

Alberta Electric System Operator and the Balancing Pool

Utility Payment Deferral Program Rider L Application

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1 Application

- 1 Pursuant to subsections 11(2) and 11(3) of the *Utility Payment Deferral Program Act* (“Act”), the Alberta Electric System Operator (“AESO”) and the Balancing Pool (“BP”) jointly apply to the Alberta Utilities Commission (“Commission”) for approval of new Rider L of the Independent System Operator (“ISO”) tariff, *Utility Deferral Adjustment* (“Rider L”). Rider L is required in order to recover:
 - transmission and energy charges deferred by electricity customers in accordance with section 5 of the Act, as well as associated carrying costs that have been approved for recovery by the Commission; and
 - funding amounts that the BP has provided to electricity service providers (“ESPs”), as well as the expenses incurred by the BP to enter into and administer the associated funding agreements, in accordance with section 8 of the Act,
- 2 but that were not repaid on or before June 18, 2021.
- 3 In accordance with section 4(2) of the *Utility Payment Deferral Program Regulation* (“Regulation”), Rider L will recover the above-described costs from the owners of electric distribution systems (“DFOs”), customers who are industrial systems, and persons that have made arrangements under section 101(2) of the *Electric Utilities Act*.

2 Background

- 4 Under section 5 of the Act, certain electricity customers were permitted to defer electric utility payments, consisting of transmission and energy charges, during the period from March 18, 2020 to June 18, 2020.
- 5 Under section 6 of the Act, deferred electric utility payments were to be repaid by customers between June 19, 2020 and June 18, 2021 (the “Repayment Period”) in accordance with repayment plans that were to be agreed to by ESPs.
- 6 Under section 8 of the Act, ESPs with customers who deferred electric utility payments were permitted to apply to the Commission for funding from the BP to cover the electricity bill payment amounts deferred by those customers, other than the portion of those electricity bill payment amounts that relate to transmission charges.
- 7 The Act and related Regulation provide for the creation of ISO tariff rate riders to recover deferred electric utility payments that are not repaid in the Repayment Period, as follows:
 - under section 3 of the Regulation, ESPs that did not receive funding from the BP (“self-funded ESPs”) may apply to the Commission to have deferred electric utility payments that were not repaid during the Repayment Period included in an ISO tariff rate rider that is to be established by the Commission.
 - under section 11(2) of the Act, the BP must apply to the Commission for approval of an ISO tariff rate rider to recover outstanding funding amounts, and the related BP expenses, in relation to the deferral period; and
 - under section 11(3) of the Act, the AESO must apply to the Commission for approval of an ISO tariff rate rider to recover outstanding transmission charges in relation to the deferral period.

- 8 The rate riders must be applied for as soon as practicable after June 19, 2021 and no later than July 18, 2021;¹ included in the ISO tariff during the period between June 19, 2021 and June 18, 2022;² and charged on a “per megawatt-hour basis”.³
- 9 Amounts collected by the AESO under the riders must be paid by the AESO:
- to the Balancing Pool, in the case of the amounts recovered pursuant to section 11(2) of the Act;⁴ and
 - to the self-funded ESPs, in the case of amounts approved by the Commission under section 3 of the Regulation.⁵
- 10 Amounts recovered by the AESO pursuant to section 11(3) of the Act will be retained by the AESO to satisfy outstanding transmission charges and associated carrying costs. The AESO notes that, in respect of carrying costs, the Commission has already authorized the AESO to recover the carrying costs associated with transmission charges that are deferred under the Act, based on the AESO’s actual borrowing rate.⁶
- 11 As detailed below, the AESO and the BP propose that all deferred but unpaid electric utility amounts that are recoverable through an ISO tariff rider - whether payable to the BP or self-funded ESPs, or to be retained by the AESO – be recovered through a single Rider L.

3 Unpaid Amounts

- 12 As required by section 11(1)(c) of the Act and section 4 of the Regulation, the AESO has determined the following transmission charges in relation to the deferral period to be unpaid and outstanding from DFOs, together with associated carrying costs, as follows:

• Total deferred but unpaid transmission charges, as of June 30, 2021:	\$ 817,426.20
• Associated carrying costs (interest), as of June 30, 2021:	\$ 27,618.40
• Additional estimated carrying costs (interest), assuming Rider L to apply from September 1, 2021 to December 31, 2021:	<u>\$ 7,968.98</u>
• Total:	\$ 853,013.58

- 13 In accordance with Decision 25508-D01-2020, the AESO’s carrying costs are based on the AESO’s actual borrowing rate, being a cost-based interest charge that the AESO has applied to the deferred charges and calculated monthly.⁷

¹ Section 11(1) of the Act.

² Section 11(5) of the Act.

³ Section 4(2) of the Regulation.

⁴ S. 11(6) of the Act.

⁵ S. 3(5) of the Regulation.

⁶ Decision 25508-D01-2020, *Alberta Electric System Operator, Request for Deferral of Payment of 2020 Interim Refundable Demand Transmission Service Charges* (April 27, 2020), para. 39(4).

⁷ Decision 25508-D01-2020, para. 39(4).

14 As required by section 11(1)(a)-(b) of the Act and section 4 of the Regulation, the BP has determined the following funding and expense amounts in relation to the deferral period to be unpaid and outstanding as of July 12, 2021:

• Total uncollected ESP energy charges:	\$ 4,265,303.12
• Legal fees:	\$ 278,950.50
• Interest charges:	\$ 30,111.43
• Banking fees:	<u>\$ 420.00</u>
• Total:	\$ 4,574,785.05

15 Materials in support of the above-described amounts owing to the BP have been filed as Appendices B1 – B13 to this application.

16 The above amounts, together with any outstanding deferred but unpaid electric utility amounts filed by self-funded ESPs and approved for recovery by the Commission, are proposed by the AESO and BP to be recovered and paid through Rider L and the adjustment, invoicing and payment process discussed below.

4 Rider L

17 A proposed form of Rider L is attached to this application as Appendix A.

18 Rider L would apply to system access service under Rate DTS of the ISO tariff, *Demand Transmission Service* and Rate DOS of the ISO tariff, *Demand Opportunity Service*, but excluding the City of Medicine Hat and BC Hydro at Fort Nelson, British Columbia. This would correspond and align with Section 4(2) of the Regulation, which requires deferred but unpaid amounts to be recovered from DFOs, customers who are industrial systems, and persons that have made arrangements under section 101(2) of the *Electric Utilities Act*.

19 The AESO and the Balancing Pool propose Rider L to apply in all settlement periods commencing from September 1, 2021, until December 31, 2021 or such later date as the AESO determines to be necessary to ensure the recovery and payment of all outstanding amounts under Rider L prior to June 18, 2022.

20 The dollar per megawatt-hour (\$/MWh) charge has not yet been specified in Rider L. The AESO requests that the Commission authorize the AESO to determine the charge to be applied under Rider L for each settlement period, in order to ensure the recovery of all outstanding amounts under Rider L prior to June 18, 2022, assuming a maximum dollar per megawatt-hour (\$/MWh) charge to be calculated by the AESO on the basis of the following:

- the total outstanding deferred but unpaid amounts to be recovered by the AESO under Rider L, representing the sum of the amounts provided by the AESO and the BP in Section 3 above, as well as any deferred but unpaid amounts approved for recovery by the Commission for self-funded ESPs under section 3 of the Regulation; and
- the AESO's most currently available forecast volume for Rate DTS and Rate DOS (excluding the City of Medicine Hat and BC Hydro at Fort Nelson) from September 1, 2021 to December 31, 2021.

21 The AESO proposes to apply the maximum per megawatt-hour (\$/MWh) charge for each settlement period under Rider L (calculate in accordance with the above) until such time as the AESO determines that the maximum charge will result in over-collection under Rider L, in which case the AESO will adjust the charge downwards to mitigate against overcollection.

5 Payment of Amounts collected under Rider L

22 The AESO requests that the Commission confirm and direct the total amount to be recovered under Rider L and to be paid to each of the BP, each self-funded ESP, and to be retained by the AESO to satisfy outstanding amounts that have been deferred under the Act.

23 For amounts that the AESO is directed to pay to the BP and self-funded ESPs, the AESO intends to make payments in the month following collection under Rider L as a “special adjustment” on energy statements issued to the BP or to a self-funded ESP (i.e., as an offset to any amounts otherwise due to the AESO). For example, an amount collected under Rider L for a self-funded ESP in November 2021, for September 2021 production, will be paid to the self-funded ESP by way of a special adjustment on the energy market statement issued in November 2021 and paid in December 2021.

24 Once Rider L is in effect, the AESO will commence and continue the process of collecting revenue under Rider L and paying the amounts it has been directed to pay until the outstanding electric utility deferral amounts have been fully satisfied.

6 Adjustment and Reporting

25 Prior to Rider L coming into effect, the AESO proposes to advise the Commission, by way of a post-disposition letter to be filed prior to August 31, 2021 of the maximum dollar per-megawatt charge (\$/MWh) that has been determined by the AESO and to be initially applied under Rider L commencing effective September 1, 2021.

26 To address the possibility that late payments towards outstanding deferred amounts may be received by retailers or the BP after June 18, 2021, the AESO and the BP propose as follows:

- That any late payments of deferred transmission charges that are received by retailers be paid, as soon as possible, by retailers to DFOs, who would then pay these amounts to the AESO, thereby reducing the amount that the AESO needs to recover under Rider L.
- That the BP promptly informs the AESO (by way of email addressed to settlement@aeso.ca) and the Commission of any late payments of funding amounts that the BP receives, thereby reducing the amount that the AESO needs to recover under Rider L for the BP.
- That self-funded ESPs promptly inform the AESO (by way of email addressed to settlement@aeso.ca) of any late payments of energy charges that they receive, thereby reducing the amount that the AESO needs to recover under Rider L for self-funded ESPs.

27 The AESO proposes to further report to the Commission, by way of a monthly filing to be filed by the end of each month commencing September 2021 and ending June 2022, the running amounts that have been collected and that remain to be collected under Rider L, the AESO’s actual carrying costs for unpaid deferred amounts (as they become available), as well as any late payment notifications that have been

received by the AESO from DFOs, the BP or self-funded ESPs to reduce the amounts recoverable under Rider L.

28 In its subsequent monthly reports, the AESO will also advise the Commission if the AESO anticipates that the maximum dollar per megawatt-hour (\$/MWh) charge determined by the AESO will result in over-collection, and if so the adjusted, lesser charge that will apply, together with any adjustment of the expiry date of December 31, 2021 that the AESO determines to be necessary.

7 Approval and Relief Requested

29 The AESO and the BP request that the Commission approve this application, including:

- the proposed Rider L provided as Appendix A;
- the AESO's proposed method, described in section 4 above, to determine the dollar per megawatt-hour (\$/MWh) charge to be applied under Rider L;
- the application of Rider L in all settlement periods commencing from September 1, 2021, until December 31, 2021 or such later date as the AESO determines to be necessary to ensure the recovery and payment of all outstanding amounts under Rider L prior to June 18, 2022;
- confirmation of the total amount to be recovered by the AESO under Rider L and to be paid to each of the BP and each self-funded ESP, or to be retained by the AESO, subject to the reporting and adjustment process described in section 6 above for the receipt of late payments and actual carrying costs as they become known;
- as may be appropriate, direction to retailers, DFOs, self-funded ESPs and the BP, to ensure that the AESO (by way of email addressed to settlement@aeso.ca) is provided with prompt notice of any late payments of deferred but outstanding amounts that may be received by the BP, retailers, DFOs or a self-funded ESP; and
- such further and additional relief as the Commission considers necessary to give effect to this application.

30 To implement Rider L with an effective date of September 1, 2021 and to provide the AESO with sufficient time to calculate the maximum charge to be initially applied under Rider L, the AESO and the BP request that the Commission provide the above-described approval and relief on or before August 2, 2021.

31 All of which is respectfully submitted this 16th day of July 2021.

Alberta Electric System Operator

<Electronically Submitted>

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