



Regulatory Tariff Activities for 2005


John Martin, Regulatory
AESO Stakeholder Conference
June 21, 2005 — Calgary



Tariff Initiatives for 2005

- 2004 Deferral Account Reconciliation
- 2006 Prospective Rider Methodology
- Article 11 (24) Payment for Conscripted TMR
- 2005-2006 General Tariff Application Refiling
- Generator Performance Criteria Rule
- Export and Import Tariffs
- Merchant Interconnection Tariffs
- 2007 General Tariff Application
- Triggering of 2005 or 2006 Contribution Policy


2



2004 Deferral Account Cut-Off Date and Post Cut-Off Adjustments

- Cut-off issues raised in 2003 Deferral Account reconciliation process in late 2004
- Consultation in March-April 2005 determined August 31 cut-off date, mid-November application, and refile for material adjustments
- Additional consultation in June-July 2005 to determine materiality threshold, treatment of post cut-off adjustments, and treatment of prior year adjustments
- AESO will finalize conclusion in late July and file 2004 reconciliation application in late 2005


3



2006 Prospective Deferral Account Rider Methodology

- Evaluation of prospective method directed in Decision 2003-099 and filed in October 2004
- Consultation in November 2004 led to application for retrospective method for 2004 and 2005, and further consultation on prospective method in 2005
- Additional consultation in June-August 2005 to address transition to prospective method, duration of rider, and material variance thresholds
 - All costs except losses to be recovered from load in 2006
 - “Calibration factor” is prospective rider for losses in 2006
- AESO will apply to EUB for approval of 2006 prospective method in late August


4



Article 11 (24) Payment for Conscripted TMR Ancillary Services

- AESO filed amendment application in August 2004
 - Amendment reduced payment for conscripted (non-contracted) TMR service
 - Interim approval of amendment granted in December
- Negotiation in May-June 2005 identified four options but could not reach consensus
 - Issues relate to “cost of service” components and structure for compensation and maximum TMR cap
- AESO will refile amendment application in July
- Hearing tentatively scheduled for late September 2005


5



2005-2006 General Tariff Application

- AESO filed application on January 31, 2005
- Hearing held in April, argument and reply argument filed in May
 - Debate focused on Phase II issues, including DTS rate design, export and import rates, primary service credit, and investment policy
- Transmission Regulation requires EUB decision by September 1, 2005
 - New tariff to be effective January 1, 2006
- AESO expects decision to require refiling
 - Refiling likely completed by end of September, with final decision possible by end of October

6



Generator Performance Criteria for System Contribution Refunds

- Transmission Regulation requires rules for satisfactory performance of new generating units
- Consultation in November-December 2004 developed rule included in 2005-2006 GTA
 - Consultation in April-May 2005 for additional input
- Draft rule includes three criteria
 - Reach commercial operation date
 - Exceed minimum annual capacity factor by resource type
 - Operate below 110% of STS Contract Capacity
- Draft rule to be published in late July, consultation in August, and finalization in September 2005

7



Export, Import, and Merchant Interconnection Tariffs

- Consultation in 2004 and discussion during GTA proceeding led to proposal for further consultation
- Discussion in June 2005 on some specific issues
- Additional consultation in June-September to identify and address market, operational, tariff, and merchant interconnection issues
 - Both export-import and merchant interconnection tariffs initially included; may be explored separately later
- AESO will finalize proposal in October 2005
 - May result in separate application, possible negotiated settlement, or inclusion in 2007 GTA filing in mid-December


8



2007 General Tariff Application

- Some issues raised in 2006 GTA proceeding required additional consultation
- Consultation in June-July 2005 to identify and prioritize terms and conditions changes
 - Potential for negotiated settlement process
- Consultation in September-November 2005 to develop rate design
 - Review DTS rate structure and design
 - Potential for additional rate classes for load
- AESO plans to file 2007 GTA in mid-December



9





Tariff Activities Calendar for 2005

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004 DA Process	📄	👥👥👥	👥👥				📄	
2006 Prospective Rider	📄	👥👥	👥	👥👥	📄			
Article 11 (24) TMR	👥	📄	📄					
2005-2006 GTA	📄📄				📄			
Generator Criteria Rule	👥		📄	👥	📄	📄		
Export-Import Tariffs		📄👥	📄👥	👥	👥	📄		
Merchant Connections		📄👥	📄👥	👥	👥	📄		
2007 GTA		📄	👥👥		📄👥	👥👥	👥	📄

Additional initiatives may arise. Planned activities are subject to change.

 Stakeholder meeting
 Discussion paper

 Comment process
 Filing or proposal


10



Stakeholder Involvement in Tariff Consultation

- Tariff consultations need broad and balanced stakeholder representation
- Consultation documents (including all stakeholder comments) will be posted on AESO website
 - Will continue to be included in AESO e-mail updates
- Regulatory would like “short list” of stakeholders for more active participation in each consultation
- Please indicate your interest on form distributed with conference evaluation and return to AESO

11



What Determines Whether 2005 or 2006 Contribution Policy Applies?

- Policy depends on date of commitment to project, indicated by payment of customer contribution
- Revised interconnection process requires payment of contribution after EUB issues permit and license
 - Establishes contribution policy and allocates capacity
 - Security for customer-related costs required at time of detailed estimate (Proposal to Provide Service or PPS)
 - Previously, contribution required at time of PPS
- Early commitment and capacity reservation possible through early payment of contribution
- Process requires final AESO approval and will be posted on AESO website

12



AESO Regulatory Contacts

- Rob Senko, Director
(403) 539-2786
rob.senko@aeso.ca
- John Martin, Manager
(403) 539-2465
john.martin@aeso.ca
- Maureen Winslow, Coordinator
(403) 539-2463
maureen.winslow@aeso.ca
- Information can be accessed on www.aeso.ca
by following path Quick Links ► Current
Regulatory Activities

13

