Stakeholder Comment Matrix – Sept. 24, 2020

Bulk and Regional Tariff Design Session 2

Period of Comment:	Sept. 24, 2020	through	Oct. 8, 2020	**Contact:**	Erika Goddard
Comments From:	Lionstooth Energy			**Phone:**	
Date:	2020/10/08			**Email**:	erika.goddard@lionstoothenergy.com

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.	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?	While Session 2 was long, the dialogue between stakeholders and the AESO was valuable.
2.	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.	Lionstooth does not believe that the AESO has sufficiently provided quantitative analysis on the need for change or on proposed alternative rate designs, especially in light of the departure from alternatives proposed in March. Any analysis should include an iterative round where the impact of these proposed changes is "mapped out" to model future behaviors as a result of changes to the B&R Tariff design. It is vital to have not only an understanding of the immediate impact of any changes, but also insight into medium and long term responses, to ensure that the price signal is efficient and effective, and to resolve any unintended consequences. We believe that by providing more detail up front, backed by quantitative data, the AESO can achieve alignment on fundamentals prior to moving on to the next step in the process. The current leap to "bookends," has avoided any presentation of quantitative analysis showing failure of the current system and the shortcomings of alternatives.

		In the process schedule there does not appear to be a feedback loop to discuss both the AESO's bookends and / or for stakeholder alternatives. Instead, the consultation jumps straight to the AESO's preferred design. Lionstooth strongly believes that quantitative analysis and the resulting impact of any changes on stakeholders must be well understood prior to filing with the Commission. As such, Lionstooth would support additional Sessions, as needed.
3.	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.	No. While Lionstooth appreciates the AESO's efforts to demonstrate the current state and the AESO's preferred "sweet spot" we remain unconvinced that B&R tariff signals are causing inefficient outcomes. There has been no analytical justification provided for moving away from Coincident Peak design, nor any indication that material changes to B&R tariff design will result in more efficient outcomes (let alone an idea of what an "efficient outcome" is). In the short-term, any changes to the tariff are simply a reallocation exercise, one that must balance the magnitude of impact versus the magnitude of benefit. Over the long-term, rate design that impedes a customer's ability to manage their delivered cost of electricity will either result in less energy efficient outcomes or a more drastic response, such as defecting from the grid entirely, especially from those who have proven their ability to make investments in response to tariff signals (i.e. 12CP responders or those with on-site generation). Lionstooth supports improving the ISO tariff, and notes that any changes to B&R tariff design must be coordinated with improvements to system planning. It appears as though the current predicament has as much to do with lack of analysis from a planning perspective, resulting in an overbuilt Tx system.

	Questions	Stakeholder Comments
4.	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.	

The AESO's bookends are only reasonable if they are in fact bookends, and not representative of the AESO's preferred rate design. Further, there is a lack of quantitative analysis accompanying these bookends in order to truly understand the impacts and response. Lionstooth offers the following as some quick analysis for illustrative purposes.

Tariff design can be viewed at a view high-level, in terms of impact on different stakeholders:

	Do Nothing	Bookend A / B
Utilities	Indifferent – "Guaranteed" Revenue Recovery (backed by policy and principles of rate design).	
Those who <u>cannot</u> respond to tariff signals (i.e. residential)	No better off. Sunk costs are high, no ability to respond to signals regardless of rate design.	
Those who <u>can</u> respond to tariff signals (i.e. Tx connected loads)	Able to manage delivered electricity costs, through commercial / physical means.	Materially harmed by reallocation of costs. Incented to make drastic long-term choices.

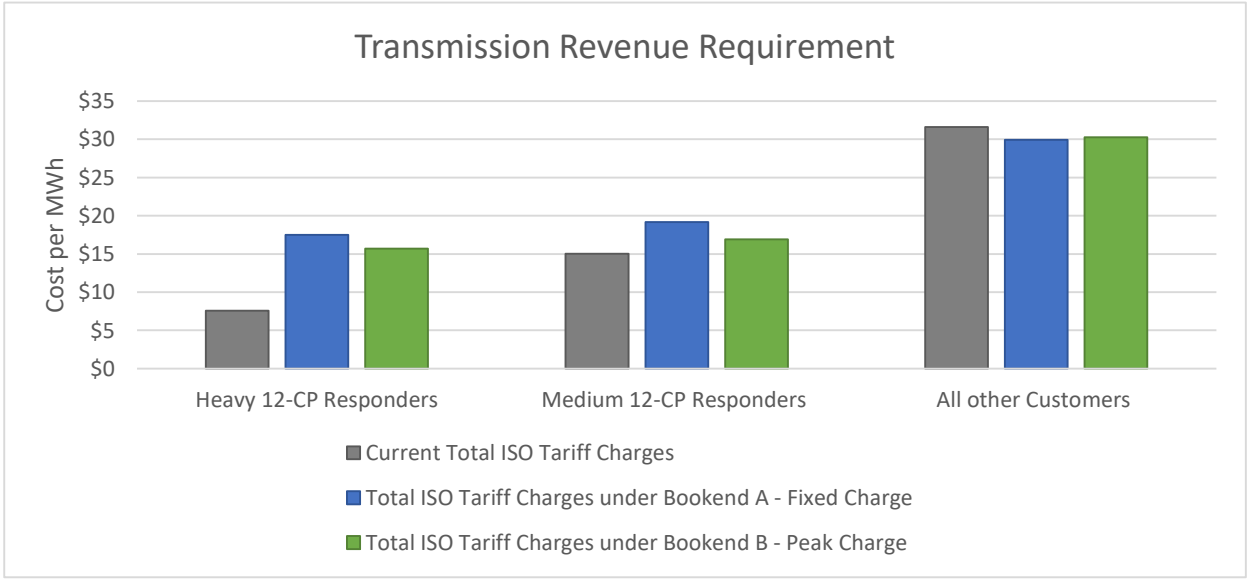
The reallocation of costs proposed as a result of either bookend materially harm one group of stakeholders, those who can respond, without providing material benefit to others. While the reallocation of Tx revenue requirement outlined by the AESO (slide 42) represents hundreds of millions of dollars, on a per energy usage basis (per MWh), this reallocation does little for customers who cannot respond to tariff signals.

The table below outlines some "quick math" converting approximate contract capacities (MW) into approximate energy consumption (MWh) and quantifying the impact and benefit in terms of $/MWh.

Initial Analysis of Rate Impacts (inputs from Slide 42)

Customer Group	Approximate Amount of Contract Capacity	Load Factor	Approximate Energy	Current Total ISO Tariff Charges		Total ISO Tariff Charges under Bookend A - Fixed Charge				Total ISO Tariff Charges under Bookend B - Peak Charge			
								Change from Current				Change from Current	
	MW	%	MWh	$	$/MWh	$	$/MWh	$	%	$	$/MWh	$	%
Heavy 12-CP Responders	1,500	80%	10,512,000	$80,000,000	$7.61	$184,000,000	$17.50	$9.89	130%	$165,000,000	$15.70	$8.09	106%
Medium 12-CP Responders	380	80%	2,663,040	$40,000,000	$15.02	$51,000,000	$19.15	$4.13	28%	$45,000,000	$16.90	$1.88	13%
All other Customers	11,120	70%	68,187,840	$2,155,000,000	$31.60	$2,040,000,000	$29.92	-$1.69	-5%	$2,065,000,000	$30.28	-$1.32	-4%
TOTAL	**13,000**		**81,362,880**	**$2,275,000,000**		**$2,275,000,000**				**$2,275,000,000**			

On a gross and per MWh basis, the impact to those who can respond to tariff signals is staggering, especially when considering that the associated benefit is less than $2/MWh for all other customers. For a typical residential customer, the savings that would be created under either bookend would be less than a good cup of coffee a month. The magnitude of impact is illustrated below:



	Given feedback already expressed by some stakeholders during Session #2, the longer-term impacts of the AESO's bookends would be drastic, and could range from going out of business to defecting from the grid entirely, causing responses that would ripple through our economy as a whole. Further, there has been no analysis demonstrating how such drastic changes would send more efficient signals that would benefit future system planning and deferral of continued Tx growth. In fact, the opposite was suggested by some stakeholders, that removing current tariff signals, as proposed, could cause customers to be less energy efficient, resulting in the need for further Tx growth, further exacerbating the issue. Again, these bookends are only reasonable as demonstrations of some of the worst-case scenarios, and do not lead us down a path of minimal disruption.	
5.	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. Do you have additional clarifying questions that need to be answered to support your understanding?	Lionstooth notes that any tariff treatments that are afforded to energy storage, would also need to be available to other stakeholders that behave in a similar manner, including loads and generators.
6.	Additional comments	Lionstooth appreciates the AESO scheduling a Technical Session in response to feedback from Session #2.

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