



February 5, 2009

Posted on the AESO website

AESO Stakeholders

Dear Stakeholder:

Re: Consultation for AESO 2010 Tariff Application

The AESO is beginning the consultation process for its 2010 general tariff application (GTA), which we expect to file in the third quarter of 2009. You are invited to become involved in this process.

Attached to this letter is the AESO's preliminary list of potential matters to be addressed in the 2010 GTA. Initially, the AESO will seek comments on this list from those parties who were most actively involved in its 2007 GTA proceeding, as well as the Utilities Consumer Advocate. The AESO will accordingly contact the following parties in the next few days, to begin discussion on the preliminary list:

- Alberta Direct Connect Consumers Association (ADC),
- Consumers Coalition of Alberta and Public Institutional Consumers of Alberta (CCA/PICA),
- Dual Use Customers (DUC),
- EnCana Corporation,
- Industrial Power Consumers Association of Alberta (IPCAA),
- TransCanada Energy, and
- Utilities Consumer Advocate (UCA).

Other stakeholders are invited to contact the AESO if they wish to provide comments at this early stage.

Based on the initial discussions and review, the AESO will further develop the list of matters to be addressed, and plans to develop a discussion paper and hold broader consultation sessions on those matters. As well, it may be effective to develop working groups to address specific items in greater detail.

The preliminary list is intended as a starting point for discussion, and will evolve as consultation progresses over the coming months. The AESO hopes to complete consultation in June 2009, to allow the application to be filed in the following quarter.

The AESO requests stakeholders review the preliminary matters list, to ensure items of interest to them are included. The list contains various matters of different levels of significance. The AESO notes that the majority of its focus to date has been in the following areas (numbered as they appear on the list):

- 0.3 AltaLink contribution policy recommendations
- 1.1 POD cost function update
- 1.2 TFO O&M cost causation
- 2.1 Restructuring of operating reserve charge
- 2.2 Revisions to Rate FTS (and incorporation or replacement of Interim Rider H (3.6))
- 2.4 New “firm” export rate
- 2.8 New “firm” import rate
- 4.1 Coordination, consolidation, and updating of definitions
- 4.5 Updating to reflect the AESO’s current interconnection process
- 4.9 Updating and clarification of customer contribution provisions

The AESO will provide information to stakeholders in early March on the next stage of consultation on the 2010 tariff, which is expected to include broader stakeholder involvement.

Information related to the tariff consultation process will be available on the AESO’s web site at www.aeso.ca by following the path Tariff ► Current Consultation ► 2010 Tariff. The AESO appreciates stakeholders’ participation in this consultation.

If you have any comments or questions on this consultation process or the AESO’s tariff application, please contact me at 403.539.2465 or john.martin@aesoc.ca, or Raj Sharma at 403.539.2632 or raj.sharma@aesoc.ca.

Sincerely,

[original signed by]

John Martin
Director, Tariff Applications

attachment

cc: Heidi Kirmaier, Vice-President, Regulatory, AESO
Raj Sharma, Senior Tariff Analyst, AESO

0 GENERAL INFORMATION

0.1 Planned Consultation Activities

- 0.1.1 Feb 2009 – individual meetings with stakeholders who were active in the AESO's 2007 GTA
- 0.1.2 Mar-Apr 2009 – public consultation cycle: discussion paper, meeting, and comments
- 0.1.3 May-Jun 2009 – public consultation cycle: discussion paper, meeting, and comments
- 0.1.4 Q3 2009 – filing of application

0.2 Rates Update

The AESO will also be filing a 2009 rates update in Q1 of 2009, and is considering such annual updates in years between tariff applications

0.3 AltaLink Contribution Policy Recommendations

- 0.3.1 The following recommendations are included in Terms and Conditions sections 4.1 and 4.9:
 - Recommendation 1 on contribution policy principles
 - Recommendation 5 on operations and maintenance charge
 - Recommendation 7 on contribution payment options
- 0.3.2 Recommendations 2 on standards of service and 3 on system rebuilds are being reviewed as AESO policy decisions rather than tariff matters
- 0.3.3 Recommendation 4 on automatic escalation of investment levels using an inflation index will be considered as part of annual rates updates
- 0.3.4 Recommendations 6 on transitions between tariffs and 8 for "load first" treatment of dual-use sites will not be proposed by the AESO

1 STUDIES

1.1 POD Cost Function Update

- 1.1.1 Add about 20 projects to database
- 1.1.2 Update inflation rate (using Alberta CPI) to trend costs to 2010
- 1.1.3 Re-calculate best-fit function with same breakpoints
- 1.1.4 Preliminary results indicate about 25% increase in cost function

1.2 TFO O&M Cost Causation

- 1.2.1 Respond to outstanding directions from Decision 2007-106 to study incremental TFO O&M and propose additional cost causation refinements if warranted
- 1.2.2 Contracted to Arnie Reimer of PS Technologies

1.3 Bill Impact Analysis

- 1.3.1 Comparison for each POD of monthly bills under proposed rate and current rate

- 1.3.2 Will not be able to accurately estimate operating reserve charge under proposed rate

2 RATES

2.0 General

- 2.0.1 Update all rate levels to reflect current costs
- 2.0.2 2009 forecast costs included in application when filed in mid-2009
- 2.0.3 Update to 2010 costs when approved by AESO Board in late 2009
- 2.0.4 Update TFO costs at same time to reflect latest AUC approvals

2.1 DTS

- 2.1.1 Update interconnection POD charge to reflect updated POD cost function
- 2.1.2 Restructure operating reserve charge to better track costs and minimize deferral account
- 2.1.3 Assess power factor deficiency charge applicability at PODs with distribution-connected generation

2.2 FTS

- 2.2.1 Revise rate consistent with findings of final Fort Nelson proposal
- 2.2.2 Revise rate to be consistent with any changes to Rate DTS
- 2.2.3 Incorporate or replace Interim Rider H

2.3 DOS

- 2.3.1 Review DOS rates, Ts&Cs Article 10, OPPs, and business practice for integration and consolidation

2.4 Export

- 2.4.1 Update XOS rates to reflect current costs
- 2.4.2 Propose new "firm" XTS rate, if appropriate after consultation

2.5 UFLS

- 2.5.1 Review UFLS applicability to industrial customers
- 2.5.2 Review UFLS rates, Ts&Cs Article 12, and OPPs for integration and consolidation

2.6 PSC

- 2.6.1 Update PSC rate to be consistent with any updates to Rate DTS POD Charge

2.7 STS

- 2.7.1 No material changes contemplated

2.8 IOS

- 2.8.1 Propose new "firm" ITS rate, if appropriate after consultation

3 RIDERS AND APPENDIX

3.1 DAT Riders A1-A4

3.1.1 No material changes contemplated

3.2 Deferral Account Riders B and C

3.2.1 Revise to better manage deferral accounts, if appropriate after separate consultation on deferral accounts

3.3 Calibration Factor Rider E

3.3.1 No material changes contemplated

3.4 Balancing Pool Rider F

3.4.1 No material changes contemplated

3.5 Bill Impact Rider G

3.5.1 Expires at end of 2009

3.6 Interim Fort Nelson Rider H

3.6.1 Incorporated into or replaced by Rate FTS

3.7 Regulated Generating Units Appendix

3.7.1 Incorporate regulated generating unit provision from Article 14.6

4 TERMS AND CONDITIONS OF SERVICE

4.0 General

4.0.1 Update throughout to reflect changes to legislation, rules, and standards

4.0.2 Incorporate TOAD-related revisions

4.0.3 Update to reflect current interconnection process

4.1 Definitions and Interpretation

4.1.1 Review "AESO Standard Facilities" definition in context of AltaLink contribution policy recommendation

4.1.2 Revise "Customer" definition to avoid confusion with EUA definition

4.1.3 Update "Transmission Interconnection Requirements" to refer to current standards and documents

4.1.4 Eliminate unused definitions (including "ratchet level")

4.1.5 Update definitions to refer to or align with ISO Rules

4.2 Application of Tariff

4.2.1 No material changes contemplated

4.3 Provision of System Access Service

4.3.1 No material changes contemplated

4.4 Customer Interconnection Requirements

- 4.4.1 Move PSS and AVR requirements to standards under ISO Rules

4.5 System Access Application

- 4.5.1 Update to reflect current interconnection process
4.5.2 Remove requirement of DFO to provide security (to make consistent with Article 6.2(c))
4.5.3 Review assessment fee amounts and utilization
4.5.4 Move sections as appropriate to ISO Rules

4.6 Security and Customer Agreements

- 4.6.1 Update to reflect current interconnection process

4.7 Metering

- 4.7.1 Move sections as appropriate to metering standards under ISO Rules

4.8 Provision of Information by Customers

- 4.8.1 No material changes contemplated

4.9 Customer Contribution Policy

- 4.9.1 Discuss contribution policy principles including, as appropriate, those identified in AltaLink contribution policy recommendation
4.9.2 Update investment levels to reflect updated POD cost function
4.9.3 Further clarify contribution requirements when customer chooses interconnection facilities other than the most economic option
4.9.4 Explicitly state that the contribution policy which applies to a project is the one in effect on the date that permit and license is issued by the AUC for the transmission facilities (rather than AltaLink contribution policy recommendation)
4.9.5 Clarify that advancement provisions apply to all system projects, not just radial line
4.9.6 Revise operations and maintenance charge in Article 9.4 in accordance with outcome of AUC review and variance of Decision 2007-106
4.9.7 Clarify substation fraction will be applied consistently to dual-use sites (and will not allow a deemed fraction of 1.0 at dual-use sites as proposed in the AltaLink contribution policy recommendations)
4.9.8 Consider an amortized payment option for customer contribution as discussed in AltaLink contribution policy recommendations
4.9.9 Respond to outstanding direction from Decision 2007-106 to conduct further analysis on staged contributions

4.10 Demand Opportunity Service

- 4.10.1 Consolidate and move sections as appropriate to rate schedules and ISO Rules

4.11 Ancillary Services

4.11.1 No material changes contemplated

4.12 Under-Frequency Load Shedding

4.12.1 Consolidate and move sections as appropriate to rate schedules and ISO Rules

4.13 Contract Capacity Increases and Allocation

4.13.1 Update to reflect current interconnection process

4.13.2 Move sections as appropriate to ISO Rules

4.14 Reductions or Termination of Contract Capacity

4.14.1 Consider limiting the number of changes permitted within a notice period

4.14.2 Explicitly require the payout of remaining RGUCC charges in the event of early termination, in accordance with AUC findings in Decision 2007-106

4.14.3 Move regulated generating unit provision in Article 14.6 to the Regulated Generating Units Rates Appendix

4.15 Credit, Billing, and Payment Terms

4.15.1 Explicitly state that interest will not apply to adjustments to statements of account

4.15.2 Move sections as appropriate to ISO Rules

4.16 Peak Metered Demand Waiver

4.16.1 No material changes contemplated

4.17 Service Interruptions and Force Majeure

4.17.1 No material changes contemplated

4.18 Limitation of Liability

4.18.1 No material changes contemplated

4.19 Dispute Resolution

4.19.1 No material changes contemplated

4.20 Confidentiality

4.20.1 Update confidentiality provisions to align with participant involvement program requirements

4.20.2 Move sections as appropriate to ISO Rules

4.21 Miscellaneous

4.21.1 No material changes contemplated



5 APPENDICES

5.1 Appendix A: Metering Equipment Information

5.1.1 Move sections as appropriate to metering standards under ISO Rules

5.2 Appendix B: System Access Service Agreement Pro Formas

5.2.1 Update to reflect current interconnection process

5.2.2 Consider adding commissioning agreement pro forma

5.3 Appendix C: Procedure for Foreseeable TMR Service

5.3.1 No material changes contemplated