

# ADC – Presentation to AESO Board

June 6, 2017



# ADC Overview



- The ADC was established in 2002 to represent the interests of large industrial consumers directly connected to the transmission system.
- Membership includes: Alberta Newsprint Company, Dow Chemical, ERCO Worldwide, Lehigh Inland Cement, MEGlobal, Millar Western, Praxair, Sherritt International, and West Fraser Timber.
- ADC members represent approximately 600 MW of peak load and 4,000 GWh of annual energy.
- ADC members are global competitors. Affordable and reliable electricity is essential to our viability. On average, electricity represents about 30% of members operating costs, but is as high as 80% for some.
- ADC members are active participants: price response, ancillary services, LSSi, and on-site generation.
- ADC member facilities are located in Northern and Central Alberta

# ADC Involvement with AESO

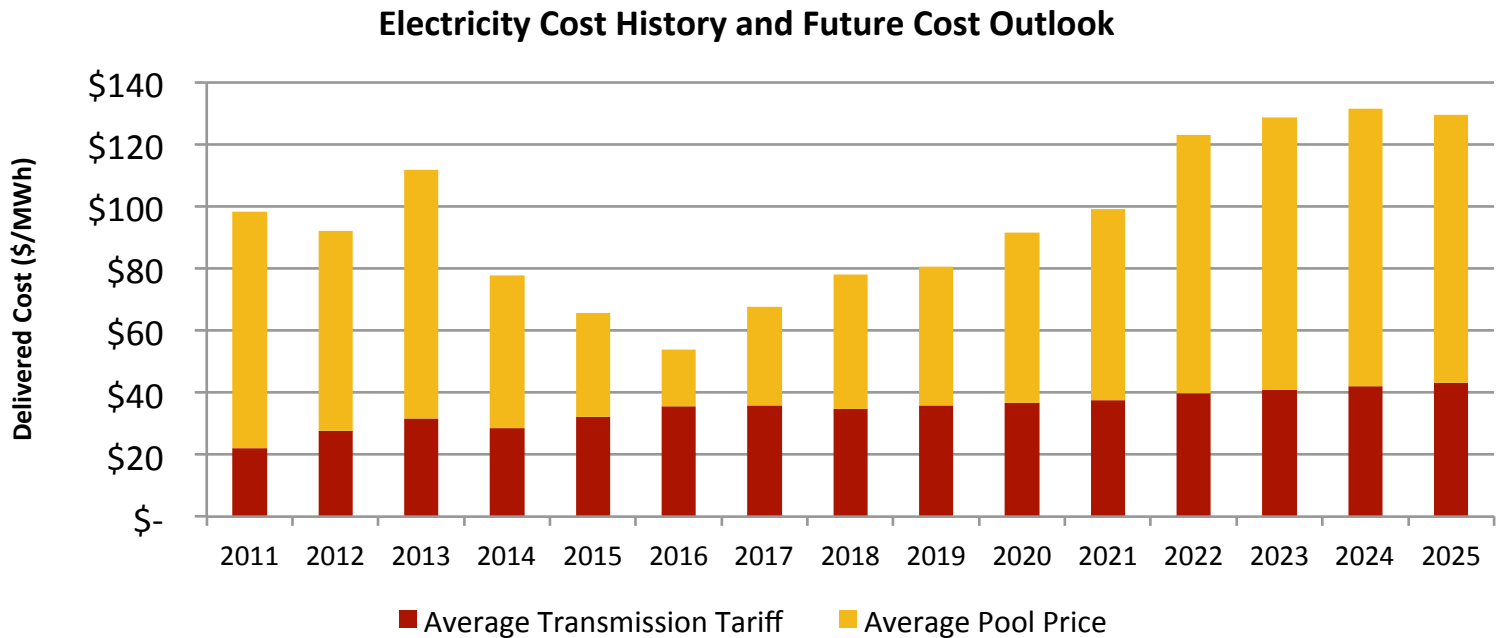


- Rates and Regulatory
- Load Settlement and Demand Participation
- Rules, Compliance and Training
- Transmission Cost Management
- Customer Connections
- Rules and Market Development
- Real Time Operations

Power is not the ADC member's primary business, but has become a key component to our competitiveness. We will continue to work collaboratively with the AESO to advance industry priorities.

# Delivered Electricity Cost Outlook

- Electricity Intensive industries have maintained competitiveness by managing electricity costs through capital and operational investment.



- Electricity intensive industries can remain competitive, but only to the extent they can continue to manage costs while providing services to the Alberta Electricity market.

*\*Future Cost Outlook sourced from AESO <https://www.aeso.ca/assets/Uploads/TRP-Factsheet-WEB.pdf>*

# 2017/2018 Business Plan – ADC Comments

## ■ Electric System Operations

- Continue to encourage effectively maximizing the use of transmission capacity and performance to minimize unnecessary transmission.
- LSSI program – 2018 RFP process

## ■ Electric System Development

- Rider C – Concern regarding delay in application
  - 2015 – ADC members paid \$60.6M in DTS charges of which \$10.2M collected as Rider C – Over \$5M refunded in Oct 2016.
- 2018 GTA – Timing and Consultation
  - Transmission Cost Outlook Model
- Annual tariff updates, Deferral Account timing
- Loss Factors
- Transmission Regulation – AUC inquiry on Distributed Generation



# 2017/2018 Business Plan – ADC Comments



## ■ Customer Access Service

- Support continuing to advance process efficiency improvements

## ■ Market Development

- Capacity Market
- Importance of maintaining opportunities for active participants to mitigate costs: price response, ancillary services, self supply, shorter settlement interval

## ■ Corporate Services

- Support improving efficiencies, need to improve customer focus in the Commercial services group.

# Summary



- Request the AESO address the timeliness of the deferral account reconciliation, rate implementation and Rider C application.
- Demand response programs could provide a cost effective solution to managing grid reliability with the addition of intermittent generation resources.
- Transmission cost escalation continues to be a key concern.
  - Maximize use of existing assets
  - Transmission planning needs to adequately consider move to decentralized generation.
- Considerations for Northern Alberta participants such as use of webinars and training in Edmonton is appreciated.