

Stakeholder Comment Matrix – March 19, 2020
Bulk and Regional Tariff Design Session 1 – March 13, 2020



Period of Comment: March 19, 2020 through April 9, 2020	Contact: [REDACTED]
Comments From: Alberta Newsprint Company	Phone: [REDACTED]
Date: 2020/04/08	Email: [REDACTED]

Instructions:

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. Email your completed comment matrix to tariffdesign@aeso.ca by **April 9, 2020**.

Three Tariff Design Options presented at the session:

- Option 1: Rate reflects costs.
- Option 2: Rate reflects benefits.
- Option 3: Hybrid – Rate reflects both cost and benefit.

Five Tariff Design Guiding Objectives presented at the session:

1. Effective long-term price signals.
2. Facilitate innovation and flexibility.
3. Reflect accurate costs of grid connection and services.
4. Explore options within legislation and regulation.
5. Path to change that is effective and minimally disruptive.

The AESO is seeking comments from Stakeholders with regard to the following matters:

	Questions	Stakeholder Comments
1.	<p>Please comment on the Engagement Session 1 webinar facilitated by the AESO on March 13, 2020. Was the session valuable? Was there something we could have done to make the session more helpful? Please advise and be as specific as possible.</p>	<p>Yes, it was useful to know the various options that being considered by AESO. However, due to lack of interactive session on webinar, it was difficult to understand so many new, never heard and untested concepts; inter- and intra-regional peaks, diversity factors etc. The webinar session is more suited for information transfer and not for consultation due to lack of participation from the attendees.</p>
2.	<p>Please comment on the pros, cons and tradeoffs of Option 1: Rate Reflects Costs.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p> <p>Do you feel anything was missed or would present a significant obstacle or impact with this option?</p> <p>If yes, please be as specific as possible.</p>	<p><i>The understanding would have been greatly improved if some examples of pervious years inter- and intra-regional load were used and to show how they are different or similar to province wide co-incident peak used currently for bulk system.</i></p> <p><i>As AESO indicated in their presentation, inter and intra-peak data will need to be visible to participants in real time for managing their load and for minimizing future transmission needs.</i></p> <p><i>AESO needs to provide a lot more information before any meaningful feedback could be provided.</i></p>
3.	<p>Please comment on the pros, cons and tradeoffs of Option 2: Rate Reflects Benefits.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p> <p>Do you feel anything was missed or would present a significant obstacle or impact with this option?</p> <p>If yes, please be as specific as possible.</p>	<p><i>While option seems fairly straight forward, it is far from being fair. In this option everything is fixed, no flexibility, no innovation, no fairness. There should have been more info on “diversity factor” which will be the key for flexible load to have any reasonable rate under this option . Again some examples should have been included of how this factor will be different for different rate classes based on actual load data from previous years.</i></p> <p><i>AESO needs to provide a lot more information before any meaningful feedback could be provided.</i></p>
4.	<p>Please comment on the pros, cons and tradeoffs of Option 3: Hybrid – Rate Reflects Cost and Benefit.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p> <p>Do you feel anything was missed or would present a significant obstacle or impact with this option?</p> <p>If yes, please be as specific as possible.</p>	<p><i>See the comments on Option 1 & 2 since it is a combination of two.</i></p> <p><i>AESO needs to provide a lot more information before any meaningful feedback could be provided.</i></p>

5.	<p>How effectively do you feel Option 1: Rate Reflects Costs meets the five Tariff Design Objectives?</p> <p>Please be as specific as possible.</p>	<p><i>Again without knowing details, it is hard to say. It is likely that same load will have different transmission cost depending upon the region. It will be unnecessarily very complex and complicated.</i></p>
6.	<p>How effectively do you feel Option 2: Rate Reflects Benefits meets the five Tariff Design Objectives?</p> <p>Please be as specific as possible.</p>	<p><i>This option is miles away from the tariff objectives outlined by AESO. In this option everything is fixed; no flexibility, no innovation, no fairness. It is concerning that AESO is even considering this option. It is incorrect to say that there is “No cross subsidization or cost shifting since consumers pay in proportion to use” (slide 50) in this option. On slide 51, it contradicts and says: “Rates don’t align with the drivers of transmission costs – Costs of transmission are not proportional to use in all hours; may lead to perception of unfair charges”.</i></p> <p><i>This option should be removed from the consideration.</i></p>
7.	<p>How effectively do you feel Option 3: Hybrid – Rate Reflects Cost and Benefit meets the five Tariff Design Objectives?</p> <p>Please be as specific as possible.</p>	<p><i>On conceptual basis, this option may come very close to current DTS option with vastly different cost allocation for bulk (“cost” component based on co-incident peak) and for regional (“benefit” component based on contract demand). AESO needs to provide justification for moving cost from co-incident peak load to contract demand load. Cost causation principle on which current DTS tariff is based on does not become less relevant today simply because cost is high now. The problem is the total revenue requirement and not the allocation principles</i></p>
8.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the Tariff Design Objectives and corresponding assessment of the three Tariff Design Options presented at the session? If yes, please be as specific as possible.</p>	<p><i>AESO needs to provide a lot more information before any meaningful feedback could be provided. As said earlier, session 1 covered at the conceptual level without much details. Lack of participation on the webinar made the situation worse.</i></p>
9.	<p>Additional comments</p>	<p><i>On a high level, we don’t think there is a real need of completely re-inventing the wheel as far as Alberta transmission tariff design is concerned. Alberta current tariff design is very similar to a number of jurisdictions in the United States and it has served well for over last one and half decade. Current tariff is adequately based on both “Cost Causation” and “Benefit” principal. Introducing so many new untested concepts will only create uncertainty and confusion which is the last thing we need in this very unsettled time.</i></p> <p><i>Also, we need to find better ways for stakeholders’ consultation especially when so many new concepts have been put forward by the AESO. May be we should suspend this consultation for several months or until 2021 since there is no pressing need to</i></p>

	<p><i>change it.</i></p> <p><i>At this time, AESO needs to work with the TFO's/Stakeholders to reduce the revenue requirement to address the overall transmission cost concerns.</i></p>
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Thank you for your input. Please email your comments to: tariffdesign@aeso.ca.