

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: Rick Cowburn
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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?	<p>It was valuable to see the range of proposals supported by the industry. However it is becoming abundantly clear that after three years the industry is no closer to a consensus than it was at the outset, which is understandable given parties' very different perspectives and objectives.</p> <p>During our many discussions, the AESO has provided helpful background information, most particularly with respect to the planning process and the drivers of system expansion. Since the AESO is the authoritative and impartial source of transmission system information, it would be most helpful if the AESO could assemble and distribute the most salient documents and invite transmission planners to future sessions, in order to provide a common factual foundation for all participants to use.</p> <p>This would be particularly helpful in addressing two of the central areas of dispute: load-facing price signals and 12CP impacts, both of which are closely linked to system planning and expansion.</p>

Questions	Stakeholder Comments
	<p>The 2020 Long-Term Transmission Plan indicates that generation, not load, will be a primary driver of bulk transmission expansion; to the extent that this is the case, seeking to ‘fine tune’ load-facing price signals would be a vacuous academic exercise.</p> <p>The 12CP structure appears to incent load responses that just shift costs without providing any overall cost savings on the already oversized bulk system. If 12CP peak avoidance has actually led to specific and identifiable capacity deferrals, we would all like to know where and when, and the planners are the only professionals in a position to advise.</p> <p>It appears that the trenches have already been dug for these battles, and the Commission would be well served by objective, factual information provided by the AESO. The earlier this information is placed before the industry, the more opportunities there will be to test and debate it outside of the litigated process, which given the Commission’s drive to efficiency would be most appropriate.</p>
<p>2. Please complete Table 1: How Did Each Proposal Achieve the Rate Design Objectives for each of the proposals presented at Session 3.</p>	<p>Cost Responsibility: All transmission customers should make a fair contribution to system costs, which were largely created by public policy decisions rather than by technical need analysis. The current ratcheted regional charge serves this purpose, and appears to be roughly consistent with the value of core grid services such as backup, startup and voltage stabilization. The current unratcheted bulk charge provides reasonable flexibility for use beyond this base level.</p> <p>Efficient Price Signals: Transmission facility expansion is always local in nature. It is not established that any province-wide bulk or regional load-facing price signal would have a material impact on future transmission build. Generation-facing price signals would be far more effective, but they are precluded by existing legislation</p> <p>Minimal Disruption, Simplicity: Given Alberta’s difficult economic state, these are high priorities. While several proposals contain interesting concepts, it is not clear that they would bring benefits worthy of their disruption and complexity.</p> <p>Innovation & Flexibility: It is suggested that optionality be provided outside of the tariff. Transmission is a local phenomenon, while Alberta’s transmission tariff is by law locally undifferentiated. Targeted local programs are a better fit.</p>

Questions	Stakeholder Comments
<p>3. Which rate design option proposal, including the AESO's bookends A and B presented at Session 2, did you prefer? Why?</p>	<p>CWSAA, UCA, AML and Conoco all support the current tariff structure, only changing the bulk system charge from a single hourly peak basis to an unratcheted POD-specific NCP charge, with shielding for PODs making use of the 12CP cost avoidance option. Except for 12CP treatment, this appears to mirror the proposal of ADC, DUC and IPCAA.</p>
<p>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?</p>	<p>Yes, it appears that the CWSAA, UCA, AML, Conoco proposal meets all rate design objectives.</p> <p>The 'grandparenting' of current 12CP users is a policy consistent with the AUC's approved treatment of DCG (22942-D02-2019 p.176 ff).</p>
<p>5. Which stakeholders are best served (or least impacted) by your preferred proposal? Why?</p>	<p>It is expected that impacts from the preferred proposal would not be large, but further analysis is required. As grandparenting bill credits are removed, PODs at which there is significant 12CP responsive load could face price increases.</p>
<p>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?</p>	<p>The ability of future customers to entirely avoid bulk transmission costs through one hour of 12CP response would be removed.</p> <p>Impacts on current 12CP responders would be shielded for some period of time.</p>
<p>7. a) How would energy storage resources be treated in your preferred proposal?</p>	<p>At this time, CWSAA has no comments on storage matters.</p>
<p>8. What are the challenges or unresolved questions with your preferred proposal?</p>	<p>Numeric analysis of potential impacts and shielding is required. The data needed for this analysis is not extensive or complex.</p>
<p>9. Additional comments</p>	<p>It is strongly recommended that the AESO proceed expeditiously with its tariff filing. The AUC has stated: "Our objective is to have the fastest turnaround times in North America" [https://www.auc.ab.ca/News/2020/2020-10-22-Letter.pdf], hence it is likely that the tariff will be implemented while Alberta is still economically challenged by low oil prices, market access and COVID. Avoidance of non-essential disruption should be given considerable weight in tariff design.</p>

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