the DFO.

44. In its compliance application, the AESO indicated that as directed by the Commission, it revised some, but not all, of the T&C provisions referenced in Table 7-2 to comply with Direction 21.<sup>40</sup>

#### **Commission findings**

45. The Commission has reviewed the changes to subsections 3.5(1), 3.5(2), 4.6(2), 6.2(2), 6.5(1) and (2), 6.5(3), 6.6(1) and (2), 6.6(4) to (7), 6.7(1) and (2), and 6.8(1) to (5) of the refiled

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<sup>38</sup> Exhibit 25175-X0116.

<sup>39</sup> Decision 24932-D01-2020: Commission-Initiated Review and Variance of Decision 22942-D02-2019, Proceeding 24932, November 4, 2020.

<sup>40</sup> Exhibit 25175-X0002.01, PDF page 11.

ISO tariff and is satisfied that the changes reflect the Commission's findings in Section 9 of Decision 22942-D02-2019 and that the AESO has complied with Direction 21.

#### **4.10 Direction 22 - Timing of next comprehensive ISO tariff application**

46. In a ruling issued in the 2018 ISO tariff proceeding on June 29, 2018,<sup>41</sup> the Commission directed the AESO to file its next comprehensive ISO tariff application before the end of the first quarter 2020. However, in Section 10.3 of the 2018 ISO tariff decision, the Commission acknowledged that the original deadline might not be achievable and accordingly directed the AESO to provide an update to its plans for its next comprehensive tariff application (Direction 22, at paragraph 1213).

47. In the compliance application, the AESO proposed to file its next comprehensive tariff application in three separate modules, as set out below.<sup>42</sup>

##### **(i) DTS Bulk/Regional Rate Design module**

48. The 2018 ISO tariff proposed no change in the rate design for bulk and regional wires costs. After a consultation process during the 2018 ISO tariff proceeding, the Commission reaffirmed the AESO proposal to not change the bulk/regional rate design, with the expectation that the AESO would consult broadly with parties in anticipation of a major review in the AESO's 2020 tariff application. Direction 1 of the 2018 ISO tariff decision required the AESO to continue to consult with parties on possible changes to bulk and regional tariff design.

##### **(ii) POD Cost Function/Contribution Policy module**

49. The AESO explained that this proposed module would address issues discussed in the following directions from the 2018 ISO tariff decision:

- Direction 2 - Review of alternative approaches to use of installed capacity: At paragraph 202 of the decision, the Commission directed the AESO to conduct a thorough investigation of alternative approaches to the existing tariff's practice of using installed capacity as the main explanatory variable for the POD cost function. Direction 2 includes a list of 10 specific POD cost function design features to be examined by the AESO.
- Directions 13 and 14: In Section 7.2 of the decision, which dealt with the AESO's responses to the Proceeding 20922 closure letter, the Commission addressed EPCOR's concerns with the classification of transmission projects between system-related and customer-related under the ISO tariff's construction contribution policy. The AESO indicated that these two closely related "next GTA" directions would be addressed as part of the POD Cost Function/Contribution Policy tariff module:
  - Direction 13 - Objective criteria for initiation of "system" projects: This direction required the AESO to work with DFOs to develop an objective set of criteria for initiating a system project.

<sup>41</sup> Proceeding 22942, Exhibit 22942-X0156, paragraph 67.

<sup>42</sup> Readers should note that the dates discussed in paragraphs 50-56 have evolved resulting in the Commission's finding in paragraph 59 that the AESO and interested parties should discuss the timing of the three modules.

- Direction 14 - “grey area” system projects: This direction required the AESO to provide a status update on the progress of its discussions with DFOs on the “grey area” projects that could either be initiated by the AESO as a system project or by the DFO as a system access service request (SASR).
- Direction 19 - Review of “optional facilities” definition and good electric industry practice (GEIP) under contribution policy: Section 8.3 of the decision examined the effect of the AESO’s change in its 2010 tariff to using GEIP rather than AESO standard facilities to determine the cost of optional facilities to be recovered from connecting market participants. Direction 19 set out at paragraph 1139 of the decision required the AESO to discuss in its next comprehensive tariff application whether the use of GEIP as the determinant of optional facilities should continue.

**(iii) Remaining matters**

50. The AESO proposed that all other “next GTA” directions not addressed in the first two application modules discussed above would be included in an application that would address the following specific next GTA directions from the 2018 ISO tariff decision:

- Power factor deficiency charge: Section 5.2 of the decision addressed AESO proposals for several changes to its power factor deficiency charge:
  - Direction 3 - Justification for charge increase: As discussed above, the AESO proposes to provide a justification for its 2018 tariff proposal to increase the power factor deficiency charge from \$400 to \$1200/MVA in the final module of its next GTA.
  - Direction 4 - Change in billing capacity: The Commission’s findings in Section 5.2 of the decision discussed whether the power factor deficiency charge might be unnecessary if the AESO denominated its “billing capacity” definition for Rate DTS on the basis of \$/MVA rather than \$/megawatt.
- Direction 9 - Contract level adjustments: This direction pertains to an AESO proposal, discussed in Section 7.2.1, to be given the discretion to make contract capacity adjustments. The AESO was directed to consult on the details of this proposal and to report on any changes in how it applies this discretion in its next comprehensive tariff application.
- Direction 10 - ISO preferred alternative: This direction pertains to an AESO proposal, discussed in Section 7.2.2, to measure connection proposals against the ISO preferred alternative. The AESO is directed to work with interested parties on implementation issues and to indicate any changes to its ISO preferred alternative process arising out of such discussions in its next comprehensive GTA.
- Direction 11 - Connection alternatives and/or SASR requirements: In Section 7.2.3, the Commission addressed AESO proposals as part of its response to the Proceeding 20922 closure letter that would require market participants to provide critical information as part of SASRs. While the Commission generally adopted the AESO’s proposals, in

Direction 11 it required the AESO to work with market participants to address any concerns that may arise as a result of implementing its critical information requirements.

- Direction 20 - Relocation principles: In this direction, the AESO was required to review relocation principles set out in a 2003 decision set out by the Alberta Energy and Utilities Board, predecessor to the Commission, which stated that the cost of moving “system” transmission lines for the purposes of accessing mineable ore should be considered a system rather than a customer cost.

51. In its argument, the CCA submitted that the 12 coincident peak (12 CP) method of bulk system cost recovery, which the CCA considered to be central to the bulk and regional tariffs issue, should be given priority; and further, that as bulk system cost recovery matters have been the subject of stakeholder discussion over several months, to the extent possible the AESO must expedite its process for bringing forward an application addressing bulk system cost recovery and related tariff issues.<sup>43</sup>

52. In reply argument, the AESO responded that although it is attempting to advance the discussion and consideration issues related to the bulk and regional tariff design issues as quickly as possible, meaningful engagement with market participants is required to support regulatory efficiency.

53. In a July 27, 2020, update<sup>44</sup> to its response to Direction 22, the AESO explained that it had revised its proposed schedule for its next comprehensive tariff application as follows:

- The AESO proposed to file Phase 1 of its next comprehensive application, setting out the AESO’s proposals outlined as part of the DTS Bulk/Regional Rate Design module above, on or before March 31, 2021, rather than on or before September 30, 2020.
- The AESO proposed that phases 2 and 3 relating to the above described modules for POD Cost Function/Contribution Policy matters and remaining matters, respectively, would be filed on or before June 30, 2021.

54. These timelines were subsequently amended by the AESO because it received feedback from stakeholders<sup>45</sup> indicating that they would be too restrictive to allow for meaningful engagement on the proposed tariff design.

55. The AESO anticipated filing Phase 1 on or before June 30, 2021, and stated it would advise the Commission of the new anticipated filing date for Phase 2 (after June 30, 2021) once determined.

56. The CCA expressed concern<sup>46</sup> with the AESO’s revised proposal to file Phase 1 on or before June 30, 2021, rather than by March 31, 2021. The CCA noted that it was not consulted on the matter. It was skeptical that any industry consensus could be achieved by extending stakeholder consultation and indicated that it has serious concerns with the impact on customers.

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<sup>43</sup> Exhibit 25175-X0075, CCA argument, paragraph 7.

<sup>44</sup> Exhibit 25175-X0095, paragraph 49.

<sup>45</sup> Exhibit 25175-X0121.

<sup>46</sup> Exhibit 25175-X0122.

The CCA requested that the Commission direct the AESO to file its proposal for Phase 1 as soon as reasonably possible and no later than the current date of March 31, 2021.

### **Commission findings**

57. The Commission considers that in light of its response to Direction 22, the AESO has complied with the requirements of that direction.

58. While the Commission acknowledges the CCA's view that the resolution of bulk and regional tariff design matters are of some urgency, the Commission accepts the AESO's explanation that the COVID-19 pandemic has delayed its processes and that additional stakeholder consultation would be beneficial to the goal of regulatory efficiency.

59. While the Commission accepts the AESO's revised timeline for filing Phase 1 of its next comprehensive ISO tariff application, it directs that the AESO advise the Commission prior to filing its Phase 2 application of its expected filing date which, in no circumstances, should be earlier than six months following the filing of its Phase 1 application. Interested parties who have concerns with the AESO's proposed schedule should make recommendations directly to the AESO in accordance with its established processes.

## **5 Other tariff changes**

### **5.1 Issues related to the grandfathering of metering practices in effect prior to the approval of the AESO's adjusted metering practice**

60. In the 2018 ISO tariff decision, the Commission found that the AESO's decision to advance the adjusted metering practice was justified in light of the AESO's concerns.<sup>47</sup> The Commission also approved<sup>48</sup> an AESO proposal whereby the adjusted metering practice would be grandfathered as follows:

- the adjusted metering practice would apply with the coming into effect of the 2018 ISO tariff;
- connection projects that are energized or for which a permit and licence has been issued and construction has commenced prior to the effective date of the 2018 ISO tariff would be exempted from the adjusted metering practice;
- the AESO would use existing meters for substations; and
- if a generator is initially exempt and then makes amendments to critical information in a SASR or is required to submit a new SASR, the generator would be subject to the adjusted metering practice on a go-forward basis.<sup>49</sup>

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<sup>47</sup> Decision 22942-D02-2019, paragraph 645.

<sup>48</sup> Decision 22942-D02-2019, paragraph 796.

<sup>49</sup> Proceeding 22942, Exhibit 22942-X0558, AESO argument, paragraph 59, cited at Decision 22942-D02-2019, paragraph 788.

61. In its compliance application, the AESO made a number of proposed changes to its ISO tariff T&Cs to both fully codify the adjusted metering practice within the refiled ISO tariff and to explicitly incorporate its grandfathering proposals.

62. A number of parties made submissions in argument and reply in response to the AESO's proposed T&C provisions related to grandfathering of the adjusted metering practice. However, subsequent to the Commission's September 1, 2020 ruling on a proposed process for considering ISO tariff provisions related to distribution-connected generation, the AESO filed changes to its ISO tariff T&Cs that eliminated or substantively modified many of its proposed grandfathering provisions.

63. These revised provisions are principally located in subsection 3.6 of the AESO's proposed ISO tariff T&Cs.

64. The Commission's September 1, 2020, ruling resulted in ISO tariff T&C provisions related to the adjusted metering practice being considered in Proceeding 25848.

### **Commission findings**

65. As noted above, parties filed submissions prior to the issuance of the Commission's September 1, 2020, ruling and the AESO's subsequent submission of revised ISO tariff T&Cs<sup>50</sup> that eliminated the provisions under discussion in their submissions. As such, consideration of these submissions is now moot.

66. Although its September 1, 2020, ruling was in respect of a Commission process proposal to address issues pertaining to distribution-connected generation, the subsequent resulting removal of provisions in the ISO tariff related to the AESO's adjusted metering practice has also affected the Commission's findings in respect of the totalized billing of industrial complexes, as set out in Section 7.5 of the 2018 ISO tariff decision.

67. As noted in Section 4.7 above, in Section 7.5 of the 2018 ISO tariff decision, the Commission applied the principles established in Decision 23418-D01-2019, finding that totalization would be inapplicable for industrial complexes that have not obtained an industrial system designation (ISD) under Section 4 of the *Hydro and Electric Energy Act*. That is, industrial complexes that have not obtained an exemption must be gross metered. The Commission directed the AESO to file any necessary changes to its tariff to give effect to this finding.

68. Specifically, the Commission stated:

870. The Commission finds the exemption in Section 2(1)(b) would not apply to an industrial complex because these sites are not closed loop in nature, use market infrastructure and transact in the market. Therefore, industrial complexes that have not obtained an exemption under Section 4 of the *Hydro and Electric Energy Act* must be gross metered. The Commission agrees with the AESO and finds that totalization is inapplicable for industrial complexes that have not obtained an industrial system designation.

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<sup>50</sup> Exhibit 25175-X0116.

69. Because it is possible that the adjusted metering practice being considered in Proceeding 25848 could also affect parties who do not have an ISD designation, the Commission's finding in paragraph 870 of the 2018 ISO tariff decision may be varied pending further consideration of this issue in either the Proceeding 25848 decision or within the AESO's next comprehensive ISO tariff application.

## 5.2 Changes to terms and conditions related to the application of GUOC charges

70. Subsection 7 of the amended refiled ISO tariff pertains to the determination of GUOC charges, as mandated by Section 29 of the *Transmission Regulation*.

71. During the 2018 ISO tariff proceeding, the Commission considered a proposal from the AESO which required supply market participants to pay GUOC charges within 30 days of a SAS agreement becoming effective. The AESO proposed to effect this change through provisions found in subsections 7.5(3) and 7.5(4) of the 2018 ISO tariff.<sup>51</sup> In Section 7.2.4 of the 2018 ISO tariff decision, the Commission found that the AESO's proposed changes were reasonable and approved them as filed.<sup>52</sup>

72. As part of its amended compliance application filed with the amended refiled ISO tariff<sup>53 54</sup> on April 15, 2020, the AESO included a new section entitled "GUOC and System Access Service Agreements - Grandfathering,"<sup>55</sup> in which the AESO outlined new and revised provisions within Section 3 and Section 7 of the amended refiled ISO tariff.

73. The primary GUOC-related changes are:

- A new subsection 3.8, which grandfathered an exemption of certain market participants from provisions in the refiled ISO tariff related to the payment of the GUOC within 30 days following execution of a SAS agreement.
- Revisions to subsection 7.4 of the refiled ISO tariff, including the deletion of GUOC payment provisions set out in subsections 7.4(2)-(4) that were to be replaced by a new subsection 3.6(9) (formerly 3.6(10)).

74. The April 15, 2020, amendment also included a proposed statutory declaration.<sup>56</sup>

75. Greengate and Cascade each raised concerns with the proposed GUOC amendments. Greengate submitted that the AESO should permit the early payment of the GUOC and should revise its requirements concerning the obligation of a market participant to demonstrate it has sufficient funds to pay the GUOC charges. On this latter issue, Greengate proposed revised language to subsection 3.6(8) (formerly subsection 3.6(9)) of the AESO's April 15, 2020, update of the ISO tariff T&Cs. Cascade requested a delay to the implementation of the new GUOC provisions to November 1, 2020.

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<sup>51</sup> Decision 22942-D02-2019, Section 7.2.4.

<sup>52</sup> Decision 22942-D02-2019, paragraph 505.

<sup>53</sup> Exhibit 25175-X0003.01.

<sup>54</sup> Exhibit 25175-X0002.01.

<sup>55</sup> Exhibit 25175-X0002.01, Section 3.2.

<sup>56</sup> Exhibit 25175-X0061.

## Commission findings

76. In an IR response,<sup>57</sup> the AESO indicated it had determined that, for projects for which prior to the effective date of the refiled tariff, (i) the construction of transmission facilities is required; and (ii) the connection project is in Stage 4 of the AESO's connection process or has obtained permits and licenses prior to the effective date of the refiled ISO tariff, the market participant should have the choice to execute a SAS agreement and pay the GUOC either pursuant to the applicable provisions of the current or the refiled ISO tariff.

77. The AESO also determined that, for projects for which prior to the effective date of the refiled ISO tariff, (i) the construction of new transmission facilities is not required; (ii) a power plant approval has been issued; and (iii) the project is in Stage 5 of the AESO's Behind the Fence process, the market participant should have the choice to execute a SAS agreement and pay the GUOC either pursuant to the applicable provisions of the current or the refiled ISO tariff.

78. In its revised response to this IR,<sup>58</sup> the AESO indicated that provisions setting out choice of early payment of the GUOC had been reflected in subsection 3.8 (which was added to the amended refiled ISO tariff in its April 15, 2020, update<sup>59</sup> and unchanged in the September 28, 2020, update). In addition, the AESO clarified the responsibilities for paying the GUOC payment between distribution-connected generators (DCGs) and DFOs, depending on whether the DFO elects to execute a SAS agreement and pay the GUOC charge pursuant to the current ISO tariff, or pursuant to the amended refiled ISO tariff. Market participants who do not make an election within the prescribed election period, fail to execute a SAS agreement, or fail to provide evidence of the ability to pay would be automatically grandfathered under the former ISO tariff provisions.

79. The Commission considers that the AESO's proposal, to allow a market participant requesting SAS to have the choice to execute a SAS agreement and to pay the GUOC either pursuant to the applicable provisions of the current ISO tariff or the amended refiled ISO tariff, is reasonable. This is because it will allow market participants with connection projects for which significant investment and business decisions have already been made to operate under the GUOC and SAS agreement regime (under which they initially brought forward their connection projects) and will provide sufficient time for market participants to react to these changes. Subsection 3.8 of the amended refiled ISO tariff T&Cs is therefore approved as filed.

80. The Commission finds that Greengate's proposed changes to subsection 3.6(8) (formerly 3.6(9)) would reduce the requirements for an acceptable letter of credit, including removing the requirement that the letter of credit "unconditionally direct the payment" of applicable GUOC charge amounts. Further, it is clear that the Commission panel in the 2018 ISO tariff proceeding was fully aware of Greengate's and other parties' views that setting a higher bar for the assurance that planned generation will ultimately be built could benefit better capitalized generation developers relative to less capitalized developers.<sup>60</sup>

<sup>57</sup> Exhibit 25175-X0055, AESO-GREENGATE-2020MAR05-001(g).

<sup>58</sup> Exhibit 25175-X0055.01.

<sup>59</sup> Exhibit 25175-X0003.01, PDF pages 61-63.

<sup>60</sup> Decision 22942-D02-2019, paragraph 475.

81. Apart from a minor wording change in subsection 3.6(8) (formerly 3.6(9)), the provision is essentially the same as was proposed in the 2018 ISO tariff proceeding. For this reason, the Commission approves subsection 3.6(8) (formerly 3.6(9)), as filed.

82. Cascade's concerns are moot because the date of the implementation of the tariff will not occur before the November 1, 2020.

### **5.3 Administrative amendments to ISO tariff terms and conditions**

83. The AESO indicated in its compliance application that it had made a number of non-substantive administrative revisions to the T&Cs (as compared to those applied for in the 2018 ISO tariff application) for purposes of improving clarity.

84. The AESO set out its proposed list of administrative amendments in subsection 3.2<sup>61</sup> of the compliance application and subsequently filed an updated list in the amended compliance application.<sup>62</sup> In its updated list, the AESO eliminated certain provisions related to the invoicing of generation owner contributions found in subsection 7.4<sup>63</sup> of its amended T&Cs and applied certain proposed revisions to subsections 7.5(2) and 7.5(4)(c).<sup>64</sup>

85. No parties addressed the administrative amendment to the T&Cs described in subsection 3.3 of the amended compliance application in either argument or reply.

86. In its September 28, 2020, update to its T&Cs to reflect changes arising from the Commission's September 1, 2020, ruling, the AESO made no subsequent changes to T&C provisions<sup>65</sup> that the AESO had classified as administrative amendments.

### **Commission findings**

87. The Commission approves, as filed, the T&C changes proposed by the AESO as administrative amendments in its April 15, 2020, and September 28, 2020, updates.

## **6 2020 ISO tariff update application and implementation of new tariff**

88. On January 31, 2020, the AESO filed an application with the Commission pursuant to sections 30 and 119 of the *Electric Utilities Act* which sought approval of its 2020 ISO tariff update (update application).

89. The update application, filed concurrently with the compliance application, involved the following approvals:

- (i) Approval of the AESO's annual revenue requirement, based on the AESO's updated forecast costs for 2020.

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<sup>61</sup> Exhibit 25175-X0002.

<sup>62</sup> Exhibit 25175-X0002.01. In the amended compliance application, Section 3.2 has been renumbered to Section 3.3.

<sup>63</sup> Exhibit 25175-X0003.01, PDF page 88.

<sup>64</sup> Exhibit 25175-X0003.01, PDF page 89.

<sup>65</sup> Exhibit 25175-X0116, PDF pages 88-89.

- (ii) Approval of rate, rider and maximum investment level amounts using the rate calculation methodology already approved by the Commission in the 2018 ISO tariff decision.<sup>66</sup>
- (iii) Approval of investment amounts first approved in the 2018 ISO tariff decision<sup>67</sup> in accordance with the escalation factor calculated using a methodology and inputs described in the update application.

90. The AESO explained that the updates proposed in the application are consistent with the tariff update methodology approved by the Commission in Decision 2010-606.<sup>68</sup> The AESO also explained that approval of the 2020 update application would limit potential misallocations that might occur if the AESO continued to rely on Rider C, Deferral Account Adjustment Rider, to allocate revenue and cost imbalances to market participants.

91. The AESO requested that its update application be approved on an interim and refundable basis.

92. In IRs, the Commission asked the AESO to explain why, in light of the fact the 2018 ISO tariff does not come into effect until the AESO's compliance with Decision 22942-D02-2019 is approved, the AESO had not used the 2014 rate calculations set out in the AESO's 2014 ISO tariff compliance filing as the template for the 2020 rate calculations.

93. The AESO's response to this question was as follows:

The AESO chose to use Exhibit 22942-X0004.01, Appendix H - 2018 Rate Calculations, from Proceeding 22942 (AESO 2018 ISO Tariff) as a template (starting point) because it required fewer modifications to create the 2020 rates calculations workbook. The AESO considers it appropriate to use the functionalization and classification of bulk, regional, and point of delivery costs approved in Decision 22942-D02-2019 to calculate 2020 rates because, while the 2018 ISO tariff is not yet effective, the 2020 rates update is subject to the Commission's approval in this Proceeding 25175.

Additionally, in accordance with the approach approved in Decision 2010-606, annual tariff update applications involve updates to rate levels using rate calculations and rate design approved in the most recent comprehensive tariff application. The AESO generally applies for tariff updates following and between its major tariff applications. For purposes of the AESO's 2020 rates update, the rate calculations and design were most recently approved in Decision 22942-D02-2019, which was issued in September 2019.

The AESO considers it appropriate and efficient for the 2020 rates update to be based on the 2018 ISO tariff template.<sup>69</sup> [footnote removed]

<sup>66</sup> Decision 22942-D02-2019, paragraph 74.

<sup>67</sup> Decision 22942-D02-2019, paragraph 201.

<sup>68</sup> Decision 2010-606: Alberta Electric System Operator, 2010 ISO Tariff, Proceeding 530, Application 1605961-1, December 22, 2010.

<sup>69</sup> Exhibit 25175-X0029, AESO-AUC-2020FEB19-001 and 002, AESO-AUC-2020FEB19-001(c), PDF page 3.

94. In its argument, the AESO took note<sup>70</sup> of the Commission's interim and refundable approval of its 2020 update application in Decision 25175-D01-2020 but did not otherwise indicate that any changes would be required to rates approved in that decision. It however requested that the amended refiled ISO tariff be made effective no earlier than the first day of the month at least 30 days after the date of the Commission's decision regarding the amended compliance filing and the amended refiled ISO tariff to allow adequate time to implement the ISO tariff and to program and test the rates in the AESO's billing system.<sup>71</sup>

95. On October 16, 2020, the AESO filed correspondence in which it amended the requested implementation date for the amended refiled ISO tariff to be no earlier than January 1, 2021.

### Commission findings

96. The Commission is satisfied, on the basis of the AESO's updated forecast costs for 2020, that the AESO's annual revenue requirement and rate, rider and maximum investment level amounts, approved on an interim refundable basis in Decision 25175-D01-2020, should be approved on a final basis.

97. The Commission also finds reasonable the AESO's request that the amended refiled ISO tariff be made effective no earlier than the first day of the month at least 30 days after the date of the Commission's decision and no earlier than January 1, 2021.

98. In light of this determination, the amended refiled ISO tariff shall come into effect on January 1, 2021. In accordance with this finding, the ISO tariff T&Cs as set out in Exhibit 25175-X0117 shall come into effect on that date.

99. Notwithstanding, in accordance with the Commission's September 1, 2020, ruling regarding a process for the consideration of ISO tariff provisions related to distribution-connected generation and the subsequent establishment of Proceeding 25848, the Commission takes notes of subsection 7(1) of Section 8 of the ISO tariff in effect prior to January 1, 2021:

#### Determination of Construction Contribution

**7(1)** The **ISO** must calculate the **construction contribution** in accordance with the **construction contribution** provisions of the **ISO tariff** in effect on the date on which the **Commission** issues permit and licence for the connection project.

100. The Commission finds that subsection 7(1) of Section 8 as set out above will be presumed to apply for the determination of construction contribution amounts for connection projects with permit and license dates falling prior to January 1, 2021, unless the Commission panel in Proceeding 25848 directs that changes to the ISO tariff will have effect prior to January 1, 2021.

<sup>70</sup> Exhibit 25175-X0080, paragraph 19.

<sup>71</sup> Exhibit 25175-X0080, paragraph 101.

**7 Order**

101. It is hereby ordered that:

- (1) The amended refiled ISO tariff shall come into effect on January 1, 2021.

Dated on November 30, 2020.

**Alberta Utilities Commission**

*(original signed by)*

Anne Michaud  
Vice-Chair

*(original signed by)*

Douglas A. Larder, QC  
Acting Commission Member

## Appendix 1 – Proceeding participants

<b>Name of organization (abbreviation) Company name of counsel or representative</b>
Alberta Electric System Operator (AESO)
Alberta Direct Connect Consumers Association (ADC)
AltaLink Management Ltd. (AltaLink)
BluEarth Renewables Inc. (BluEarth)
Canadian Solar Industries Association (CanSia)
Cascade Power Project Limited (Cascade) Osler, Hoskin & Harcourt LLP
Consumers' Coalition of Alberta (CCA)
Dual Use Customers (DUC) Desiderata Energy Consulting Inc.
EPCOR Distribution & Transmission Inc. (EDTI) Borden, Ladner Gervais LLP
Greengate Power Corporation (Greengate) Edmond de Palezieux
Heartland Generation Ltd. (Heartland)
Industrial Power Consumers Association of Alberta (IPCAA)
Kalina Distributed Power (Kalina)
Lionstooth Energy (Lionstooth)
University of Alberta (U of A) Chymko Consulting Ltd.

Alberta Utilities Commission

Commission panel

A. Michaud, Vice-Chair  
D.A. Larder, QC, Acting Commission Member

Commission staff

C. Wall (Commission counsel)  
J. Halls  
C. Strasser

## Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The AESO proposed that all other “next GTA” directions not addressed in the first two application modules discussed above would be included in an application that would address the following specific next GTA directions from the 2018 ISO tariff decision:
  - Power factor deficiency charge: Section 5.2 of the decision addressed AESO proposals for several changes to its power factor deficiency charge:
    - Direction 3 - Justification for charge increase: As discussed above, the AESO proposes to provide a justification for its 2018 tariff proposal to increase the power factor deficiency charge from \$400 to \$1200/MVA in the final module of its next GTA.
    - Direction 4 - Change in billing capacity: The Commission’s findings in Section 5.2 of the decision discussed whether the power factor deficiency charge might be unnecessary if the AESO denominated its “billing capacity” definition for Rate DTS on the basis of \$/MVA rather than \$/megawatt.
  - Direction 9 - Contract level adjustments: This direction pertains to an AESO proposal, discussed in Section 7.2.1, to be given the discretion to make contract capacity adjustments. The AESO was directed to consult on the details of this proposal and to report on any changes in how it applies this discretion in its next comprehensive tariff application.
  - Direction 10 - ISO preferred alternative: This direction pertains to an AESO proposal, discussed in Section 7.2.2, to measure connection proposals against the ISO preferred alternative. The AESO is directed to work with interested parties on implementation issues and to indicate any changes to its ISO preferred alternative process arising out of such discussions in its next comprehensive GTA.
  - Direction 11 - Connection alternatives and/or SASR requirements: In Section 7.2.3, the Commission addressed AESO proposals as part of its response to the Proceeding 20922 closure letter that would require market participants to provide critical information as part of SASRs. While the Commission generally adopted the AESO’s proposals, in Direction 11 it required the AESO to work with market participants to address any concerns that may arise as a result of implementing its critical information requirements.
  - Direction 20 - Relocation principles: In this direction, the AESO was required to review relocation principles set out in a 2003 decision set out by the Alberta Energy and Utilities Board, predecessor to the Commission, which stated that the cost of moving “system” transmission lines for the purposes of accessing mineable ore should be considered a system rather than a customer cost..... paragraph 50
2. While the Commission accepts the AESO’s revised timeline for filing Phase 1 of its next comprehensive ISO tariff application, it directs that the AESO advise the Commission

prior to filing its Phase 2 application of its expected filing date which, in no circumstances, should be earlier than six months following the filing of its Phase 1 application. Interested parties who have concerns with the AESO’s proposed schedule should make recommendations directly to the AESO in accordance with its established processes. .... paragraph 59