

AESO INFORMATION REQUESTS TO DUC-TCE

AESO.DUC-TCE-001

Reference: DUC-TCE Standby Rate Evidence – Page 5, Lines 10-14

“1. Eligibility for the BTS rate should be limited to dual-use customers in recognition of the additional benefits that dual-use customers provide to the transmission system that low load factors customers don't (e.g. transmission capital deferrals, voltage stability and VAR generation capability), thereby addressing the AESO's concerns with over subscription and potential operational and reliability concerns.”

Request:

- (a) Please fully explain the difference(s) between the DUC-TCE proposal for a standby rate and an opportunity rate which would be similar to the AESO's current opportunity services but have a different qualifying criterion.
- (b) Please fully explain how the DUC-TCE proposal satisfies the primary rate design consideration of cost causation.

AESO. DUC-TCE-002

Reference: DUC-TCE Standby Rate Evidence – Page 5, Lines 25-26 and Page 10, Lines 16-18

“The proposed standby rate is anticipated to provide about \$4 million per year less revenue than the AESO's proposed 2007 DTS rate.”

“2. Any energy consumption over the Contract Capacity would be charged under the energy component of the System Charge and the Point of Delivery Charge at high rates (\$20.28/MWh and \$8.26/MWh, respectively).”

Request:

- (a) Under the DUC-TCE proposal, is the energy only rate (and lack of demand charge) for the standby portion of the load expressly intended to provide a discount or relief to dual-use customers for the portion of system access service they require for backup and maintenance service?
- (b) What is the basis for the proposed discount or relief for the backup and maintenance portion of dual-use customers' loads provided by the proposed energy only rate (i.e.,

relative to the DTS rate)? Please fully explain the rationale as it relates to both the POD component and the system component of the rates.

AESO.DUC-TCE-003

Reference: DUC-TCE Standby Rate Evidence – Page 13, Lines 3-6

“DUC/TransCanada submit that the AESO’s concerns are not valid. First, the costs imposed by dual-use customers for ‘short duration, infrequent, and unscheduled usage’ are likely lower than costs imposed by pure load customers who have similar load characteristics.”

Request:

Please fully explain how “the costs imposed by dual-use customers...are likely lower than costs imposed by pure load customer who have similar load characteristics.”

AESO.DUC-TCE-004

Reference: DUC-TCE Standby Rate Evidence – Page 14, Lines 11-12

“In our view a key requirement for a successful standby rate is the proper determination of the Contract Capacity term to use as a billing determinant in the standby rate.”

Request:

- (a) Does DUC-TCE agree that contract capacity, in principle, should be representative of and has been used to determine the actual capacity of the facilities interconnecting the load in question? If not, please fully explain your response.
- (b) Please fully explain why only dual-use customers requesting standby service should have the option to buy down a portion of their contract demand and thereby be exempt from a demand based POD DTS charge (including the effects of actual metered demand) for system access service.
- (c) Is the basis for relieving standby users from normal DTS POD charges (with a demand component) related to load factor or to some other attribute? If it is load factor, what is the rationale, given there is no load diversity at the POD?

AESO.DUC-TCE-005

Preamble: The AESO understands that the purpose of contract capacity in the DUC-TCE standby rate proposal is primarily to delineate between base load (which is subject to the DTS rate) and standby load (which is subject to an energy-only rate). The proposal also suggests that the delineation level may be selected by the dual-use customer to suit the load pattern of the individual customer.

Reference: DUC-TCE Standby Rate Evidence – Page 14, Lines 33-35

“The contract capacity to be used in a standby rate should be set at a level, by the customer, such that all non-standby load requirements are billed at an equivalent to DTS rate.”

Request:

Under the rate structure proposed by DUC/TCE, could the delineation level be contracted for as a separate value, rather than tying it to contract capacity as it is currently applied? Please fully explain your response.

AESO.DUC-TCE-006

Reference: DUC-TCE Standby Rate Evidence – Page 15, Lines 3-8

“For dual-use customers who have had their Contract Capacity set at a level based on the reservation of capacity (item 2 above), the dual-use customer should be afforded the opportunity to reduce the Contract Capacity upon request, rather than the AESO’s current policy of five year notice. The rationale for the proposed Contract Capacity adjustment is that a customer on the proposed standby rate will not be stranding bulk or local system costs.”

Request:

- (a) Does DUC-TCE agree that forecast load is used in transmission planning?
- (b) Does DUC-TCE agree that forecast load is based on a number of factors including contractual obligations?

AESO.DUC-TCE-007

Reference: DUC-TCE Standby Rate Evidence – Page 17, Table 1 and Table 2

Request:

In the Proposed Standby Rate sections of Tables 1 and 2, please fully explain why the “POD to 7.5 MW” and “POD Fixed” rates different?

AESO.DUC-TCE-008

Reference: DUC-TCE Standby Rate Evidence – Page 26, Figure 9

Request:

- (a) Was the polynomial equation forced through zero in Figure 9? If so, what would be the equation of the curve with no restriction on the y-intercept?
- (b) Please provide the equations and R^2 statistics for correlations with two, three, and four degrees of freedom, both with and without the y-intercept set to zero.

AESO.DUC-TCE-009

Reference: DUC-TCE Standby Rate Evidence – Appendix 1, Page 28, Lines 4-10.

- “1. The rate should collect adequate revenue to recover the cost of providing the service while taking into account the diversity and other benefits of behind the fence generation to the system.
- 2. The rate should meet the needs of dual-use customers for Backup Service, Maintenance Service and Supplemental Service.
- 3. The rate should be stable and predictable to enhance investor confidence for the development of additional on-site generation.”

Request:

Other than the AESO’s proposed DTS rate being higher than the DUC-TCE proposed standby rate, does DUC-TCE agree that the proposed DTS rate meets DUC-TCE’s three standby rate objectives? If not, please fully explain your response.