Stakeholder Comment Matrix & Proposal Evaluation – Nov. 5, 2020

Bulk and Regional Tariff Design Stakeholder Engagement Session 3

Period of Comment:	Nov. 5, 2020	through	Nov. 20, 2020	**Contact:**	Robert Stewart
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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 evaluation to tariffdesign@aeso.ca by **Nov. 20, 2020**.

The AESO is seeking comments from Stakeholders on Session 3 and the preferred rate design option proposals. Please be as specific as possible with your responses.

Questions	Stakeholder Comments
1. Please comment on Session 3 hosted on Nov. 5, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	Thank you for the opportunity to present our proposal. Note that there are two distinct but related discussions. Tariff as it applies to load and Energy Storage (ES) tariff. Overall, RMP agrees with multiple proposals that having an engagement during COVID-19 is a challenge for all participants. However, it is imperative that the energy storage tariff is addressed immediately to allow for fair competition between generation developers during this period of profound change in the Alberta energy market. Also note that there were no places to rank AESO current tariff or bookends A and B next to the other proposals.
2. Please complete **Table 1: How Did Each Proposal Achieve the Rate Design Objectives** for each of the proposals presented at Session 3.	**ADC, DUC and IPCAA**: This proposal does not address Energy Storage tariff treatment and therefore does not achieve the Innovation and Flexibility objective. RMP agrees that existing asset owners have made investments based on CP12 price signals and that if there is a required tariff change that future tariffs should align with enabling these investments to reduce transmission build and associated

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	costs to these customers. CP12 does not send a clear price signal because is it is unknown until the end of the billing period and some periods do not impact overall transmission capacity. This is inefficient and does not align with cost responsibility or efficient price signals. **Energy Storage Canada**: This proposal only addresses energy storage tariff treatment. RMP agrees with the proposed treatment of energy storage as a supply asset that should not be treated as a firm load customer. RMP agrees that this would be the best and most fair treatment for energy storage. We do think that due to previous consultations and discussions with the AESO that an opportunity rate that applies to interties and flexible load as well as storage would align best within the market and therefore be most likely to be implemented quickly. It is imperative to enable ES participation as soon as possible to enable competition with other generation as coal generation retires. **CWSAA, UCA, AML, and Conoco:** This proposal does not directly address energy storage tariff treatment. Energy storage tariff treatment could be considered under the interruptible load retention opportunity rate but this is not transparent in the proposal. For ES to fit into this opportunity rate it must be competitive with intertie rates. **CCA**: This proposal does not directly address energy storage tariff treatment. RMP can perceive alignment with most of the concepts proposed but there is not enough specificity to agree in detail to the proposal. Energy storage and other technologies could fit within an opportunity rate as discussed provided the rate is competitive with intertie rates. Rate shock protection seems a reasonable proposal to be included in implementation discussions. **CanREA**: This proposal ignores Alberta energy market operation and aligns better with a vertically integrated monopoly model. This proposal only addresses concerns related to energy storage participation. This proposal correctly identifies the issue that energy storage is paying DTS during charging as a firm load customer. The proposal then leaps to suggesting energy storage most closely aligns with a substation, a system asset, without considering that an energy storage asset will dispatch energy onto the system like a generator and therefore impact the energy market. While RMP can see the benefit from energy storage asset being a system asset it does not align with energy market operation or the concept of an open energy market. This proposal shifts cost of integrating wind

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	and solar generation onto the system which on the surface appears to benefit wind and solar generators. This is true until the system does not implement the required storage assets and the renewable developers have no ability to innovate or competitively implement storage for themselves. This proposal would move the Alberta system towards a model similar to Ontario and this reduction in competition does not align with FEOC principles for the energy market. **RMP Energy Storage:** Our proposal focuses on energy storage tariff treatment but does consider CP12 responsive load. Alternative load tariffs are not considered in the proposal but any of the other proposals could be implemented with this proposed opportunity rate. **Suncor**: This proposal does not address Energy Storage tariff treatment and therefore does not achieve the Innovation and Flexibility objective. This proposal, like the AESO bookends, assumes that all load customers want the same firm product. This proposal suggests the most amount of change to the current system and therefore is the most complicated. Without qualitative examples it is unclear if this proposal sends efficient price signals to all users. There was mention of an opportunity rate but not enough detail was given to understand what this was or whether energy storage would fit within it.
3. Which rate design option proposal, including the AESO's bookends A and B presented at Session 2, did you prefer? Why?	RMP Energy Storage's proposal is preferred as it addressed the energy storage tariff treatment issue while considering existing load and intertie participants. This could fit within the proposals 3, 4 and 7 as an opportunity rate provided the opportunity rate be low enough and competitive with intertie rates given the lack of impact on system build.
4. Does your preferred proposal meet all the rate design objectives? If not, what trade-offs does your preferred proposal create between the rate design objectives? Why are those trade-offs appropriate?	The proposal does not directly address all of the CP12 related concerns but would suggest that there are two types of customers: firm an non-firm Those that have been responsive to CP12 in the past can respond to other AESO signals to reduce consumption when required by the system in real time and therefore are responsible for less or no transmission costs. Firm load customers could continue with the current model or one of the bookends. The proposal does not address any firm load tariff issues.
5. Which stakeholders are best served (or least impacted) by your preferred proposal? Why?	All stakeholders are best served. The RMP proposal allows ES proponents to make contributions to transmission systems costs, to the benefit of all rate payers, without ES proponents causing additional system costs, thereby increasing the

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	efficient utilization of the grid. Existing load customers see minimal changes to billing. CP12 responsive customers also see minimal changes in their billing unless they can meet the requirements of the opportunity rate. AESO dispatch receives and additional tool in balancing the system.
6. a) Which stakeholders are most impacted by your preferred proposal? Why? b) What mitigations, if any do you recommend for those who would be impacted by your preferred proposal?	a) The AESO is most impacted as the dispatch desk gets another tool to utilize in the form of curtailable load. b) Some load could be concerned with this change during COVID-19 due to potential operational changes resulting from change in dispatch of their CP12 avoidance. This could be mitigated through initial implementation to just new customers with full adoption for existing customers in a few years.
7. a) How would energy storage resources be treated in your preferred proposal? b) Does your preferred proposal include specific elements in relation to tariff treatment for energy storage? Why or why not?	A) Proposal is that energy storage would participate with an interruptible opportunity rate where the AESO would have ability to reduce or stop the asset from charging under specific system conditions. This enables energy storage to participate similar to interties and generation assets while alleviating the concern of charging during periods of system constraint. b) Yes but RMP's preferred proposal is not exclusive to ES. Any entity that can meet the interruptible opportunity rate requirements can get this rate. This includes interties. This is to ensure there is fair competition in the market.
8. What are the challenges or unresolved questions with your preferred proposal?	The proposal does not address any concerns related to firm load customers. It is unclear if there are any in the rational for tariff redesign but if there are they have not been directly addressed.
9. Additional comments	

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

Table 1: How Did Each Proposal Achieve the Rate Design Objectives

Objective	Description	Example	Proposal 1 ADC, DUC and IPCAA	Proposal 2 Energy Storage Canada	Proposal 3 CWSAA, UCA, AML, and Conoco	Proposal 4 CCA	Proposal 5 CanREA	Proposal 6 RMP Energy Storage	Proposal 7 Suncor Energy Inc.
Reflect Cost Responsibility	Cost recovery is based on the benefit and value transmission customers receive from the existing grid								
Efficient Price Signals	Price signal to alter behavior to avoid future transmission build								
Minimal Disruption	Customers that have responded to the 12-CP price signal and invested to reduce transmission costs are minimally disrupted								
Simplicity	Simplicity and clear price signals while achieving design objectives								
Innovation and Flexibility	ISO tariff provides optionality for transmission customers to innovate while not pushing costs to other customers								

**** Proposed rate design must fit within current legislation ****

Legend	Achieves objective	Potentially achieves objective with modification	Partially achieves objective	Potentially partially achieves objective with modification	Does not achieve objective