

Stakeholder Comment Matrix – Dec. 10, 2020

Bulk and Regional Tariff Design Stakeholder Engagement Session 4



Period of Comment: Dec. 10, 2020 through Jan. 12, 2021 Comments From: ENMAX Corporation Date: 2021/01/12	Contact: Mark McGillivray Phone: Email:
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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 **Jan. 12, 2021**.

The AESO is seeking comments from Stakeholders on Session 4. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	Please comment on Session 4 hosted on Dec. 10, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	No comment.
2.	Do you have a view on whether an embedded or marginal cost allocation approach will more appropriately meet the AESO’s rate design objectives? Why?	The vast majority of wires costs are fixed, so it will be extremely difficult (if not impossible) to find a marginal cost approach that produces a fair cost allocation across all transmission-system users. The use of marginal costs in the energy market makes sense because the resource mix and the associated costs can change materially as the load increases from (say) 8,000 MW to 11,000 MW. Said another way, the next megawatt consumed (or not consumed) can materially affect supply costs. However, since the transmission system is built to handle the 11,000 MW, there is no difference in fixed costs when demand is 11,000 MW compared to when it is only 8,000 MW; the next megawatt consumed (or not consumed) makes little to no difference. Consequently, a marginal cost allocation is very unlikely to meet the AESO’s rate design objectives. As noted in our response to Question 5, a tariff design objective is to achieve a fair allocation of fixed costs.

3.	<p>a) Do you have a preference for any of the mitigation options presented at Session 4? Why or why not?</p> <p>b) Do you know of any additional mitigation options that have worked in other contexts and might be applicable here. Please specify.</p> <p>c) What do you think the AESO's needs to achieve with its mitigation(s)? Why?</p>	<p>While ENMAX does not currently have a preferred option, we support a mitigation path with minimal disruption. The most appropriate mitigation path will depend on the rate design choice selected.</p>
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	Questions	Stakeholder Comments
4.	<p>Are you supportive of the areas of agreement presented at Session 4? Why or why not? The areas of agreement presented include:</p> <p>Efficient Price Signals</p> <ul style="list-style-type: none"> • Price signals matter <ul style="list-style-type: none"> ○ Tariff charges provide incentives for customer behavior <p>Cost Responsibility</p> <ul style="list-style-type: none"> • Recognize that more than just load behavior drives transmission development • We are dealing with an evolving system <ul style="list-style-type: none"> ○ Current and future use may differ from what was that originally planned <p>Minimal Disruption</p> <ul style="list-style-type: none"> • Transmission costs have risen <ul style="list-style-type: none"> ○ Tariff charges are more important now than ever before • Minimize disruption, mitigate rate shock <ul style="list-style-type: none"> ○ It is not in anyone's interest to reduce the number of ratepayers 	<p>See response to Question 5.</p>

<p>5.</p>	<p>Are you supportive of the areas of disagreement presented at Session 4? Why or why not? The areas of disagreement presented include:</p> <p>Efficient Price Signals</p> <ul style="list-style-type: none"> • Are status quo price signals are efficient? <ul style="list-style-type: none"> ○ Price signals in tariff have reduced the cost of energy to other load • Are price signals forward looking? <ul style="list-style-type: none"> ○ Price signals are efficient to the extent changes in customer behavior reduce the need for future transmission costs <p>Cost Responsibility</p> <ul style="list-style-type: none"> • Is the primary objective cost causation, or cost responsibility? • Does the initial rate design still achieve goal of cost causation since transmission costs have risen and load behavior has not influenced those costs? <p>Minimal Disruption</p> <ul style="list-style-type: none"> • Now is not the time for change or time to stop the bleeding? <ul style="list-style-type: none"> ○ Economic climate, policy uncertainty, change impacts a few very negatively and many slightly positively • Does rate mitigation need to be permanent or will customers adapt if temporary? 	<p>ENMAX recognizes that there is room for improvement in the current tariff design with respect to more efficient price signals and future cost allocation. However, in keeping with our previous comments submitted to the AESO, we support a path with minimal disruption and believe that major changes to the existing tariff design are premature at this time.</p> <p>Regarding cost responsibility, ENMAX is of the view that cost recovery must be based on the cost of providing each transmission service and an appropriate allocation of that cost across all customers.</p>
<p>6.</p>	<p>Are there considerations that the AESO could include in its rate design proposal that would move you to at an area of agreement on any of the areas of disagreement (refer to question 5 above)? Please specify.</p>	<p>See response to question 5 and 10.</p>

7.	<p>Are you supportive of the areas of agreement for energy storage presented at Session 4? Why or why not?</p> <p>Energy storage areas of agreement:</p> <ul style="list-style-type: none"> • Energy storage is unique in that it is not the producer or the end consumer of electric energy, nor is it the transmitter • Energy storage can participate in Alberta’s electricity use-cases by providing <ul style="list-style-type: none"> ○ Energy Price arbitrage ○ Operating Reserves ○ Non-wires solutions for transmission deferral • Energy Storage should be treated in a fair, efficient, and openly competitive (FEOC) manner 	<p>ENMAX understands an energy storage facility to look like a generator when it is producing power and a load when it is absorbing power. It makes no difference to the physical transmission system whether power is flowing from a generator or an energy storage facility, and it also makes no difference whether power is flowing to a conventional load or an energy storage facility. Also, batteries are not the only possible energy storage facilities: pumped storage hydro, compressed air energy storage, and hydrogen production using wind energy are other examples. Technology agnosticism means that a tariff design must not favour one technology over another.</p> <p>ENMAX agrees that an energy storage facility can participate in Alberta’s electricity use-cases by providing energy price arbitrage, operating reserves and non-wires solutions for transmission (and distribution) deferral.</p> <p>ENMAX agrees that energy storage should be treated in a FEOC manner. The preservation of a FEOC market in which no participant receives unearned advantages is a legislative requirement.</p>
8.	<p>Are you supportive of the areas of disagreement for energy storage presented at Session 4? Why or why not?</p> <p>Energy storage areas of disagreement:</p> <ul style="list-style-type: none"> • Is energy storage a user of the grid or a component of the grid or both? • Does energy storage use the network for the Alberta specific use-cases? • Should energy storage pay for inflows and outflows like every other network user or not? • Should energy storage pay for one or more of administration, operations and maintenance, pod, regional, bulk charges? 	<p>Energy storage does not necessarily provide benefits to the grid in all cases. For instance, it may be considered a grid component if structured to charge/discharge at certain times for stability or reliability reasons, in which case it should be paid as would any provider of those services. However, if it is independently owned and operated, and participating in price arbitrage, then it is not a component of the grid and its compensation should be through that arbitrage. Either way, it is grid connected. Since all connected sources and sinks use the network, all should pay a fair share of transmission costs—including administration, operations, etc.</p>
9.	<p>Are there considerations that the AESO could include in its rate design proposal that would move you to at an area of agreement on any of the areas of disagreement for energy storage (refer to question 8 above)? Please specify.</p>	<p>See response to Question 10.</p>

10	Do you have any comments on the AESO's proposed stakeholder engagement process, including the mitigation process, for the remainder of the Bulk and Regional Rate Design engagement?	<p>The storage roadmap is still being worked on and there are a number of interrelated issues that remain outstanding, including the potential for changes to be made to the transmission policy and regulation. As such, ENMAX cautions against making major changes to the existing tariff design at this time.</p> <p>ENMAX trusts that the AESO will conduct a fulsome consultation with stakeholders prior to filing its application with the AUC and make adjustments to the timing of its application as needed.</p>
11	Do you have additional clarifying questions that need to be answered to support your understanding?	No comment.
12	Additional comments	No comment.

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