



June 29, 2009

Posted on AESO website

DTS Operating Reserve Charge Design Working Group Members
AESO Stakeholders

Dear Working Group Member:

Re: Meeting Agenda for DTS Operating Reserve Charge Design Working Group

The second meeting of the DTS Operating Reserve Charge Design Working Group for the AESO's 2010 tariff application is scheduled as follows:

Time: 1:30 to 3:30 PM
Date: Monday, June 29, 2009
Location: Meeting Room 2538, AESO Office, 330 – 5th Avenue SW, Calgary
Refreshments: Coffee, juice, and snacks

If you intend to participate in the meeting by conference call, are unable to attend the meeting, or will be represented by an alternate, please let me know as soon as possible. ADC has already advised that they will participate in this meeting by conference call, and UCA are unable to attend this meeting.

The agenda for the meeting is proposed to include the following items:

- 1 **Review agenda** 1:30 PM
- 2 **Feasibility of hourly allocation of operating reserve costs** 1:35 PM
 - Based on discussion at the first meeting, the AESO has investigated the possibility of allocating operating reserve costs in each hour, at the end of the month
 - It appears feasible to implement such an approach:
 - all costs are incurred hourly
 - all required information is currently available, although in different systems
 - all required information is available early enough in the month to allow inclusion on preliminary statements issued on the fifth business day of the month
 - Cost and time required for implementation are not known, but costs are expected to be reasonable and timing should be feasible in the context of a tariff application
 - The AESO therefore plans to propose an hourly allocation of operating reserve costs as part of its 2010 tariff application
- 3 **Exceptions to hourly allocation of operating reserve costs** 2:00 PM
 - Non-compliance charges and liquidated damages are incurred hourly but are not known until the month following the billing period

- The AESO proposes such amounts, which totaled about a \$7 million credit in 2008, be refunded to customers through Rider C with subsequent annual reconciliation after year-end
 - Small changes to costs due to volume restatements and other adjustments are expected to occur after the billing period; the AESO proposes such adjustments also be collected or refunded through Rider C with subsequent annual reconciliation after year-end
- 4 **Proposed DTS operating reserve charge** 2:15 PM
- The AESO proposes the following wording for the operating reserve charge in the DTS rate:
 - The **Operating Reserve Charge** equals:*
 - *Metered Energy in each hour x operating reserve unit cost*
 - where operating reserve unit cost is the total cost of operating reserves in the hour divided by the sum over all DTS customers of the Metered Energy for each customer in the hour*
 - Approach is consistent with energy classification of operating reserve costs
- 5 **Estimates of operating reserve charges** 2:45 PM
- The AESO proposes to continue to calculate a simple percentage of pool price charge as in the current DTS rate, to allow a customer to estimate their bill and to allow the AESO to determine security requirements
 - The same percentage of pool price charge will be used to determine the operating reserve component that is included in opportunity rates (demand opportunity service and export opportunity service)
 - The AESO does not propose to pursue the two-block rate for the purposes of estimating operating reserve charges
- 6 **Availability of operating reserve charge information** 3:00 PM
- The AESO proposes to post on its historical reports page information that would allow a customer to validate the operating reserve charge
 - Information would consist of total operating reserve costs in each hour, total DTS metered energy in each hour, and operating reserve unit cost as defined in the DTS rate (total costs divided by total energy)
 - At this point the AESO does not propose to distribute that information with billing CSV files
- 7 **Follow-up required** 3:15 PM
- What consultation to general stakeholders should be undertaken?
 - Summarize what tasks need to be completed and who will complete them
- 8 **Dates and times for next meeting(s)** 3:25 PM
- 9 **Adjourn** 3:30 PM

This agenda and all other printed information related to the DTS Operating Reserve Charge Design Working Group is available on the AESO's website at www.aeso.ca by following the

path Tariff ► Current Consultations ► 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 { HYPERLINK "mailto:john.martin@aeso.ca?subject=AESO%202010%20Tariff%20Application%20Question" }, or Raj Sharma at 403-539-2632 or {HYPERLINK "mailto:raj.sharma@aeso.ca?subject=AESO%20OR%20Charge%20Working%20Group"}.

Sincerely,

[original signed by]

John Martin
Director, Tariff Applications

cc: Raj Sharma, Senior Tariff Analysis, AESO