Alberta Government

AESO 2018 ISO Tariff

Transmission Wire Cost Allocation Issues

utilitiesconsumer advocate

Current Approach

- Bulk system defined as lines operating at 240kV and above.
  - Allocated using a 12 monthly Coincident Peak Allocator (with each of 12 months based on a single hour)
- Regional system defined as lines operating below 240kV
  - Allocated using Non-Coincident Peak (NCP) Allocator

Concerns with Current Approach

- Does resulting allocation fairly reflect cost causation?
  - Based on old vertically integrated centrally planned concepts
  - Alberta now de-segregated with distributed independent generation
  - HVDC is part of significant changes to system topology and trade
- Does allocation method provide stable results?
  - The use of CP based on single hour allows gaming and instabilities.

Requested Sensitivity Analysis

1. For cost allocation purposes redefine "bulk" and "regional" system so that:
   - The bulk system comprises HVDC and AC lines operating above 240kV only
   - Regional systems AC lines operating up to and including 240kV
   - Provide the resulting cost allocation and tariff change distributions by customer class

Requested Sensitivity Analysis

2. Modify the existing 12 CP allocators:
   - So that the allocations for each of the 12 months are based on the mean of the 12 highest hourly peak demands within that month.
   - Provide the resulting cost allocation and tariff change distributions by customer class

Requested Sensitivity Analysis

3. Combine both modifications suggested in 1 and 2, and provide:
   - the resulting costs allocation
   - Tariff change distributions by customer class

Conclusion

It is the UCA's view that completion of the requested analyses will assist in the review of a functionalization and cost allocation process that better reflects the nature of Alberta's evolving transmission.

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Questions