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| Period of Comment: February 17, 2021 through March 31, 2021 | Contact: Hao Liu |
| Comments From: AltaLink | Phone: 403-710-1247 |
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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, if any. Blank boxes will be interpreted as favourable comments.

The AESO is seeking Stakeholder comments regarding the following questions related to the development of proposed amendments to ISO rules to enable energy storage (“Energy Storage ISO Rule Amendments”):

| | Development of a Proposed ISO Rule | Stakeholder Comments |
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| 1. | <p>Do you agree or disagree that the issue identified in the letter of notice requires the proposed Energy Storage ISO Rule Amendments? Why or why not? Please comment.</p> | <p>AltaLink agrees with the AESO in general that there is a need for amendments to the ISO rules to enable energy storage to participate in the energy market in a fair, efficient, and openly competitive (FEOC) manner. AltaLink understands that the AESO's <i>Long-term Energy Storage Market Participation Draft Recommendation Paper (the Paper)</i> describes the AESO's draft high-level market design recommendations. Further it is also AltaLink's understanding that once finalized, these recommendations will form the basis for amendments to the ISO rules for implementation.</p> <p>AltaLink is of the view that the recommended market design and subsequent amendment of ISO rules should not result in unintended consequences that may undermine the transmission planning process as defined in T-Reg and impose higher costs to customers.</p> <p>To this end, AltaLink is concerned about an assumption made by the AESO in Section 1.3 of the Paper with respect to whether storage can be used instead of a traditional wires solution as part of transmission and distribution planning and utility ownership of such facilities. As discussed more thoroughly in its answer to Question 2 below, AltaLink disagrees and objects to this assumption and is of the view that it does not fully reflect how storage could be used in transmission and distribution system planning. AltaLink is concerned that with this assumption the AESO may be predetermining how storage is to be used in transmission and distribution system planning without broader consultation with market participants. Further, by limiting how storage can be used in addressing transmission and distribution issues and who can own that storage, the AESO is unnecessarily limiting its options to address such issues at the expense of potentially higher costs to customers. There needs to be a broader stakeholder discussion on how storage can be used in transmission and distribution planning, how different options fit into the legal, regulatory and planning framework as well as how different options can be utilized in the best interest of customers. This consultation needs to occur first before it is determined what, if any, energy market rules are required in relation to storage used to address transmission and distribution planning issues.</p> |

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| <p>2.</p> | <p>Do you agree or disagree with the potential purpose of the proposed Energy Storage ISO Rule Amendments? Why or why not? Please comment.</p> | <p><u>General Concerns</u></p> <p>In Section 1.3 of the Paper, the AESO states that “There are a number of ongoing industry initiatives that are inter-related with the Energy Storage Roadmap” and that “this paper makes certain assumptions about the outcome of each initiative. Should those assumptions be incorrect, the AESO will need to consider the market design implications to the storage implementation”.</p> <p>On Page 5 of the Paper, the AESO describes its assumptions concerning the Alberta Department of Energy (ADOE) policy regarding storage, DER and Non-Wire Solutions (NWS). Specifically, the AESO states that:</p> <p><i>“This assumption relates to the ability for the AESO and DFOs to use non-wires solutions as part of transmission and distribution system planning. Central to the discussion is whether energy storage can be used as a substitute for traditional wires infrastructure in some circumstances”.</i></p> <p>The AESO then continues to state that:</p> <p><i>“The AESO’s current assumption is storage will be a market asset that may provide non-wires solutions, rather than a regulated asset capable of participating in the energy and ancillary services markets.”</i></p> <p>There are a number of issues with this assumption. First, it neglects to consider the scenario where a regulated asset does not participate in the market. The Alberta Utilities Commission recently approved a storage facility applied for by FortisAlberta which would not be exporting to the Alberta Interconnected Electric System and therefore would not be participating in the energy or ancillary services market. (Proceeding 26101).</p> <p>Second, the title and the general intent of the Paper appears to suggest that it is meant to address how energy storage can participate in the energy market, not how energy storage can be used in the planning of the electric system in Alberta. The Final Report resulting from the Distribution System Inquiry, shows that there are differing opinions on how storage can be used in utility planning and the ownership of such facilities. Any framework for this issue should be a result of a thorough and transparent consultation with stakeholders. AltaLink is concerned that the AESO may be attempting to predetermine this issue without this consultation.</p> |
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Finally, and most importantly, the AESO’s assumption ignores that utility owned storage assets could be the best and most economical alternative. As AltaLink stated in the Distribution System Inquiry, there is a role for utility owned storage and that storage should be one of the potential options evaluated by the TFO and the AESO in identifying the optimal and most cost effective solution for meeting system needs (both in terms of future transmission build and capital replacement).

In the Distribution System Inquiry, AltaLink set out how TFO owned storage (controlled by the AESO) could be a cost effective and flexible solution to address N-1 contingencies and how such a solution could be used to address multiple contingencies (which may not be all predictable by the AESO).

AltaLink is concerned that the assumption set out in the Paper with respect storage use in transmission and distribution planning may unnecessarily limit the ability for utilities and the AESO to consider utility owned energy storage if it is the most cost effective means to address an issue.

Fast Frequency Response

In the same light, AltaLink is concerned about the inclusion of Fast Frequency Response (FFR) in this consultation.

The Paper does not address any design issues related to fast frequency response and the term “fast frequency response” is not defined in the Paper or the Letter of Notice. The AESO’s website defines FFR as “a fast-acting transmission reliability service” meant to “facilitate the arrest of, and recovery from, frequency decay caused by events such as the sudden loss of imports from the Alberta—B.C. Intertie and the Montana—Alberta Tie Line.” AltaLink is concerned that FFR is ultimately a means of addressing a transmission issue and therefore questions its inclusion in a consultation that appears to be aimed at addressing how storage participates in the energy market.

AltaLink has a number of concerns regarding FFR including the intended scope of the service, whether and how the AESO evaluated FFR against traditional and non-traditional transmission facility based solutions (including utility owned storage used as a transmission facility) and the potential impact of FFR on congestion on the intertie. AltaLink is of view that an open and transparent consultation on FFR should occur with stakeholders so that these issues (and potentially others) can be fully examined but questions whether that consultation should occur as part of the consultation on market rules for storage.

| | Development of a Proposed ISO Rule | Stakeholder Comments |
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| 3. | Do you agree or disagree with the proposed consultation activities? Why or why not? Please comment. | AltaLink recommends that the proposed consultation activities and timeline should address the issues and concerns described in AltaLink’s response to Question 1 and 2. |
| 4. | Do you have any comments in relation to the prioritization of the development of the proposed Energy Storage ISO Rule Amendments or the related timeline? Please comment. | AltaLink is of the view that the issues and concerns described in AltaLink’s responses to Questions 1 and 2 should be treated as a high priority in the development of ISO rule amendment. |
| 5. | Do you agree or disagree with the AESO’s recommendation regarding hybrid asset participation? Why or why not? Please comment. | No comments at this point of time. |
| 6. | Do you agree or disagree with the AESO’s recommendation regarding full-range participation? Why or why not? Please comment. | No comments at this point of time. |
| 7. | Do you agree or disagree with the AESO’s recommendation regarding energy storage state of charge requirements? Why or why not? Please comment. | No comments at this point of time. |
| 8. | Do you agree or disagree with the AESO’s recommendation regarding energy storage commissioning requirements? Why or why not? Please comment. | No comments at this point of time. |
| 9. | Do you have any additional comments? | No comments at this point of time. |