

Summary of Feedback

Behind the Fence (BTF) Stakeholder Engagement Session held on November 26, 2019

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Classification: Public

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1. Background

On November 26, 2019, the AESO hosted a collaborative engagement session with interested stakeholders regarding the Behind the Fence (BTF) Process. Materials provided at the session are available on the [AESO website](#). Transmission Facility Owners (TFOs), Distribution Facility Owners (DFOs), Generation Facility Owners (GFOs), and other industry representatives were in attendance. Over 200 participants joined the session online or in-person to provide feedback and raise questions to the AESO.

The purpose of the session was to communicate process changes resulting from the Amended 2018 ISO Tariff, and to consult on potential adjustments to the BTF Process as part of the AESO's continuous improvement of the process and as a result of previous industry feedback.

We thank all participants and attendees for their contributions, feedback, and perspectives shared in the session. We are committed to reviewing and assessing the feedback received as we consider process adjustments moving forward.

We plan to provide an update to stakeholders at the next engagement session we anticipate hosting during Q1 2020.

2. Scope

This document summarizes the feedback received on the following six topics that the AESO engaged with stakeholders on during the second half of the session.

1. Increased GFO involvement
2. Construction Contribution Decision (CCD) timing
3. Determining target and maximum timelines
4. Power Plant Application (PPA) approval timing
5. System Access Service (SAS) Agreement execution timing
6. Additional efficiencies in the BTF Process

3. Summary of Feedback

The following sections summarize the feedback we gathered at the session. They represent a summary of the engagement exercise that was held and are not intended to be an exhaustive account or transcript of the event. Additionally, given the varying views of each participant, items in this summary may not represent each individual participant's point of view. Our goal is to provide a summary of key themes and feedback, so participants are provided with visibility of differing views that were captured at the session.

3.1 Increased GFO involvement

AESO recommendation presented at the session: Formalize and increase the role of the GFO in a number of documents throughout the process as summarized in Table 1.

Table 1: Proposed GFO Involvement

Documents with GFO involvement	GFO Role
SASR	Provide input to DFO
Kick-off Meeting	Attendee
Project (BTF) Plan	Review and sign-off
Study Scope	Review
Engineering Study Report	Review (optional)
Functional Specification (FS)	Review and provide input
Single-line Diagrams (SLDs)	Provide SLDs to DFO
PDUP	Provide input to DFO
GUOC Amount	Acknowledge
GUOC Invoice	Provide payment
Commissioning Certificate Request	Prepare and submit

Feedback from stakeholders on the AESO’s recommendation included the following themes:

Pros:

- GFOs would like to have a voice. This enables GFOs to be more engaged and informed on project decisions which impact cost, schedule, and risks.
- More involvement allows GFOs to better understand impacts to the DFO/TFO when the GFO makes a design change.
- TFOs see value in having the GFO more involved in the project.
- Having all parties aware of project decisions creates more alignment and efficiency in communication between the TFO, DFO, and GFO.
- DFOs and GFOs may have competing or different interests. By allowing the GFO to be involved in key project decisions, the process is more fair for all parties.

Cons:

- Larger GFOs may have project resources to be more involved; however, smaller GFOs may not.

Considerations and Awareness:

- GFOs would like to have flexibility on when they need be involved. For example, more engagement on complex projects and less on simple projects.
- GFOs would like to have the option to act as the integrated project manager (IPM) to coordinate all parties and move the project forward.
- If GFOs are more involved, ensure that confidential information is not being shared about other DFO customers.
- The role of the DFO may become more critical if there are multiple GFOs trying to connect at one substation.

AESO next steps: Overall, we heard that session participants were supportive of increased GFO involvement in the BTF Process. Specifics for GFO involvement in the process will be developed and details of the updated process will be provided in the stakeholder engagement session in Q1 2020.

3.2 Construction Contribution Decision (CCD) timing

AESO recommendation presented at the session: Prepare and deliver a CCD in Stage 1 of the BTF Process to provide earlier visibility of cost.

Feedback from stakeholders on the AESO’s recommendation included the following themes:

Pros:

- Providing the CCD in Stage 1 would be efficient and quicker.
- Earlier access to cost information and the substation fraction allows GFOs to make decisions earlier about whether or not to continue to invest in the project.

Cons:

- Stage 1 CCD may not provide more certainty due to risk of changes in later stages resulting from changes at the substation. It only provides value if the information does not change.
- No need to adjust the timing of the CCD; some market participants are ok with receiving the CCD in Stage 2.

Considerations and Awareness:

- Some participants would like to see a CCD that is more “official” from the AESO because this will have more value for investment decisions.
- The AESO should shorten the time required to prepare a CCD.
- Consider creating a simplified CCD for BTF projects.
- Consider preparing the CCD pre-SASR submission.
- It would be beneficial to share the CCD with the GFO and DFO at the same time.

AESO next steps: Overall, we heard that session participants were supportive of a CCD in Stage 1. Specifics for the CCD in Stage 1 will be developed and details of the updated process will be provided in the stakeholder engagement session in Q1 2020. Additionally, the AESO is exploring opportunities to reduce the time required to prepare and approve a CCD.

3.3 Determining target and maximum timelines

AESO recommendation presented at the session: Introduce target and maximum timelines into the BTF Process as well as a Project Schedule Alignment as summarized in Table 2.

Table 2: Proposed Target and Maximum Timelines

Stage	Target Timeline (Weeks)	Maximum Timeline (Weeks)
1	6	12
2	12	24
3/4, 5, 6	<ul style="list-style-type: none"> • Project Schedule Alignment is prepared at beginning of Stage 3/4 and Stage 5 • Can be kept up to date throughout the project • Change Proposal + Project Schedule Alignment is required for ISD changes 	

Feedback from stakeholders on the AESO’s recommendation included the following themes:

Pros:

- Setting timelines is positive because it holds all parties accountable to the timelines.
- Publishing target and maximum timelines for each stage would be useful information for industry.
- TFOs were supportive of proposed timelines and said the timelines could be shorter for DER projects with TFO involvement.
- Project Schedule Alignment is a good project management practice.

Cons:

- BTF projects have the same challenges as connection projects in terms of complexity and investment decisions. The timelines should be the same as connection projects until metrics can support an adjustment to the timelines.
- Setting timelines may prevent projects from completing each stage more quickly because work is completed to the defined timeline.
- Holding projects to timelines is difficult because there are so many parties involved.

Considerations and Awareness:

- Timelines should be size and scale appropriate (e.g. shorter for upgrades, longer for greenfield build).
- Project Schedule Alignment should be scalable for Stage 3/4.
- Consider what a developer needs to get the project financed.
- Consider adding commercial milestones for Stages 3/4, 5, and 6.

AESO next steps: Overall, we heard that session participants were supportive of introducing target and maximum timelines. The AESO will evaluate adjusting the timelines presented in the session for Stages 1 and 2 and timeline details will be provided in the stakeholder engagement session in Q1 2020. Following implementation, the AESO intends to monitor the timeline metrics, and future re-evaluation may be considered.

3.4 Power Plant Application (PPA) approval timing

AESO recommendation presented at the session: Evaluation of two options for including the PPA approval as a requirement in the BTF process: (1) PPA approval as a gate 2 requirement, or (2) PPA approval as a gate 3/4 requirement.

The feedback we heard from stakeholders on the two options included the following themes:

Table 3: Feedback on Option 1 and Option 2

Option 1 – PPA Approval at Gate 2	Option 2 – PPA Approval at Gate 3/4
<p>Pros:</p> <ul style="list-style-type: none"> - Preferred from financial perspective because GUOC will be paid after PPA approval - Preferred because it will reduce the amount of work and effort in Stage 3/4, because the PPA approval is in place and there is more certainty about the power plant scope of work 	<p>Pros:</p> <ul style="list-style-type: none"> - Preferred because it has more flexibility, is aligned with the Connection Process, and allows work to be done in parallel - Preferred because FS is required before PPA filing and approval; also beneficial to have TFO/DFO cost estimates prior to the PPA filing - Preferred as it allows the developer more time to make financial decisions

Option 1 – PPA Approval at Gate 2	Option 2 – PPA Approval at Gate 3/4
<p>Cons:</p> <ul style="list-style-type: none"> - Will not work because the developer needs the SLD/Functional Specification in order to file the PPA with the AUC (it is a requirement in the AUC rule) 	<p>Cons:</p> <ul style="list-style-type: none"> - With the proposed timing of the SAS and GUOC, it is a financial risk to pay GUOC and sign SAS Agreement before the PPA is approved; GUOC should not be paid before PPA approval

Considerations and Awareness:

- Consider aligning GUOC payment with the PPA approval.
- Consider allowing the project to proceed to the next stage while the PPA is in progress.

AESO next steps: Overall, we heard from session participants they preferred option 2 – PPA approval as a gate 3/4 requirement. Specifics of the PPA approval timing will be developed and details of the updated process will be provided in the stakeholder engagement session in Q1 2020.

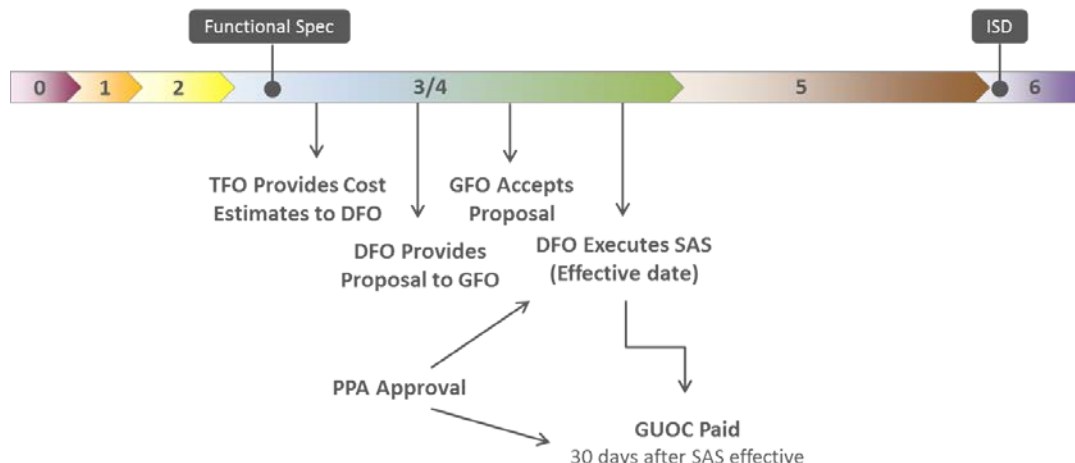
3.5 System Access Service (SAS) Agreement execution timing

AESO recommendation presented at the session: SAS Agreement to be signed within 60 days of the Functional Specification being issued.

Our understanding, based on the discussions at the session, is that GFOs need to attain a level of project certainty before they feel comfortable paying GUOC. Likewise, DFOs need to attain a level of project certainty before they feel comfortable executing the SAS.

There are a number of deliverables that need to be completed to provide the level of project certainty for GFO and DFO. Before the DFO will execute the SAS, the DFO must be certain that the GFO is proceeding with the project. This certainty is shown by acceptance of the DFO’s proposal, which includes scope and cost estimates for the project. To create the proposal, the TFO prepares cost estimates for the DFO based on the information in the Functional Specification. The DFO then includes these estimates along with their own estimates in the proposal. The GFO must be certain about project scope and costs before they are willing to pay GUOC. This certainty is achieved by receipt of the proposal (which contains the cost estimates) and additionally by obtaining Power Plant Application approval.

Below is an illustration of the interrelationships of these deliverables that was discussed at the session.



Additional feedback from stakeholders on the AESO's recommendation included the following themes:

- Based on the time required to complete the DFO and TFO cost estimates, the AESO's proposed timing will not work.
- GUOC payment should be tied to the PPA approval. This aligns with the Connection Process (SAS effective upon P&L) and provides more certainty to GFOs.
- Execution of the SAS commits the generators to meeting timelines at the risk of penalties (including loss of GUOC); therefore GFOs are unable to sign the document at this stage of the process when there is a lack of certainty.

Considerations and Awareness:

- SAS execution should be required 180 days after FS is issued or at the end of Stage 3/4.
- Other regulatory/environmental approvals could be part of the SAS agreement and a condition of SAS effectiveness to offer increased flexibility and reduce risk.
- The SAS is a contract for guaranteed system access for an agreed-upon capacity. If the SAS timing is moved earlier as proposed, the AESO is unable to guarantee any system access. Thus, it is unclear what is agreed upon by the SAS agreement at this point of the process.
- The GFO should be given a final CCD prior to executing the SAS Agreement.

AESO next steps: Overall, we heard from session participants they were not in favour of the SAS Agreement being executed 60 days after issuance of the Functional Specification. The AESO will evaluate moving it later in the process to better align with the Connection Process. We feel this will address the majority of concerns raised in the session. Specifics for the execution timing of the SAS Agreement will be developed and details of the updated process will be provided in the stakeholder engagement session in Q1 2020.

3.6 Additional efficiencies in the BTF Process

The AESO heard from stakeholders regarding several other ideas for additional efficiencies in the BTF Process.

AESO next steps: The AESO is committed to reviewing and considering the improvement ideas that were received. Further opportunities for efficiency and refinement will be shared in the stakeholder engagement session in Q1 2020.