

Overview

- 2006 tariff approved in EUB Decisions 2005-096, 2005-131, and 2005-132 and EUB Order U2005-464 with respect to AESO 2005-2006 General Tariff Application
- Significant changes from 2005 rates and terms and conditions of service
- Tariff legislated to be effective January 1, 2006, by *Transmission Regulation*

Revenue Requirement (\$ millions)

| Cost Component | 2006 | | 2005 | |
|----------------------------|----------------|----------------|----------------|----------------|
| | Refiled | GTA | Refiled | GTA |
| Wires | \$439.5 | \$405.5 | \$427.2 | \$445.7 |
| Ancillary Services | 150.6 | 150.6 | 137.7 | 137.7 |
| Losses | 131.0 | 131.0 | 181.1 | 181.1 |
| Other Industry Costs | 7.8 | 7.8 | 7.8 | 7.8 |
| General and Administrative | 30.1 | 30.1 | 29.2 | 30.1 |
| Total | \$757.1 | \$725.0 | \$781.0 | \$802.3 |

Increase of \$32.1 million (4.4%) compared to 2006 Forecast as filed in GTA

- Increase of \$34.0 million (8.4%) in 2006 wires costs based on EUB approvals of final or interim TFO tariffs since filing of 2005-2006 GTA
- 2006 “own costs” (other industry and general and administrative costs) will be updated from GTA placeholder in separate filing

Rate design

- Average 78% increase to DTS rate and average (63%) decrease to STS rate due to *Transmission Regulation* requirement that load pay all costs of the transmission system except for losses
- DTS wires costs unbundled between bulk system, local system, and point of delivery components
- Overall higher weighting of demand (\$/MW) components of DTS interconnection charge
- Introduction of coincident demand charge to recover bulk system component of wires costs
- Introduction of customer (\$/month) charge to recover point of delivery component of wires costs, prorated by “Substation Fraction” at multiple-user substations and converted to demand (\$/MW) charge at single-user substations less than 5 MW in billing capacity
- DTS ratchet level reduced to 90% of highest metered demand in the previous 24 months
- Within ancillary services, transmission must-run (TMR) unbundled to \$/MWh voltage control charge
- Primary Service Credit (PSC) replaces COS Credit, at reduced level of \$660/MW/month; nine customers currently receiving interim COS Credit are not eligible for Primary Service Credit
- Rider E approved to apply losses calibration factor to STS, import, export, and DOS rates
- Rider F approved to refund (\$1.00/MWh) Balancing Pool Consumer Allocation credit

DTS rate change

| DTS Rate Component | Unit | Refiled (1 Jan 2006) | Current (1 Jan 2005) | Change |
|--|------------------|-------------------------|-------------------------|--------------|
| Interconnection charge | \$/MW coincident | \$1,233.00 | – | NA |
| | \$/MW | 1,260.00 | 1,365.66 | (7.7%) |
| | \$/MWh | \$1.75 | \$1.96 | (10.7%) |
| | \$/month | \$21,899.00 | – | NA |
| Operating Reserve Charge % of Pool Price | | 3.87% | 2.95% | 91.0% |
| Voltage Control Charge | \$/MWh | 0.98 | – | |
| OSS Services Charge | \$/MW | \$76.00 | \$22.40 | 239.3% |
| Net Change | | | | 77.7% |

- Increase in interconnection charge reflects load paying all costs of the transmission system

- Higher weighting to demand (\$/MW) components, and introduction of coincident demand (\$/MW coincident) and customer (\$/month) components, of interconnection charge reflect wires cost study
- Increases in operating reserve charge and other system support services charge were as filed

STS rate change

| STS Rate Component | Unit | Proposed (1 Jan 2006) | Current (1 Jan 2005) | Change |
|---------------------------|-----------------|----------------------------------|---------------------------------|----------------|
| Interconnection charge | \$/MWh | \$ – | \$2.62 | (100.0%) |
| Losses (see notes) | % of Pool Price | 5.06% | 5.42% | (15.3)% |
| Operating Reserve Charge | % of Pool Price | – | 2.77% | (100.0%) |
| RGU Connection Costs | \$/MW | \$326.00 | \$365.00 | (10.7%) |
| Net Change | | | | (62.9%) |

- Elimination of interconnection charge and operating reserve charge reflects load paying all costs of the transmission system
- Loss factor provided above is system average only; actual loss factors are location-specific
- Changes to average loss factor, operating reserve charge, and Regulated Generating Unit Connection Costs were as filed

Other rate changes

- The \$/MWh components of Export Opportunity Service (EOS, previously ES) changed to \$1.67/MWh from \$2.62/MWh, and of Import Opportunity Service (IOS, previously IS) was eliminated
- No changes to levels of Demand Opportunity Service (DOS 7 Minutes, DOS 1 Hour, and DOS Term) or Demand Under-Frequency Load Shedding Credits (UFLS) rates

Terms and conditions of service

- Costs of system enhancements (upgrades of existing facilities such as breakers, protection, and communication systems) to be considered customer-related for load customers unless clearly demonstrated otherwise
- Maximum local investment to be calculated as \$125,000/year × contract term plus \$5,000/MW/year × DTS contract capacity × contract term, with minimum 5-year and maximum 20-year contract term
- Customer contributions not to be waived at PODs with multiple distribution-connected end users
- Continue to apply DTS-STC ratio at dual-dual use sites serving both demand and supply customers
- Apply prepaid operations and maintenance charge of 12% on all load facilities (both standard facilities and those that exceed AESO standard facilities (previously called “optional facilities”))
- System contribution of \$10,000-\$50,000/MW introduced for generators who sign SAS agreements after January 1, 2006, refundable over ten years with satisfactory performance
- Project application fees reduced and simplified, and made refundable upon energization

| Project Size | < 15 MW | > 15 MW and ≤ 25 MW | > 25 MW |
|-----------------|----------|---------------------|----------|
| Application Fee | \$10,000 | \$20,000 | \$50,000 |

- Terms and condition simplified, reordered, and renumbered throughout

Additional information

- All outstanding EUB directions determined to be addressed, except for six on-going responsibilities
- Several directions issued to be dealt with in future applications

For more information

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