

# Stakeholder Comment Matrix – Dec. 10, 2020

## Bulk and Regional Tariff Design Stakeholder Engagement Session 4



<b>Period of Comment:</b> Dec. 10, 2020 through Jan. 12, 2021	<b>Contact:</b> Vittoria Bellissimo
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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 **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.	<p>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?</p>	<p>The December 10<sup>th</sup> session was not overly valuable to Alberta’s industrial consumers. At this point, customers are confused as to why the AESO is redoing its tariff in this economic climate. Customers are also looking for actual proposals and a mechanism to evaluate the impacts of these actual proposals on their bills. IPCAA expects that the February 25<sup>th</sup> Session will be more valuable.</p> <p>IPCAA thanks the AESO for scheduling the March 2021 Technical Session to review the updated Bill Impact Tool. IPCAA encourages the AESO to limit the scope of this session and focus on customer needs and customer understanding of the Bill Impact Tool. It may be beneficial to run a separate session for Energy Storage. Load customers will have plenty of questions to fill this session.</p> <p>A review of the bill impacts of the mitigation options is expected at the March Technical Session. Please let us know in advance if this will not be provided.</p>
2.	<p>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?</p>	<p>As the AESO indicates, the status quo classification between demand and energy charges is based on an embedded approach to cost allocation. At this point, there has not been a good case made as to why a departure from this approach is appropriate.</p> <p>IPCAA is concerned with a marginal/incremental approach in that it may exclude past investments from consideration in the future rate design. In order for rate design to be effective, it must remain in place for sufficient time to allow those who react to the price signals to capture value. Changing the rate design will impact customers who made good faith investments.</p>

<p>3.</p> <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>a) IPCAA has significant concerns with the Bill Adjustment approach. It raises several questions:</p> <ul style="list-style-type: none"> <li>• How do you determine how much bill credit one customer should get versus other customers?</li> <li>• Which entity (AESO? AUC? DOE?) decides how much bill credit is appropriate for a customer?</li> <li>• What is the recourse for customers who feel they have not been dealt with fairly?</li> <li>• What information is required by the deciding entity and how is the evaluation conducted?</li> </ul> <p>Instead of grappling with these fairness issues, it would be more appropriate to develop a standby interruptible tariff that works for flexible customers and adds value to the system.</p> <p>b) Ramsey pricing should be considered as a rate design approach.</p> <p>c) The AESO needs to implement a system that does not force any customers out of business or out of the province. We need more load in Alberta, since we built a wires system for much more load than we currently have.</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><b>Efficient Price Signals</b></p> <ul style="list-style-type: none"> <li>• Price signals matter               <ul style="list-style-type: none"> <li>○ Tariff charges provide incentives for customer behavior</li> </ul> </li> </ul> <p><b>Cost Responsibility</b></p> <ul style="list-style-type: none"> <li>• Recognize that more than just load behavior drives transmission development</li> <li>• We are dealing with an evolving system               <ul style="list-style-type: none"> <li>○ Current and future use may differ from what was that originally planned</li> </ul> </li> </ul> <p><b>Minimal Disruption</b></p> <ul style="list-style-type: none"> <li>• Transmission costs have risen               <ul style="list-style-type: none"> <li>○ Tariff charges are more important now than ever before</li> </ul> </li> <li>• Minimize disruption, mitigate rate shock               <ul style="list-style-type: none"> <li>○ It is not in anyone’s interest to reduce the number of ratepayers</li> </ul> </li> </ul>	<p>IPCAA has no major concerns with most of these areas of agreement; however, the line: “Tariff charges are more important now than ever before” is questionable. First of all, the AESO is not taking any responsibility for the fact that transmission costs have risen at a rate that is not reflective of the underlying load growth on the system. Second of all, perhaps we missed a window for tariff changes before the big build, when some of the \$17B of transmission infrastructure could have been avoided. Finally, IPCAA continues to object to the AESO’s proposal to overhaul the tariff at this time, during a global pandemic, when there are many elements that have not been resolved that will ultimately impact the ISO tariff causing further revision, including:</p> <ul style="list-style-type: none"> <li>• The Transmission Regulation being re-examined by government by the end of 2021</li> <li>• Government changes related to self-supply and net-export expected in the spring of 2021</li> <li>• AUC changes resulting from the Distribution System Inquiry (such as aligning transmission and distribution rates). Further proceedings expected in 2021.</li> <li>• AUC changes to sub-station fraction and DCG credit issues need to be addressed.</li> </ul> <p>The AESO should work with both the DOE and AUC to resolve the issues impacting the tariff, prior to changing the tariff. The timing for a change is pre-mature. Customers do not want to see two major tariff overhauls in short order.</p> <p>As mentioned at the AESO session, IPCAA would support higher level areas of agreement being included in this list, such as:</p> <ul style="list-style-type: none"> <li>• We can all agree that we want Alberta to be an attractive place for investment and we need a rate that works for the province.</li> <li>• We need a rate design that works for the long-term and the bigger picture goal is an electricity system that makes Alberta successful.</li> </ul>

<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><b>Efficient Price Signals</b></p> <ul style="list-style-type: none"> <li>• Are status quo price signals are efficient? <ul style="list-style-type: none"> <li>○ Price signals in tariff have reduced the cost of energy to other load</li> </ul> </li> <li>• Are price signals forward looking? <ul style="list-style-type: none"> <li>○ Price signals are efficient to the extent changes in customer behavior reduce the need for future transmission costs</li> </ul> </li> </ul> <p><b>Cost Responsibility</b></p> <ul style="list-style-type: none"> <li>• Is the primary objective cost causation, or cost responsibility?</li> <li>• Does the initial rate design still achieve goal of cost causation since transmission costs have risen and load behaviour has not influenced those costs?</li> </ul> <p><b>Minimal Disruption</b></p> <ul style="list-style-type: none"> <li>• Now is not the time for change or time to stop the bleeding? <ul style="list-style-type: none"> <li>○ Economic climate, policy uncertainty, change impacts a few very negatively and many slightly positively</li> </ul> </li> <li>• Does rate mitigation need to be permanent or will customers adapt if temporary?</li> </ul>	<p>IPCAA agrees that there is no consensus amongst the AESO and stakeholders on these issues.</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>If the AESO agreed that a tariff overhaul is premature, IPCAA could agree with: Minimal Disruption – now is not the time for a change.</p>

<p>7.</p>	<p>Are you supportive of the areas of agreement for energy storage presented at Session 4? Why or why not?</p> <p><b>Energy storage areas of agreement:</b></p> <ul style="list-style-type: none"> <li>• Energy storage is unique in that it is not the producer or the end consumer of electric energy, nor is it the transmitter</li> <li>• Energy storage can participate in Alberta’s electricity use-cases by providing <ul style="list-style-type: none"> <li>○ Energy Price arbitrage</li> <li>○ Operating Reserves</li> <li>○ Non-wires solutions for transmission deferral</li> </ul> </li> <li>• Energy Storage should be treated in a fair, efficient, and openly competitive (FEOC) manner</li> </ul>	<p>IPCAA has no major objections to these areas of agreement on energy storage. As stated previously, IPCAA provides the following high-level perspective:</p> <ul style="list-style-type: none"> <li>• Energy storage-related transmission costs should be based on cost causation.</li> <li>• Treatment of energy storage projects needs to be fair to other entities, and consistent, in order to provide certainty and stability for potential investors.</li> <li>• The AESO should consider modelling and reporting on energy storage projects in Alberta, including metrics to evaluate their use of the transmission system. This reporting should be made publicly available.</li> </ul>
<p>8.</p>	<p>Are you supportive of the areas of disagreement for energy storage presented at Session 4? Why or why not?</p> <p><b>Energy storage areas of disagreement:</b></p> <ul style="list-style-type: none"> <li>• Is energy storage a user of the grid or a component of the grid or both?</li> <li>• Does energy storage use the network for the Alberta specific use-cases?</li> <li>• Should energy storage pay for inflows and outflows like every other network user or not?</li> <li>• Should energy storage pay for one or more of administration, operations and maintenance, pod, regional, bulk charges?</li> </ul>	<p>IPCAA agrees that there is limited consensus amongst the AESO and stakeholders on these issues.</p>
<p>9.</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 for energy storage (refer to question 8 above)? Please specify.</p>	<p>Energy storage should be enabled in a manner that provides value to Alberta consumers. This can be demonstrated with publicly available reporting.</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>Please see comments above on:</p> <ul style="list-style-type: none"> <li>• Question 1 – regarding the expectations of the March Technical Session; and</li> <li>• Question 4 – regarding how a tariff overhaul is premature at this time.</li> </ul>
11	Do you have additional clarifying questions that need to be answered to support your understanding?	Not at this time. IPCAA will likely have many clarification questions after the February 25 <sup>th</sup> Session.
12	Additional comments	IPCAA recommends that the AESO consider the Alberta Direct Connect Consumer Association (ADC)'s rate design proposal, including Firm and Non-Firm Rates, and evaluate and report on this proposal.

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