

The AESO's "Final Terms of Reference for the AESO consultation on tariff design for allocating costs for capacity procurement and bulk and regional transmission dated September 10, 2018 (the "Terms of Reference") are hereby amended. This amendment will broaden the scope of the AESO's stakeholder engagement on tariff design for allocating capacity market costs and bulk and regional transmission system costs to include an examination of the issues related to the implementation of the ISO tariff for capacity market cost allocation. This amendment will be appended to the Terms of Reference. Please note that in this amendment the term "distribution utilities" means, collectively, utilities regulated by the Alberta Utilities Commission (Commission), municipal utilities, rural electrification associations, retailers, and regulated rate option providers. Further, the term "consumer tariffs" means the tariffs of those entities.

Scope of Capacity Market Cost Allocation Tariff Implementation Working Group

The Tariff Design Advisory Group ("Advisory Group") will establish a working group in order to facilitate and support the optimization and effectiveness of the capacity market cost allocation tariff that will be charged to end-use consumers through consumer tariffs. The Implementation Working Group (IWG) will achieve this objective by:

- Monitoring the development of DFO tariffs to assess how the cost allocation tariff will be charged to end-use consumers;
- Identifying barriers that may prevent distribution tariffs to end-use consumers from optimally and effectively reflecting, to the greatest extent practical, the cost allocation tariff rate design approved for the AESO;
- Identifying and assessing potential options to remove barriers to optimal and effective charges to end-use consumers (as identified above), including recommendations for options to be considered for implementation by the AESO, distribution utilities, or both.
- Identifying and assessing potential options within the regulatory framework that may streamline or improve the efficiency of the Commission's approval processes for consumer tariffs relating to capacity market cost allocation, including recommendations for options to be considered for discussion with the Commission by the AESO, distribution utilities, or both.
- Identifying and documenting data requirements for billing and settling distribution tariff charges to end-use consumers where such data requirements are relevant to capacity market costs allocation including, but not limited to:
 - The capability of distribution utilities' billing systems and settlement processes to accommodate changes to the ISO tariff to include the capacity market cost allocation tariff;
 - Assessments by distribution utilities and other affected parties of costs and schedules for modifying their billing systems to accommodate those changes to the ISO tariff; and
 - Documentation of data flow between the AESO and distribution utilities

In addition to the objectives described above, the IWG would also identify and develop recommendations for addressing communication needs related to capacity market cost allocation charges, particularly for residential consumers, and may recommend uniform language to describe cost allocation charges for potential use by the AESO and distribution utilities,

The IWG may also identify and, with the prior approval of the Tariff Design Advisory Group, develop recommendations to address any other matters that would facilitate and support the optimization and effectiveness of the capacity market cost allocation tariff implementation through consumer tariff charges to end-use consumers.

The IWG will report on these items at TDAG meetings and where appropriate make recommendations concerning the topics listed above to TDAG members. After reviewing the IWG recommendations, the TDAG may adopt those recommendations, and, with or without modification, present them to the AESO and distribution utilities for consideration.

The AESO will lead the scheduling of IWG meetings, and provide project management, communications and analytical support to the IWG, to assist the AESO and other members of the IWG to work together to achieve the objectives described above. The AESO will designate a chair from the AESO for the IWG.

Membership

Members of the IWG will be drawn from distribution utilities and other industry stakeholders beyond the Tariff Design Advisory Group. IWG members must be willing to share information with other members as well as the TDAG about the development of their distribution tariff applications.

By participating in the IWG, members commit to providing data in support of the data requirements objective identified above, to the extent that providing such data does not compromise privacy or commercial sensitivity commitments.

Term

The IWG will continue at the discretion of the AESO.