

Feb. 20, 2020

To: Stakeholders

Re: **Update to Stakeholders on Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session (1)**

On Feb. 6, 2020, the AESO issued a [Letter of Notice of Stakeholder Engagement Session on Local Interconnection Costs for DFOs \(Substation Fraction\) and DFO Cost Flow-Through Technical Session, scheduled for February 27, 2020 \(Session \(1\)\)](#). In the Letter of Notice, the AESO requested stakeholder feedback regarding the AESO's proposed agenda for Session (1) and the AESO's proposed overall process for this initiative, and issued a request for presenters at Session (1).

This update responds to the stakeholder feedback and presentation requests received, and provides additional detail regarding Session (1).

Additionally, the AESO is notifying stakeholders that it is revising the title of this initiative to "Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through", to reflect the fact that DFOs do not pay local interconnection costs.¹

The AESO appreciates the feedback received from stakeholders in response to the Letter of Notice, which has now been posted to the [AESO's website](#). Based on the feedback received, the AESO has **extended the time scheduled for Session (1)** and revised the agenda.

Time: 9:00 a.m. to 4:00 p.m.

Date: Feb. 27, 2020

Location: The Westin Calgary, Britannia Room
320 4th Avenue S.W.
Calgary, Alberta, T2P 2S6

RSVP: Provide names and titles of all participants that will attend by 5:00 p.m. on Feb. 24, 2020 to tariffdesign@aeso.ca. Please specify if you will attend in person or by webinar.

Webinar Session

Please [click here](#) to register for the webinar by Feb. 24, 2020.

¹ As recently confirmed by the Commission in Decision 22942-D02-2019 at para. 744.

Revised agenda for Session (1)

The agenda for Session (1) has been revised to capture several comments and incorporate the presentation requests received from stakeholders:

- Details on presenters and additional discussion opportunities have been added to the agenda.
- The AESO will present proposed principles to initiate the discussion.
- The AESO will work to ensure that feedback received during the scheduled break-out discussions is documented and summarized, for the benefit of webinar participants and others.

Additionally, the AESO received presentation requests from five parties; these requests are described below. The AESO has requested these presenters to provide their presentation materials to the AESO by end of day Feb. 24, 2020 so that they can be posted to the AESO's website on Feb. 25, 2020 in advance of the session on Feb. 27, 2020. Distribution connected generation (DCG) presenters have also been asked to coordinate their presentations to limit overlaps. The DCG presenters have indicated they will provide their materials by Feb. 26, 2020. In addition, the AESO will be looking for Distribution Facility Owners (DFOs) to speak to the cost flow-through issue.

DFOs

FortisAlberta will present and share case studies on the impact of the AESO's allocation of supply-related costs to DFOs (through the substation fraction), and the subsequent distribution tariff cost flow-through to DCG.

FortisAlberta will also share their general perspective on the allocation and flow-through of these transmission costs to DCG, and the overarching principles that FortisAlberta proposes to guide the industry in finding any required solutions.

ATCO Electric does not plan to present but will be available to address questions regarding ATCO Electric's typical practices and underlying rationale. ATCO Electric has indicated that its process and terminology largely matches that of FortisAlberta.

DCGs

BluEarth Renewables Inc. will present the Bull Creek project as a case study to illustrate the impact of these costs on DCG projects. The current intention is to focus on the impact of the Provost to Hayter line upgrade on the Bull Creek project, and look at cost, causation, benefit, and impact to Bull Creek.

Innogy Renewables Canada will present on the Construction Contribution Decision (CCD) impact on its projects under construction.

Siemens Energy will present a case study titled *Innovative Emissions Free Waste Heat to Power DCG Investment Jeopardized by AESO 2018 Tariff*.

As at Feb. 20, 2020, the below RSVPs have been received (in order of response):

- Alberta Utilities Commission staff
- Suncor Energy Services Inc.
- DePal Consulting Limited
- ATCO Electric
- AltaLink Management
- Acestes Power

- Longspur Developments
- URICA Asset Organization
- Chymko Consulting
- Teric Power
- EDC Associates Ltd.
- Prairie Sky Strategy
- Lionstooth Energy
- EPCOR Distribution & Transmission Ltd.
- Hatch Upside Engineering
- BluEarth Renewables
- Enel North America
- Capstone Infrastructure Corporation
- Siemens Energy
- BowMont Capital and Advisory
- TC Energy
- FortisAlberta Inc.
- NRGCS
- Industrial Power Consumers Association of Alberta
- Solar Krafte Inc.
- Evolgen (Brookfield Renewable Canada)
- Suncor Energy Services Inc.
- Irricana Power Generation
- Denis Forest Consulting
- Bright Diamond Consulting
- Nican International Consulting Ltd.
- Canadian Solar Solutions Inc.
- Kalina Distributed Power
- Wolf Midstream
- NAT-1 Limited Partnership
- Utilities Consumer Advocate
- ENMAX Corporation
- Alberta Energy
- Saturn Power
- Power Advisory LLC
- Best Consulting Solutions Inc.
- Green Cat Renewables Canada

Outcomes and products from this engagement

The agenda for Session (1) has been revised to include additional opportunities for discussion to build clarity on the outcomes and products expected from this engagement.

The AESO expects the materials presented at Session (1) and future technical sessions, including meeting minutes, proposals and written responses to form the basis for a report that the AESO intends to file with the Alberta Utilities Commission (AUC) following the conclusion of the technical session

engagement. These materials may also be relied upon by the AESO for purposes of a proposal that the AESO ultimately files for determination by the AUC regarding the substation fraction and flow-through of DCG costs.

Stakeholder request regarding future technical sessions

In response to the request for additional details on future technical sessions (i.e., beyond Session (1)), the AESO notes that, following the conclusion of Session (1) and prior to Technical Session (2), it intends to request proposals from stakeholders in order to facilitate presentations, discussion and evaluation of those proposals at Technical Session (2). The evaluation of proposals is intended to occur in light of prior discussion, in Session (1), of what needs to be achieved, and the principles to be taken into account.

The AESO received feedback that the proposed timeline for its technical session(s) was too long for some stakeholders and too compressed for others given other activities underway in the industry (Distribution System Inquiry “DSI” submission). In response to the proposed timing of the technical session(s), the AESO now proposes Technical Session (2) to be held the week of Mar. 23-27, 2020, noting this is March break for the Calgary School Board. This proposed re-scheduling can be discussed during Session (1).

Sincerely,

“Claudia Moroianu”

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