

Stakeholder Comment Matrix – Sept. 24, 2020

Bulk and Regional Tariff Design Session 2



Period of Comment: Sept. 24, 2020 through Oct. 8, 2020	Contact: Colin Robb
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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 by **Oct. 8, 2020**.

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

	Questions	Stakeholder Comments
1.	<p>Please comment on Session 2 hosted on Sept. 24, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p>	<p>Capital Power appreciates the opportunity to provide comments. The session on September 24th was useful to understand the AESO’s latest thinking relating to bulk and regional rate design and energy storage.</p> <p>While it was useful, combining energy storage with bulk and regional rate design limits the opportunity to fully discuss and explore the issues relating to storage. Capital Power would suggest that discussion of tariff treatment for energy storage should occur in a separate forum that allows for more detailed discussion, and ensures that the issue gets the attention it deserves and requires.</p>
2.	<p>Are you supportive of the proposed engagement approach for the AESO’s Bulk and Regional Tariff Design? Why or why not? Please be as specific as possible.</p>	<p>Capital Power supports the AESO’s proposed engagement approach. However, given the current limitations on engagement as a result of the pandemic, the importance of the initiative, and the potential impacts, it is important to ensure that the engagement is effective and that stakeholders are fully aware of the proposed tariff changes and impacts prior to filing an application with the Commission.</p>
3.	<p>Do you support the AESO’s perspective that 12-CP (status quo) is not a reasonable continued outcome of the Bulk and Regional Tariff Design? Please be as specific as possible.</p>	<p>Capital Power supports the perspective that the 12-CP is no longer an effective rate design for the allocation of bulk and regional costs. It is clear from the observed behavior in the market that the methodology does not properly allocate costs in a way that reflects cost causation, reduces costs, ensures equity, or encourages development in a manner consistent with FEOC, where generation is developed based on supply and demand in the energy market.</p> <p>While it is appropriate to review the rate design for bulk and regional cost allocation, it is also necessary to consider additional principles in the overall rate design objectives. This should include designing rates in a way that encourages loads to remain on the system and avoid defection or islanding from the Alberta Interconnected Electric System (AIES). Similarly, it may be appropriate to examine alternatives and modifications in rate designs that provide differentiated services to loads that align their usage of the system with an appropriate cost obligation. Exploration of these options supports the overall objective of retaining and attracting loads to the AIES.</p>

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4.	<p>Are the AESO's bookends A and B reasonable starting points for the Bulk and Regional Tariff Design, considering future determination of modifications and mitigation? Why or why not? Please be as specific as possible.</p>	<p>Capital Power submits that the bookends presented by the AESO are informative, however, they are not both reasonable alternatives to the current rate design. Bookend A – a single fixed cost rate based on billing capacity – is not a realistic rate design option as it inherits and perpetuates many of the existing concerns that arise from the current methodology. Bookend B presents concepts that, with modifications, may serve as an appropriate alternative to the current rates.</p> <p>There are a number of design elements that require additional exploration before concluding that Bookend B may be an appropriate alternative. The AESO notes these modifications in the presentation. Capital Power submits that additional modeling and analysis is necessary to evaluate and determine the suitability of these modifications prior to an application. This analysis and supporting data should be provided to stakeholders to encourage a more robust discussion of the options. This should be provided to stakeholders prior to AUC proceeding.</p>

<p>5.</p>	<p>Are their considerations or objectives relating to energy storage tariff treatment that you feel the AESO has missed? If yes, please describe and be as specific as possible.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p>	<p>Capital Power supports the AESO's conclusion that energy storage is capable of providing a broad range of specialized technical capabilities and services. It is important, however, to note that while it is unique to have a single asset capable of providing this broad range, each individual service is not unique. It is, therefore, important to ensure that the treatment afforded to energy storage is not unequal relative to the treatment of other technologies that are capable of providing each individual service.</p> <p>Recognizing this risk of unequal treatment, Capital Power submits that the ISO tariff should remain technology neutral and should not have a distinct rate applied to energy storage. Rather, the tariff treatment for energy storage should be disaggregated and aligned with the technology-neutral rates applied to all other assets.</p> <p>In considering an approach that mirrors the FERC Order 841 treatment for energy storage, it is necessary to understand how the AESO intends to define "market services". Consistent with comments above, it is important to ensure that the treatment aligns tariff signals for all technologies that are capable of providing a service and does not unduly favor any particular technology.</p> <p>Where Non-Wires Solutions are being proposed, the AESO notes they would be compensated through a contract payment. Consistent with prior comments, this procurement should be conducted in a manner that defines the system need, is open to all technologies capable of satisfying the need, and is not prescribing a specific technology. Further discussion with stakeholders is needed to confirm an appropriate procurement process that supports FEOC operation of the market and maintains a technology-neutral approach.</p>
<p>6.</p>	<p>Additional comments</p>	<p>Capital Power has no additional comments at this time.</p>

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