

# Stakeholder Comment Matrix – March 25, 2021

## Bulk and Regional Tariff Design Stakeholder Engagement Session 5



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| <b>Period of Comment:</b> March 25, 2021 through April 15, 2021<br><b>Comments From:</b> Canadian Renewable Energy Association<br><b>Date:</b> 2021/04/15 | <b>Contact:</b> Leonard Olien<br><b>Phone:</b> 587-971-0049<br><b>Email:</b> lolien@renewablesassociation.ca |
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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 comment matrix to [tariffdesign@aeso.ca](mailto:tariffdesign@aeso.ca) by **April 15, 2021**.

*The AESO is seeking comments from Stakeholders on Session 5. Please be as specific as possible with your responses. Thank you.*

|    | Questions   | Stakeholder Comments |
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| 1. | Please comment on Session 5 hosted on March 25, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?  |                      |
| 2. | Please comment on Technical Information Session II hosted on March 31, 2021 (if you attended). Was the session valuable? Was there something the AESO could have done to make the session more helpful? |                      |
| 3. | Are you supportive of the AESO’s preferred rate design? Why or why not?   |                      |

|    | Questions  | Stakeholder Comments |
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| 4. | <p>Do you believe the AESO's preferred rate design meets the AESO's rate design objectives? Why or why not?</p> <ul style="list-style-type: none"> <li>a) <u>Reflect Cost Responsibility</u> (Cost recovery is based on cost causation, reflecting how transmission customers use the existing grid*)</li> <li>b) <u>Efficient Price Signals</u> (Price signal to alter behavior to avoid future transmission build)</li> <li>c) <u>Minimal Disruption</u> (Customers that have responded to the 12-CP price signal and invested to reduce transmission costs are minimally disrupted)</li> <li>d) <u>Simplicity</u> (Simplicity and clear price signals while achieving design objectives)</li> <li>e) <u>Innovation and Flexibility</u> (ISO tariff provides optionality for transmission customers to innovate while not pushing costs to other customers)</li> </ul> <p>*AUC Decision 22942-D02-2019<br/> **Proposed rate design must fit within current legislation</p> |                      |
| 5. | <p>Are there considerations that the AESO should include, exclude and/or modify in its preferred rate design to better achieve the AESO's rate design objectives? Please specify and include your rationale.</p>   |                      |
| 6. | <p>Please describe any areas in which you are aligned with the AESO's preferred rate design.</p>   |                      |
| 7. | <p>Are the assumptions the AESO used for the rate impact reasonable? Is there additional information that would help improve your understanding of rate impacts?</p>   |                      |

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| <p>8. Are you supportive of the AESO's consideration of modernizing DOS, including its suitability for an energy storage charging capacity? Why or why not?</p> <p>And if so, provide your comments on the consideration of the AESO's DOS eligibility requirements, including for energy storage.</p> | <p>CanREA is supportive of modernizing DOS as there are many components that are outdated. CanREA believes that energy storage should be eligible to apply for the modernized DOS. However, whether storage developers see the modernized DOS as suitable for their projects will depend on the resolution of the issues we describe in Q9. <b>Quick review of points.</b></p> <p>As a result, it is critical that CanREA and other stakeholders are provided the opportunity to review and provide comment on the AESO's "modernized" DOS proposal before the tariff is filed with the AUC in June. It is essential that either a modernized DOS, or some other appropriate tariff treatment for storage be implemented as soon as possible to remove the barrier to storage development that exists because of the current tariff treatment.</p> <p>CanREA recognizes that the modernization of DOS, including storage eligibility and suitability, is occurring within the existing regulatory and legislative context. The Alberta Department of Energy and initiated a process, to update Alberta legislation and regulations to reflect the unique nature of the energy storage class of technologies. CanREA requests that the AESO update stakeholders as to the impact of new regulations and legislation on the tariff treatment of storage.</p> <p>New tariff treatment is needed immediately to remove the barrier to potential investments in energy storage technologies and regulatory/legislative changes are needed to facilitate the efficient, long-term market participation of energy storage technologies.</p> |
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| <p>9. Please describe what components of the current DOS implementation (i.e., rate, terms, and conditions) limit the use of excess transmission capacity (i.e., capacity that would not otherwise be used under Rate DTS).</p> <p>How might those components of DOS be improved?</p> | <p>Several aspects of the current DOS service need to be modified.</p> <ol style="list-style-type: none"> <li>1) <u>Eligibility</u>: The AESO requires that a participant has a business opportunity that would not be taken advantage of under a DTS contract. This is a perpetual condition for any stand-alone or generation co-located energy storage resource. Therefore, stand-alone energy storage and generation-hybrid energy storage resources should qualify for DOS as a blanket condition. This is a quality that is fundamentally different for energy storage compared to existing DOS users. CanREA recommends that AESO consider whether this fundamental difference can be managed within a modernized DOS framework or whether a different opportunity service is more appropriate.</li> <li>2) <u>Pre-Qualification</u>: Storage projects would need to receive approval for DOS qualification from the AESO before the final investment decision is made by the market participant, which may around two years before COD.</li> <li>3) <u>Temporary</u>: This condition presents a fundamental barrier to the use of DOS for energy storage resources. Projects will not be developed if there is a risk each year that the project will not qualify for DOS and would have to resort to DTS to charge the facility. CanREA recommends that the temporary nature of DOS be removed, and the term of service be submitted by the market participant as part of the DOS application.</li> <li>4) <u>Availability of System Capacity</u>: This concept needs to be modernized and quantified. While it is reasonable that DOS continue as an interruptible service, the concept of adequate capacity on the transmission system needs to reflect the interruptible nature of the DOS service and the actual behaviour of existing load resources. For example, consider a location that has 100 MW of capacity for load and an existing DTS customer with an 80 MW contract, but a 50% average utilization rate. The addition of a 50 MW storage resource at that grid location would result in far more efficient use of the transmission system even though the DTS availability is only 20MW. The AESO will need to:             <ol style="list-style-type: none"> <li>a. Develop a description of the process for how the availability of capacity will be evaluated.</li> <li>b. Decide what data will be used by the AESO to make the evaluation and what of that data is appropriate to be shared with the market participant and what can be shared with the public.</li> </ol> </li> </ol> |
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|    |   | <p>c. Engage with stakeholders to determine if the current suite of publicly available data is sufficient for project developers to make informed business decisions around curtailment risk, or determine what, if any, further data should be made available.</p> <p>5) <u>Curtailment Mechanism</u>: The AESO needs to decide if curtailment of a withdrawal from the energy system under DOS will occur by dispatch instruction or by automatic operator control. Once this has been decided then it may be reasonable to revisit the existing levels of service. In any case, the “Utilization” step of the current process is unnecessary and should be removed. System operators will be aware of DOS resources on the grid and do not need a monthly warning that a DOS resource may be withdrawing energy from the grid.</p> <p>6) <u>Failure to Comply</u>: Currently, failure to comply with a curtailment directive could lead to disqualification from using DOS. Failure of a DOS resource to comply with a dispatch instruction to curtail should be treated like any other deviance from a dispatch instruction without the risk of losing access to DOS.</p> <p>7) <u>Rate</u>: On April 13<sup>th</sup>, the AESO published rate estimates under the new Tariff structure which included an estimated charge of \$15/MWh for 7-minute DOS service. CanREA recommends that the AESO consider both an additional, quicker response service level, with a corresponding lower cost, and a service level at a cost lower than XOS service but would be subject to curtailment before XOS. For simplicity, the two services could be offered as a single product, however this might not be ideal.</p> <p>The modernization of DOS is certainly overdue, and a modernized DOS could be of interest to energy storage resources.</p> |
| 10 | Do you have any comments on the AESO’s targeted engagement approach for mitigation discussions? |  |

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| 11 | <p>Are there further considerations that the AESO should include, exclude and/or modify in the mitigation option starting principles? Please specify and include your rationale.</p> <ol style="list-style-type: none"> <li>1. <u>Limit the rate impact for customers</u>: Mitigate rate impact to under 10 per cent increase to a party's transmission bill for initial stage of transition</li> <li>2. <u>Adapt with design and rates</u>: Ensure options are adaptable to changes to the proposed design and forecast rates</li> <li>3. <u>Consistent application</u>: Mitigation options can be applied consistently across all impacted loads and not be individually defined</li> <li>4. <u>Administrative simplicity</u>: Feasible to implement with current tools and systems</li> <li>5. <u>Mutually acceptable</u>: Account for feedback from broad stakeholder group</li> </ol> |  |
| 12 | <p>Based on the AESO's mitigation options assessment, are there further considerations that the AESO needs to include, exclude and/or modify (e.g., temporary versus permanent)? Please specify and include your rationale.</p>  |  |
| 13 | <p>Are you in favour of some type of mitigation? Why or why not?<br/>If you are in favour of some type of mitigation, how would you assess whether a proposed mitigation approach is acceptable?</p>   |  |
| 14 | <p>In your view, should the AESO provide participants with more flexibility to adjust contract capacity, specifically by way of a contract reset period with the implementation of new rates and/or a PILON waiver if the contract level has not changed in the previous five years?</p>   |  |

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| 15 | Do you have any additional implementation considerations the AESO should consider?                  |  |
| 16 | Do you have additional clarifying questions that need to be answered to support your understanding? |  |
| 17 | Additional comments   | <p>CanREA is encouraged that the AESO is contemplating an alternative to DTS service for energy storage that can be implemented immediately. We look forward to further discussions on the suitability of a modernized DOS or, if necessary, an alternative tariff treatment suitable for energy storage resources. The modernized DOS, or alternative, needs to be filed for AUC approval as soon as possible to remove the existing barrier to development for the many energy storage projects that have already been proposed.</p> <p>Further, CanREA suggests that DOS modernization, or equivalent, be filed separately, and no later than, the filing of the re-designed Bulk and Regional tariff. Given the magnitude of change proposed for the Bulk and Regional tariff, an AUC proceeding could require a significant amount of time and result in considerable delay between filing and implementation. Relatively speaking, the filing for a modernized DOS, or equivalent, would be much simpler, could be approved in a much shorter time, and remove the barrier to development in a more timely fashion.</p> <p>Because the modernized DOS is being proposed within the context of a full Bulk and Regional tariff re-design, a fuller review of the tariff treatment for the energy storage class of technologies will be required in the near future. Certainly, a review will be warranted after regulatory and/or legislative changes that define the energy storage class of technologies.</p> |

Thank you for your input. Please email your comments to: [tariffdesign@aeso.ca](mailto:tariffdesign@aeso.ca).