

**POD Cost Function and Investment Level Update Working Group
Meeting Notes for May 29, 2009**

The following notes summarize items on which participants had discussion of substance. If an agenda item was simply reviewed and acknowledged, it is not included in these notes.

1 Participants

- AltaLink: Dean Fischbach (representing AltaLink TFO)
- DUC: Dale Hildebrand (representing dual use (DTS and STS) customers, specifically Air Liquide, CNRL, Imperial Oil, Petro-Canada, Shell, Suncor, and Total)
- ENMAX: Penny Haldane (representing ENMAX Power TFO and DFO)
- TransCanada: Chris Best (representing TransCanada Energy and TransCanada Keystone Pipeline, primarily load)
- UCA: Ed de Palezieux (representing residential, farm, and commercial loads)
- AESO: John Martin and Raj Sharma

2 Action Items

- (a) **AESO** Provide POD charge calculations used on POD cost function escalated with Alberta CPI and with the composite index (item 6(a)).
- (b) **AltaLink** Provide information on cost index used by TFOs (item 6(b)).

3 Next meeting

- (a) 9:00-11:00 AM on Friday, June 12, 2009.

4 New “blue sky” approaches to determining investment level

- (a) Participants agreed that new approaches could be looked at after an “update” approach had been discussed in the working group. DUC and UCA may bring forward some ideas at a future meeting.

5 Inviting comments on discussion paper

- (a) Participants agreed that inviting stakeholder comments on the discussion paper should wait until the working group had more fully reviewed and discussed the paper.

6 Selection and application of cost index for the POD cost update

- (a) The AESO agreed to provide the POD charge that would result from POD costs updates using the Alberta CPI and using the composite price index, based on costs and billing determinants used in the AESO’s 2009 rates update application.
- (b) AltaLink will provide information on the cost index used by TFOs.
- (c) Participants suggested the same index did not necessarily need to be used for both historical and forecast years. The composite price index could be used for historical years, while Alberta CPI could be used for forecast years.
- (d) Participants were interested in a graphical comparison of the composite price index and Alberta CPI. The data for both was included in the Excel workbook provided with the discussion paper, so participants can view the data directly.

7 Contract capacity and metered demand

- (a) Participants suggested there is a disconnect between the capacity contracted for by a customer and the actual metered demand for the customer. Customers in unconstrained areas may under-contract to “hoard” capacity to maximize investment when a substation needs to be expanded. Customers in constrained areas may over-contract to ensure they have capacity available to them when their actual load grows. Such mismatches create challenges for system planners and operators.
- (b) The AESO is proposing to base investment at an expanding substation on the contract increase since the last time the customer received investment, which may address the “capacity hoarding” concern.
- (c) Participants suggested it might be worthwhile to compare metered demand and contract capacity for interconnection projects. Such information may involve customer-specific data which is usually treated as confidential.

8 Enclosures

- (a) Excel workbook with POD charge calculations based on Alberta CPI and based on composite index.
- (b) Information on cost index used in AltaLink’s 2009-2010 General Tariff Application:
 - section 6.1 on capital costs overview from application, dated September 16, 2008, and
 - information response CG.AML-048 a-b providing an update to the index, dated January 20, 2009.