




AESO 2007 Tariff Development Update


John Martin, Manager, Regulatory
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Basis for Presentation

- Early preview of expectations for 2007 tariff
- Concepts will be taken to stakeholders in more detail as part of consultation process
- Highlights of potential significant changes
 - Other minor changes will also be proposed
- Rates changes discussed first, then terms and conditions changes
- Presentation will be posted on AESO website

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Tariff Development Status

- Study results distributed for stakeholder review in April and May
 - Preliminary Report on 2006 Cost Causation Study
 - Preliminary Results of Customer Contribution Study
- Final studies and discussion papers targeted for distribution on Thursday, June 15
- Stakeholder meeting week of June 19-23
- Stakeholder comments due end of June
- 2007 Phase II application filed mid- to late July 2006

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Cost Causation Study Activities

- Study all major bulk paths
- Review treatment of inter-tie facilities
- Review local system/POD differentiation
 - Align with contribution policy differentiation
- Study POD costs in more detail
 - Coordinate with contribution policy study
- Ensure contributions are treated appropriately
- Review treatment of dual-use substations
- Consider treatment of operations, maintenance, and administration costs

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Interconnection Charge Components

- Review and refine cost functionalization and classification:


Function	Total	Classification			
		CP	NCP	Energy	Customer
Bulk	41.0%	24.1%	–	16.9%	–
Local	17.1%	–	14.0%	3.1%	–
POD	41.9%	–	17.9%	–	24.0%
Total	100.0%	24.1%	31.9%	20.0%	24.0%

Totals may be different due to rounding



Potential DTS Interconnection Charge Design


2006 DTS Rate	Potential DTS Rate
<p>Bulk System</p> <p>Coincident \$/MW</p> <p>Usage \$/MWh</p>	<p>System</p> <p>Non-Coincident \$/MW</p> <p>Usage \$/MWh</p>
<p>Local System</p> <p>Non-Coincident \$/MW</p> <p>Usage \$/MWh</p>	
<p>Point of Delivery</p> <p>Non-Coincident \$/MW</p> <p>Usage \$/MWh</p> <p>Customer \$/month</p>	
	<p>Point of Delivery</p> <p>Non-Coincident \$/MW</p> <p>Customer \$/month</p>



Other DTS Rate Components

- Assess suitability of “% × Pool Price” cost recovery of operating reserve charge
- Review application of power factor deficiency penalty at DTS sites with distributed generation

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Potential Backup Rate

- Develop backup rate in context of final DTS rate
- Align components with DTS rate

Potential DTS Rate	Potential Backup Rate
<p>System</p> <p>Non-Coincident \$/MW Usage \$/MWh</p>	<p>System</p> <p>DTS System Charge converted to \$/MWh at 10% load factor</p>
<p>Point of Delivery</p> <p>Non-Coincident \$/MW Customer \$/month</p>	<p>Point of Delivery</p> <p>No investment No charge</p>

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Demand Opportunity Service

- Update levels for DOS 7 Minutes, DOS 1 Hour, and DOS Term to align with DTS rate

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Primary Service Credit

- Align credit with POD charge in DTS rate
 - Include consideration of DTS-STS ratio
- Potentially eliminate need for PSC by making POD charge applicable only if TFO owns substation

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Export and Import Services

- Introduce new non-recallable (firm) export service (XTS)
- Introduce additional monthly opportunity export service (XOS 1 Month, with current service renamed XOS 1 Hour)
- Align charges with DTS rate
- No changes to import service (IOS)
 - No equivalent non-recallable and opportunity distinctions for domestic supply service (STS)

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Customer Contribution Policy

- Revise investment level (Direction 13)
 - Gather additional data points
 - Determine average cost function
 - Propose investment function such that 80% of projects do not make contribution
- Propose clear methodology for investment in “staged load” (incremental capacity at POD)
- Removal prepaid O&M on standard facilities
- Clarify DTS-STs ratio to encompass “substation fraction” for multiple DTS interconnections at single substation

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Interconnection Process

- Clarify interconnection requirement considerations
- Update interconnection process and contract capacity allocation articles to reflect current stakeholder consultation on capacity allocation and queuing practice


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Other Terms and Conditions Changes

- Expand and clarify contract termination provisions to accommodate capacity reductions
- Clarify credit, billing, and payment terms to align with market rules
- Respond to EUB direction on harmonization of AESO and DISCO policies


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Comments and Questions

- Additional opportunity for comments during consultation process

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AESO Contacts

- John Martin
Manager, Regulatory
(403) 539-2465
john.martin@aeso.ca
- Ed Hucman
Manager, Regulatory
(403) 539-2469
ed.hucman@aeso.ca
- Information can be accessed on www.aeso.ca by following the path Tariff ► Current Consultations ► 2007 Rates and ► 2007 Terms & Conditions

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