Stakeholder Comment Matrix & Proposal Evaluation – Nov. 5, 2020

Bulk and Regional Tariff Design Stakeholder Engagement Session 3

Period of Comment:	Nov. 5, 2020	through	Nov. 20, 2020	**Contact:**	Hao Liu / Rob Senko
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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 evaluation to tariffdesign@aeso.ca by **Nov. 20, 2020**.

The AESO is seeking comments from Stakeholders on Session 3 and the preferred rate design option proposals. Please be as specific as possible with your responses.

Questions	Stakeholder Comments
1. Please comment on Session 3 hosted on Nov. 5, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	The session was valuable in that it provided an opportunity for interested stakeholders to present three new design proposals for the bulk and regional tariffs. The session was also valuable for the meeting participants to have a forum to ask clarifying questions and to provide their comments. As there were many references to transmission planning throughout the presentations and discussions, it would have been helpful if the AESO had made transmission planning resources available in order to build a shared understanding. For example, the AESO shared a System Planning Report with the Transmission Tariff Working Group in September, 2019. This report was the outcome of a couple of working sessions between the AESOs transmission planners and the working group. The AESO should share these conclusions and have transmission planners come to a stakeholder session, providing the AESO an

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	opportunity to clarify with stakeholders the relevance of coincident peaks in planning the bulk transmission system. The AESO has stated that 12 CP is no longer appropriate but has not provided supporting evidence. It would be beneficial to stakeholders to have the AESO provide evidence showing that only a small amount of transmission cost has been avoided due to customers' response to 12CP. The AESO's 2020 Long-Term Transmission Plan (2020 LTP) provides an overview of the multiple factors that are causing transmission investment, an important one being the interconnection of generation. It would help in the 12-CP debate if the AESO were to clarify the relative importance of generation, local load, and system coincident peaks in the context of the multiple drivers of transmission development projects contemplated in the 2020 LTP. In addition, it would be very useful if the AESO would provide the long-run incremental cost of load-driven bulk system investment and the associated time period. The parameter is required in developing an efficient tariff. The AESO alluded to the amount of load driven future transmission costs in their September 24, 2020 presentation (slide 25) – this estimation should be firmed up so that the forecast impact of load on the bulk transmission can be understood. It would be very useful for the AESO to share the Navigant report commissioned in July 2019. In the Nov. 15, 2019 TDAG presentation, the AESO said that Navigant would be working on two studies, one of them being a 'Jurisdictional review including functionalization, classification, allocation and opportunity services review.' (We note that the second study, 'Other industry pricing and tariffs review' was posted to the AESO website on March 9, 2020.)
2. Please complete **Table 1: How Did Each Proposal Achieve the Rate Design Objectives** for each of the proposals presented at Session 3.	*a)* Bulk and regional tariff design There was useful discussion on the emphasis of 'cost responsibility' over 'price signals,' given our current transmission system. The AESO has highlighted the need to balance these two objectives – and has identified the minimal effect that load may have on future transmission investment. If price signals to load are of lesser importance, given the level of load driven future build provided in the AESO's current long term plan and the potential for the AESO to implement Non-Wires Alternatives to optimize transmission build using demand and generation

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	resources, the cost responsibility should therefore be of greater importance. This should be reflected in the evaluation of proposals. The CWSAA/UCA/AML/Conoco proposal suggests using customers' monthly NCP demands as a fair measure of cost responsibility. The CCA proposal also provides a fair means of reflecting cost responsibility through a customer charge. Although Suncor's proposal is focused on price signals based on long-run incremental costs, their proposal also includes a connection charge. Suncor's connection charge recovers those bulk and regional costs not recovered through demand charges. It is AltaLink's view that all three new proposals include certain design element to address cost responsibility. The AESO is in the best position to look at transmission planning practices and the value of grid connection to arrive at means by which costs might be allocated. The AESO is also in the best position to evaluate possible rate structures in light of the importance of minimal disruption. With respect to the AESOs second objective, 'efficient price signals,' presentation numbers 1 and 7 (Suncor) emphasized the importance of price signals. At present, there is insufficient evidence available to know what price signals to load will result in changes in future transmission build, if any, and over what time frame. Presentation 1 was not a new rate design, instead advocating for the 12CP status quo. In the Sept. 24, 2020 session, the AESO stated the current 12CP price signal will not lead to a reduction in system costs – it would assist in shared understanding if this evidence were presented. The efficiency consideration should include encouraging an efficient use of the existing grid. A load customer who decides to exit the grid due to the level of transmission costs would leave more costs to be recovered from remaining customers. Lowering their tariff to retain the load may still mean they are paying more than the long-run incremental cost and contributing to system costs to the benefit of customers. Similarly, a load attraction rate will help attract new load to use the grid and help reduce cost burden to other customers without causing new transmission build. The AESOs third objective, 'minimal disruption,' has not been meaningfully addressed. Until there is a shared understanding as to whether 12-CP-price signals result in avoided transmission costs, there will not be constructive

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	discussion on rate shielding or mitigation and on any further rate design alternatives. It would useful for the AESO to assess the customer impact of each of the proposed rate designs. *b)* Energy storage tariff design AltaLink has no specific comments on energy storage tariff proposals at this time. AltaLink supports the AESOs rate design objectives of cost responsibility and efficient price signals for energy storage. AltaLink disagrees with Solas' interpretation of the EUA. The EUA states that all property of any kind involved in transmitting electricity from the high voltage terminal of the generation transformer to the low voltage terminal of the step-down transformer is a transmission facility. There are a number of Energy Storage applications where Energy Storage facilities perform this basic transmission function. AltaLink is confused by Solas classification of energy storage being a "substation" especially in light of their assertion it is not a transmission facility. In Alberta, Transmission Facility Owners (TFOs) own approximately 600 substations. All of these substations are considered under the EUA as transmission facilities.
3. Which rate design option proposal, including the AESO's bookends A and B presented at Session 2, did you prefer? Why?	AltaLink supports the joint proposal made by CWSAA, UCA, AML and Conoco. Not only should the overall solution avoid negative consequences and avoid uneconomic bypass it should also be informed by 'cost responsibility' and 'minimal disruption.' The CWSAA/UCA/AML/Conoco proposal suggests using customers' gross NCP demands as fair measures of cost responsibility and a reflection of the benefits received by customers' varying use of the grid. Monthly un-ratcheted NCP demands provide fair price signals to encourage efficient use. AltaLink supports full shielding for existing users while moving away from the negative consequences of 12-CP. The proposal makes minimal changes to the current 2018 rate design. AltaLink also supports the rate structure and underlining principles presented by CCA. AltaLink supports a rate that recognizes that a grid connection has inherent value. The CCAs proposed fixed customer charge could be used to reflect this

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	value. AltaLink encourage the AESO to quantify the value of being connected to the grid.
4. Does your preferred proposal meet all the rate design objectives? If not, what trade-offs does your preferred proposal create between the rate design objectives? Why are those trade-offs appropriate?	The proposal meets all the AESOs rate design objectives. However, the shielding mechanism will likely require changes in the billing system.
5. Which stakeholders are best served (or least impacted) by your preferred proposal? Why?	All customers will benefit from rates that do not incent customers to respond to the 12-CP price signal and reduce load when there is no accompanying decrease in system costs.
6. a) Which stakeholders are most impacted by your preferred proposal? Why? b) What mitigations, if any do you recommend for those who would be impacted by your preferred proposal?	a) Before mitigation, customers with a proportionately lower coincident-peak demand than their monthly non-coincident peak demand – as compared to other customers - will be impacted. The AESO will have to do the analysis to determine who will be impacted. After mitigation, existing customers should be shielded from a rate impact. As such only new customers with a proportionately lower coincident-peak demand than their monthly non-coincident peak demand may be negatively impacted. b) AltaLink recommends a shielding mechanism. The shielding mechanism should ensure that the bulk system charge to customers would not increase for reasons other than the total bulk revenue requirement increasing. Load attraction rates might reduce costs for new users of the system who will not be shielded.
7. a) How would energy storage resources be treated in your preferred proposal? b) Does your preferred proposal include specific elements in relation to tariff treatment for energy storage? Why or why not?	a) and b) AltaLink has no specific comments on for energy storage tariff proposals at this time. AltaLink supports the AESOs rate design objectives of cost responsibility and efficient price signals for energy storage.
8. What are the challenges or unresolved questions with your preferred proposal?	The rate impact of the bulk tariff change will not be known until the AESO calculates the impact of the proposal's rates on the Rate DTS customers. An

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	important component of the proposal is rate mitigation – the mechanics of rate mitigation is an unresolved question at this time. The value of being connected to the grid is a fundamental piece underpinning the cost responsibility. AltaLink encourages the AESO to continue its effort in assessing the value of being connected to the grid and to make its assessment available to stakeholders. AltaLink is looking forward to continuously engaging the AESO in this regard to share its perspectives and assessment.
9. Additional comments	Session 3 seemed to be sufficiently interactive and well attended. The AESOs objectives for Session 4 of: 'understand common themes and areas of agreement and disagreement,' may have been achieved during Session 3. The additional time required for this session does not appear necessary. Time would be well spent if the AESO could share its work on the extent to which 12-CP drives future transmission build and in estimating long-run incremental costs. A number of stakeholders mentioned that now is not the time to make changes to the ISO DTS rate design given the current Alberta economic state. AltaLink agrees with this sentiment. However, any rate change would not be implemented until 2023/2024, as stated by the AESO during the November 5, 2020 session. AltaLink recommends that the new tariff be filed by the AESO as soon as possible and allow the Commission to review through a rate proceeding. If the Alberta economy has not improved by the end of the hearing, stakeholders can then present their argument for why a new rate structure should not be implemented at that time.

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

Table 1: How Did Each Proposal Achieve the Rate Design Objectives

Objective	Description	Example	Proposal 1 ADC, DUC and IPCAA	Proposal 2 Energy Storage Canada	Proposal 3 CWSAA, UCA, AML, and Conoco	Proposal 4 CCA	Proposal 5 CanREA	Proposal 6 RMP Energy Storage	Proposal 7 Suncor Energy Inc.
Reflect Cost Responsibility	Cost recovery is based on the benefit and value transmission customers receive from the existing grid								
Efficient Price Signals	Price signal to alter behavior to avoid future transmission build								
Minimal Disruption	Customers that have responded to the 12-CP price signal and invested to reduce transmission costs are minimally disrupted								
Simplicity	Simplicity and clear price signals while achieving design objectives								
Innovation and Flexibility	ISO tariff provides optionality for transmission customers to innovate while not pushing costs to other customers								

**** Proposed rate design must fit within current legislation ****

Legend	Achieves objective	Potentially achieves objective with modification	Partially achieves objective	Potentially partially achieves objective with modification	Does not achieve objective