

**Title:** Peak Demand Waivers

**Preamble:** Re: "PROPOSED REVISIONS TO 2007 TERMS AND CONDITIONS OF SERVICE

The overarching goals in the proposed changes to its terms and conditions — like the rate changes discussed in Section 4 of this Application — are to move towards provisions that are sustainable and therefore contribute to the objective of providing tariff stability and certainty for customers. Most of the changes are intended to clarify and provide transparency and consistency in the AESO's tariff-related practices."

**Reference:** Article 16 – Peak Metered Demand Waiver, Terms and Conditions and Application, Section 6, page 1

**Request:**

- (a) Please confirm that FortisAlberta and other distribution wire owners were advised by AESO operating staff in November 2006 that they were considering changing the historical application and operating policies and procedures (OPP) related to Article 16 – Peak Metered Demand Waiver for distributors. If not, please explain.
- (b) Please confirm that upon further consultation, the AESO advised distributors in December 2006 that it will (i) "withhold the implementation of the 24 hours in advance notification of pre-scheduled activities for the time being," (ii) that the proposed clauses and draft pre-scheduled activities notification form had been removed from the proposed OPP and (iii) that the process as practiced today remains unchanged until further notice. If not, please explain.
- (c) Please advise whether the AESO plans or intends to change the historical and existing operating policy and procedure related to Peak Metered Demand Waivers for distributors (Article 16) as was contemplated by the AESO in (a) and (b) above."
- (d) If answer to c) above is yes, please describe the AESO's plans, intentions and timing with respect to this matter.
- (e) If answer to c) above is no, is the AESO willing to alter the language in its proposed Article 16 to align with the current OPP and "to clarify and provide transparency and consistency in the AESO's tariff-related practices."
- (f) Please provide all references to past AESO Applications, Information Requests, evidence and correspondence related to when the current Article 16 was last modified.

**Response:**

- (a-e) The AESO operations staff recently determined that notice from distribution companies when doing maintenance and switching load was not necessary from an operational standpoint. On that basis, the AESO on December 4, 2006 via email informed all distribution companies that the 24 hour provision was on hold until further notice and committed to remove the provision to provide notice to the System Control Centre (SCC) as specified in OPP 1202, which is currently being updated.

Notwithstanding, the AESO proposes it is appropriate to retain the notice provision as part of the tariff, for the purposes of establishing eligibility for the peak demand waiver. The AESO believes that if a distribution company is planning to temporarily switch load thereby setting a new peak at another POD, and wishes to have the demand charges associated with the new peak waived, it is reasonable that it be required to advise the AESO when it plans to do so, in order for the AESO to be able to process the billing adjustment necessary to remove the effect of the new peak demand. Without the notice, the AESO would be faced with after the fact requests for waiving charges associated with new peaks, making it much less clear whether they were the result of planned maintenance or simply from normal or unplanned backup usage, for which demand waivers do not typically apply.

Thus, while it has been determined that the notice is not important for the AESO SCC for operational reasons, it is the means by which the distribution company may obtain relief from new peak demand related charges on their DTS bills. By retaining the notice provision as in Article 16 of the current and proposed tariff the AESO intends that the distribution company contact the AESO, and the AESO will then process the waiver on the distribution company's bill as appropriate.

The AESO has initiated follow-up conversations with the distribution companies in order to clarify the requirements and any confusion that may have been caused.

- (f) In Decisions 2000-1 and 2001-32 the Board approved ratchet relief to distributors for peaks set during planned distribution maintenance.

Decision 2000-1 Page 215.

*The Board considers that both the TA and the DISCO must show some flexibility when planned maintenance occurs and waivers are requested. In the case of the DISCO, planned maintenance should occur when it is possible for the TA to provide the capacity that makes a waiver possible. Similarly, the Board expects the TA to use its discretion wisely and when necessary. The information and discussion to carry this out at least cost and disruption to end-use customers must be part of the normal business relationship between the TA and the DISCO.*

Decision 2001-32 Page 171

*The Board notes that in its pre-filed evidence, at Appendix A, ENMAX has proposed a revised wording to Article 21.1 which would allow for demand waivers in case of distribution system maintenance or emergencies. The Board further notes that ENMAX proposed a number of conditions in argument. ENMAX felt the TA could reasonably place these conditions upon the granting of such waivers. These conditions are listed*

*above in these findings. The Board considers that the relief proposed by ENMAX at Appendix A, subject to the conditions proposed in argument, will provide reasonable relief to the parties for purposes of this Decision.*

*Therefore, the Board directs EAL, in its refiling, to make amendments to Article 21 to reflect the proposal of ENMAX included in its Evidence, Appendix A, subject to the conditions proposed in the ENMAX argument and listed above in these findings. The Board has included the approved amendments to Article 21 as Appendix 2 to this Decision. Such proposed amendment should make it clear that the subject demand waivers are to be granted only for purposes of distribution maintenance and emergencies. The Board further directs EAL to report on the waivers granted subject to the revised article at the time of filing its 2003 GTA and to propose any further amendments it considers necessary.*

In the AESO's 2005 GTA, the AESO proposed further amendments to support the Board's direction. At that time the AESO felt it prudent to clarify the Board's intention to allow ratchet relief for "planned" distribution maintenance. The AESO indicated that a reasonable demonstration of planned maintenance or pre-scheduled activities by a distributor would be the provision of 24-hours notice prior to incurring a peak demand. The AESO's proposed changes were identified in the AESO's 2005 GTA in Section 6 – Terms and Conditions, page 98:

*"Peak Metered Demand Waiver (Article 16, Previously 21) – Article 16.1 (b) has been expanded and made distinct to distribution facility owners, to clearly set out the information required by the AESO in respect of pre-scheduled distribution maintenance and the related peak demand waiver."*

The AESO's proposed changes were repeated in the 2006 GTA.

The AESO's proposed 2005/2006 Terms and Conditions were approved in EUB Order U2005-464.