

Bulk and Regional Tariff Design Session 3 – Nov. 5, 2020

Request for alternative rate design option proposals

We are looking for interested stakeholders who wish to develop and present an alternative rate design option proposal for the Bulk and Regional Tariff Design as part of Session 3. More details regarding the proposal guidelines can be found below.

Document purpose

The purpose of this document is to provide a structured and consistent guide to interested stakeholders that want to create an alternative rate design option proposal for the Bulk and Regional Tariff Design as part of Session 3.

For detailed information regarding the AESO's rate design objectives refer to the Bulk and Regional Tariff Design Session 2 presentation (refer to "Design objectives" slide 29 and "Design objectives: Storage treatment" slide 70) located on our website at www.aeso.ca.

Instructions

1. **Please signal your interest in completing a proposal and include an approximate time you think you may need to present to tariffdesign@aesocanada.com by Oct. 2, 2020**
 - Sharing how much time you think you may need to present will assist the AESO in developing the agenda for Session 3, noting that AESO will endeavor to accommodate time requests to the extent possible while maintaining a manageable agenda / time length for session
2. Please develop a presentation that profiles your solution and answers the AESO's additional question set (see questions below).
 - You can structure your presentation however you'd like, but we recommend using the suggested structure laid out below.
3. Please have your proposal completed and submitted to tariffdesign@aesocanada.com by **12:00 p.m. on Oct. 29, 2020** for pre-meeting circulation and review. Proposals will be posted to the AESO's website by end of day on Oct. 29, 2020.
4. Please be prepared to present your proposal and respond to questions at the upcoming Session 3 through the webinar approach on **Nov. 5, 2020**.

Suggested proposal structure

We recommend using the headings below in the development of your proposal:

A. Overview of your proposal

- i. Think 30-second elevator pitch.

B. Your proposal

- i. Description of proposed alternative rate design option (provide enough detail so that the concept of your rate design can be understood). Explain any differences between your rate design, the current tariff.
 - We recommend creating a visual representation of your proposal to compare and contrast to the AESO's bookends.
 - What are the key factors or variables in your rate design?
- ii. What is the impact of your proposal on various stakeholder groups in comparison to the existing design?
 - i. How does the proposal meet each rate design objective? What are the trade-offs relative to the rate design objectives? *Proposed rate design must fit within current legislation*
 - Reflect cost responsibility
 - Efficient price signals
 - Minimal disruption
 - Simplicity
 - Innovation and flexibility

C. Implications of your proposal

- iii. What incentives are created and how might parties respond?
- iv. What are the risks of your rate design proposal?
- v. Are there specific implementation considerations for your proposal?
- vi. Are there any other implications?

Questions to resolve

Please find below the questions your proposal needs to address and additional questions that your proposal should try to address:

Your proposal must answer:

1. What trade-offs does your proposal create between the rate design objectives? Why are those trade-offs appropriate? Is one objective more important than another? Why or why not?
2. Why is this rate design best for all Albertans?
3. How does your proposal incorporate energy storage and what are the implications of your rate design on energy storage resources?

Your proposal should try to answer:

1. Are rate classes included in your rate proposal? Why or why not?
2. Are there rate design options you considered and decided against? Explain why