

Tariff Design Advisory Group

Session 6 - Summary



February 7, 2019, 9:00 am to 1:00 pm, AESO Offices

Pre-Meeting Materials

Prior to the meeting, the following materials were provided by email to TDAG members:

Meeting Agenda

Draft TDAG Meeting Notes from January 17, 2019

Presentations and Information Items:

Letter from ENMAX on behalf of Retailers

Capacity Cost Allocation Analysis (CCAA) WG Update

Capacity Cost Allocation Terms and Conditions (CCA TC) WG Update

Transmission Tariff (TT) WG Update

Bonbright Redux

Attendees

Representative	Company or Organization	Present?	Alternate	Present?
Demand rate payer representation				
Residential, farm and commercial consumers				
Richard Stout	UCA	Yes	Megan Gill	
Mark McGillivray	Enmax	Yes	David Lenz	Telecon
Raj Retnanandan	CCA	Yes	Dustin Madsen	
Dan Levson	AFREA	Yes	Dave Butler	
Industrial Consumers				
Vittoria Bellissimo	IPCAA	Yes	Richard Penn	
Grant Pellegrin	Cenovus	Yes	Horst Klinkenberg	
Demand Response				
Colette Chekerda	ADC	Yes	Christian Lenci	
Surendra Singh	Alberta Newsprint	Yes	Christian Lenci	
Combined Load and Generation				
Dale Hildebrand	Dual Use Customers	Yes	Myles Fox	
Kris Aksomitis	Cogeneration Working Group	Yes	Travis Tuchscherer	
Distribution Facility Owners				
Janene Taylor	ENMAX Corporation	Yes	Tony Martino	Telecon
Leland Jernberg	FortisAlberta	Yes	Gerald Zurek	Telecon
Representatives-at-large				
Ed de Palezieux	Devon Energy	Yes	Rick Cowburn	Yes
Bryan Krawchyshyn	TransCanada Pipelines	Yes	Mark Thompson	
Other interested parties				
Transmission Facility Owners				
Hao Liu	AltaLink	Yes	Rob Senko	Telecon
Generators (includes renewables)				
Colin Robb	Capital Power	Telecon	Akira Yamamoto	
Energy Storage				

Representative	Company or Organization	Present?	Alternate	Present?
Patricia Phillips	Energy Storage Canada	No	Steven Oldale	
Representative-at-large				
Tory Whiteside	Distributed Generation Working Group	Yes	Leonard Olien	
AESO				
Doyle Sullivan	AESO	No		
LaRhonda Papworth	AESO	Yes		
Matt Gray	AESO	Yes		
Trushal Umrana	AESO	Yes		
Facilitator				
Karla Reesor	Moving Forward	Yes		

Guests:

John Martin, AESO

Agenda

	# min	Agenda Items	Presenter
9:00 am – 9:30 am	30 min	Introduction <ul style="list-style-type: none"> Session overview and objectives Review and approval of Jan 17 meeting notes Update on data inquiry (LaRhonda Papworth) Update on Action Items (Matt Gray) Work plan update (Trushal Umrana) 	Karla Reesor, Facilitator
9:30 – 9:35 am	5 min	Discussion Item ENMAX Letter Desired Outcome: TDAG to provide direction on issues raised	Mark McGillivray, ENMAX
9:35 am – 10:00 am	25 min	Information Item Capacity Cost Allocation Analysis WG update <ul style="list-style-type: none"> Update on progress toward mid Feb deliverable (re re-run of RAM model to study bookends) Next steps Desired Outcome: Awareness of WG activities	John Martin
10:00 am – 10:30 am	30 min	Information Item Capacity Cost Allocation Terms and Conditions WG <ul style="list-style-type: none"> Update on net vs gross AESO response to using Ts & Cs for penalties (John Martin) Deferral account mechanism to be addressed in 	Richard Stout

	# min	Agenda Items	Presenter
		this group/update as necessary Desired Outcome: Awareness of WG activities	
10:30 am – 10:45 am	15 min	BREAK	
10:45 am – 12:00 pm	75 min	Discussion Item Transmission Tariff WG <ul style="list-style-type: none"> • Costed list of studies for consideration of the TDAG • To submit proposal regarding hiring external resources Desired Outcome: TDAG approval to proceed	Dale Hildebrand
12:00 pm – 12:30 pm	30 min	LUNCH	
12:30 pm – 12:50 pm	20 min	Roundtable – members’ feedback on process or content	
12:50 am – 1:00 pm	10 min	Review of conclusions, action items and next steps	Karla Reesor, Facilitator
1:00 pm		Session adjourned	

Meeting Notes

Time	Item
9:00 am	<p>1. Introductions</p> <ul style="list-style-type: none"> • The agenda was accepted. • Meeting notes from January 17, 2019 were approved, with a change to Action Item 2 of page 4. • Updates on Action Items are noted in the table below. • Dan Levson (AFREA) and DFOs agreed to work together on billing matters. • AESO is continuing to work on identifying resources for the data inquiries. • Dale Hildebrand (DUC) provided revised information from the January 17 meeting. At the January 17 TDAG meeting he indicated that the AESO was forecasting a 70% increase in bulk system revenue requirement over the next 15 years. He arrived at this number using Ex. 6 filed in the 2018 tariff proceeding, not the revised Ex. 126. With the updated Ex. 126 data, the bulk system revenue requirement increase over the next 15 years is forecast to be 26%. • Bonbright’s Redux paper from Richard Stout (UCA) was distributed to TDAG in error and was intended for TT WG only. • Trushal Umrana (AESO) provided an update on the work plan and indicated that the working group deliverables are on track.

9:30am	<p>2. Letter provided to TDAG on behalf of Retailers</p> <ul style="list-style-type: none"> • Mark McGillivray (ENMAX) provided an overview of the letter from Retailers. • Key message from retailers is to keep the process as simple as possible for customers to be able to understand the capacity market and resulting changes; recommend using a separate line item on bills and to learn from Carbon Levy process. • Retailers also request that the AESO and Government of Alberta develop a robust communication plan in order to minimize concerns from customers. • Retailers are asking TDAG to be mindful of the Retailer perspectives in implementing the capacity cost in the tariffs. • Will consumers see a flat cost per kwh over the year? The DFOs are considering options; more clarity is needed from AESO for DFOs to be able to assess options. This matter is already being considered by AESO. • There are at least 2 possible options for consumers to be able to respond in the future: <ul style="list-style-type: none"> ○ Implement time of use block meter ○ Establish internet-enabled response and create new consumer load profiles • It may be challenging to have DFOs implement the needed changes in the proposed timeline; however, the advantage in Alberta is that all the DFOs have the same regulator and there can be forums to bring them together on certain issues. (REAs and small municipal utilities are the exceptions.)
9:45am	<p>3. Capacity Cost Allocation Analysis WG Update</p> <ul style="list-style-type: none"> • John Martin (AESO) provided an update from the WG. • The WG established that results from the “sum of EUE” approach were similar to “count of hours above EUE threshold” approach; the WG will continue to use “count of hours above EUE” as it is better aligned with <i>Capacity Market Regulation</i> and is simpler to interpret. • Information was shared on how the impacts of reduced demand over time will be reflected in future RAM analysis. • WG will review EUE results from RAM re-running with bookend scenarios the week of Feb 11. • TDAG supported the on-going work of the CCAA WG.
10:45am	<p>4. Capacity Cost Allocation Terms and Conditions WG Update</p> <ul style="list-style-type: none"> • Richard Stout (UCA) provided an overview of the WG discussions to date. • WG is waiting for a legal opinion on the regulations for the use of deferral accounts. • Recommendations on Terms and Conditions will be provided at the TDAG meeting on March 6. • AESO legal opinion on Ts and Cs will be shared at TDAG on March 6.
11:00am	<p>5. Transmission Tariff WG</p> <ul style="list-style-type: none"> • Dale Hildebrand (DUC) provided an overview of the WG recommendations on areas to be studied.

	<ul style="list-style-type: none"> • LaRhonda Papworth (AESO) outlined the data requests and the proposed resources to provide the data. • Subject to the action items noted, the TDAG supported the studies and data specifications proposed by the TT WG. <p>ACTION ITEM 1: The TT WG will consider the following feedback from the TDAG: the definition of utilization being mindful of what is actually driving costs; adding fixed and variable costs into study parameters; and, whether there is a saturation point for CP.</p> <p>ACTION ITEM 2: TT WG (Hao Liu, AML and Grant Pellegrin, Cenovus) will meet with Dan Levson (AFREA) to discuss aspects of data collection.</p> <p>ACTION ITEM 3: TDAG members are encouraged to share perspectives with the TT WG on potential rate design implications or boundaries related to the planned study topics by February 15. Comments can be sent to tariffdesign@aesoc.ca.</p> <p>ACTION ITEM 4: TT WG will consider an additional economic study on competitiveness relative to other jurisdictions.</p> <p>ACTION ITEM 5: After reviewing draft Terms of Reference for studies that will be provided by the TT WG, TDAG members are asked to share any suggestions for external consultants who would be well suited to conduct the studies.</p>
12:30pm	<p>6. Roundtable</p> <ul style="list-style-type: none"> • Action items were reviewed. • AESO invited feedback on timing for future TDAG meetings. • It was acknowledged that parties were making efforts to stay on track and within the scope of discussions and tolerance for some band-width in discussions was requested. • It was confirmed that meeting materials should continue to be targeted to be provided one week in advance of meetings; however, where that is not possible materials should be provided at least 48 hours in advance of meetings.
1:00pm	7. Meeting adjourned

Report on Action Items

#	AG Action Items	Action by	Due Date	Status
Session 6, January 17, 2018				
Action Item 1	Work with DFO reps to set scope for review of schedule implications	Trushal Umrana (AESO)	Feb 7	On-going

#	AG Action Items	Action by	Due Date	Status
Action Item 2	Test the approach of having the REA schedules considered.	Dan Levson (AFREA)	Jan 17	Al Nagel of AFREA confirmed that the REAs need to know the schedule that the DFOs are working towards so any changes in the billing systems of the REAs can accommodate changes in the bills from DFOs (ATCO Electric Distribution and FortisAlberta).
Action Item 3	The CCA WG will consider assessing the sum of the EUE instead of the count of the hours.	John Martin (AESO)		See CCAA WG update response in slide 2.
Action Item 4	The TT WG was asked to consider CP with various peak options, including 1CP, seasonal CP etc.	Dale Hildebrand (DUC)		Noted by TT WG.
Action Item 5	The CCA WG will explore how the impacts of potential reduced demand over time will be reflected in the RAM and report back to the TDAG at February 7 meeting.	John Martin		See CCAA WG update response in slides 3-4.

Report on Decision Items

Session (S# + date)	(#)	AG Decision Items
2018		
August 17		<i>Advisory Group established</i>
S1- August 23	Decision Item 1	<i>Advisory Group approved Terms of Reference with changes</i>
S2 – September 6	Decision Item 2	<i>Advisory Group approved work plans with changes</i>
	Decision Item 3	<i>Data Requirements Working Group struck</i>
S3 – October 4	Decision Item 4	<i>Capacity Cost Allocation Analysis Working Group struck</i>
S4 – November 8	Decision Item 5	<i>Cost Causation Working Group work struck</i>
S5 – December 5	Decision Item 6	<i>Terms and Conditions Working Group struck</i>
	Decision Item 7	<i>Data Requirements Working Group concluded</i>
	Decision Item 8	<i>Transmission Tariff Design Working Group struck</i>
S7 – February 7, 2019	Decision Item 9	<i>Approved plan for studies and data collection proposed by Tariff Design Working Group</i>

