Alberta Electric System Operator

2013 ISO Tariff Update

August 28, 2013
The Alberta Utilities Commission
Decision 2013-325: Alberta Electric System Operator
2013 ISO Tariff Update
Application No. 1609765
Proceeding ID No. 2718

August 28, 2013

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The Alberta Utilities Commission
Fifth Avenue Place, Fourth Floor, 425 First Street S.W.
Calgary, Alberta
T2P 3L8

Telephone: 403-592-8845
Fax: 403-592-4406

Website: www.auc.ab.ca
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1 Introduction and background

1. On July 17, 2013, the Alberta Electric System Operator (AESO) filed an application with the Alberta Utilities Commission (AUC or Commission) regarding the AESO 2014 ISO (Independent System Operator) Tariff application and the AESO 2013 ISO Tariff Update. The Commission issued an alert of notice and a notice of application on July 19, 2013. The notice of application invited those who wished to participate in this proceeding to file a statement of intent to participate (SIP) with the Commission by 2 p.m., August 2, 2013.

2. On July 24, 2013, the AESO filed an invitation to interested parties and stakeholders to two technical sessions. The first, a general technical meeting was proposed for the afternoon of August 8, 2013. The second, a cost causation technical meeting was proposed for the afternoon of August 15, 2013. The cost causation technical meeting was subsequently changed to the afternoon of August 19, 2013 by the AESO through correspondence of July 25, 2013 (Exhibit 28.01).

3. The following parties registered for this proceeding:

- Enbridge Pipelines (Athabasca) Inc. (ENPIPE)
- Devon Canada Corporation (DEVCANAD)
- ATCO Electric Ltd. (AE)
- TransCanada Energy Ltd. (TCE)
- TransCanada Keystone Pipeline GP Ltd. (TCKEY)
- ENMAX Corporation (EC)
- Consumers’ Coalition of Alberta (CCA)
- 2615991 Canada Ltd. (ATCO Power)
- Access Pipeline Inc. (Access)
- Industrial Power Consumers Association of Alberta (IPCAA)
- British Columbia Hydro and Power Authority (BC Hydro)
- Capital Power Corporation (CPC)
- EPCOR Distribution & Transmission Inc. (EDTI)
- Alberta Direct Connect Consumers Association (ADC)
- Office of the Utilities Consumer Advocate (UCA)
- City of Lethbridge (LETH)
- City of Red Deer (RD)
- Montana Alberta Tie Ltd. (MONTA)
- Powerex Corp. (Powerex)
- AltaLink Management Limited (AML)
- TransAlta Corporation (TC)
• Dual Use Customers (DUC)
• FortisAlberta Inc. (FAI)


5. With respect to the AESO 2013 ISO Tariff Update, the Commission asked for submissions from parties by August 20, 2013, regarding any objections to this component of the application and what process steps, if any, parties considered to be required to test this component should any objections arise.

6. With respect to the 2014 AESO ISO Tariff, the Commission established a schedule which enables parties to provide information requests (IRs) to the AESO by September 4, 2013. Responses to the IRs are due from the AESO by September 18, 2013.

2 AESO 2013 ISO Tariff Update application

7. In Decision 2010-606, the Commission approved the AESO’s proposed methodology to complete annual tariff update filings. The AESO included a 2011 tariff update in its compliance filing pursuant to that decision and this 2011 tariff update was subsequently approved by the Commission in Decision 2011-275. The AESO did not file a tariff update application in 2012 in response to the Department of Energy’s request that the Commission limit increases in the current rates or charges for transmission and distribution service. The request was lifted on January 29, 2013.

8. In the AESO’s 2013 ISO Tariff Update, the AESO stated that it had prepared its 2013 ISO Tariff Update to reflect 2013 forecast revenue requirement and forecast billing determinants. The AESO submitted that for its AESO 2013 ISO Tariff Update, it had used the same functionalization, classification and allocation of the AESO’s revenue requirement as directed in Decision 2010-606. The AESO stated that it had similarly maintained the same design and structure of the AESO’s rates as directed in that decision.

9. In Section 1.3 of the AESO 2013 ISO Tariff Update component application, the AESO requested, among other things, approval for the following:

The AESO requests these tariff updates be approved to be effective October 1, 2013 or such other date as the Commission deems appropriate. If the regulatory review process does not permit final approval in time for these rates to be effective October 1, 2013, the AESO requests that the Commission consider approving these rates on an interim basis to be effective on that date.

3 Application, paragraphs 102 to 104.
4 Application, paragraphs 106 and 107.
5 Application, paragraphs 32 and 33.
10. The positions of the parties in response to the Commission’s request for submissions regarding the AESO 2013 ISO Tariff Update are summarized below.

11. The CCA stated\(^6\) that it wanted the opportunity to test the AESO 2013 ISO Tariff Update either concurrently with the 2014 ISO Tariff application or through a separate process.

12. ATCO Power raised several issues regarding load shed service for imports (LSSi) costs\(^7\) including whether LSSi costs are appropriately considered ancillary costs, whether LSSi costs are prudent, and how to appropriately allocate LSSi costs.

13. EDTI\(^8\) stated that the quantum of the proposed AESO 2013 ISO Tariff Update will result in increased transmission access costs to EDTI for Quarter 4 of 2013 of approximately $10 million. EDTI further added that due to international financial reporting standards (IFRS), revenues are to be recorded in the year in which they are billed or billable. If the Commission’s approval of the AESO’s 2013 ISO Tariff Update is not timely, then EDTI would understate 2013 revenues by $10 million and overstate 2014 revenues by the same amount. EDTI described this situation as “not desirable.”

14. Other than ATCO Power, which asked that LSSi costs be held in a deferral account until the Commission makes its determinations on the LSSi issues, all commenting parties that specified a position regarding the AESO 2013 ISO Tariff Update did not object to the approval of the AESO 2013 ISO updated tariffs on an interim refundable basis. ATCO Power did not oppose\(^9\) the implementation of the remaining proposed 2013 tariff updates.

3 Commission findings

15. Two parties (the CCA and ATCO Power) have requested further process to test the AESO 2013 ISO Tariff Update, and ATCO Power has identified specific issues regarding the AESO 2013 ISO Tariff Update to be considered by the Commission.

16. EDTI and AE also filed submissions regarding the impact of timing on any approvals regarding the AESO 2013 ISO Tariff Update, including the submission from EDTI that it would understate 2013 revenues by $10 million and overstate 2014 revenues by the same amount, if a decision were unable to be reached by September 1, 2013.

17. The Commission finds that in order to meet the timing constraints as expressed by EDTI and AE, there would not be adequate time to test the identified issues or any other issues that may arise relating to the AESO 2013 ISO Tariff Update before September 1, 2013. Because the ISO tariff has not been updated since 2011, the Commission considers it to be prudent to approve the AESO 2013 ISO Tariff Update on an interim refundable basis, including both the LSSi costs and the export opportunity merchant service Rate XOM. Doing so will alleviate the impact of further delay on rates which is consistent with the principles of providing for future rate stability and avoiding potential rate shock. While the Commission understands ATCO Power’s desire to create a deferral account for LSSi costs, some LSSi costs have been incurred by the AESO and

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\(^6\) Exhibit 65.01, CCA comments regarding the AESO’s 2013 Tariff Update application.

\(^7\) Exhibit 57.01, ATCO Power comments on the AESO 2013 Tariff Update application.

\(^8\) Exhibit 58.01, EDTI comments on the AESO 2013 Tariff Update application.

\(^9\) Exhibit 57.01, ATCO Power comments on the AESO 2013 Tariff Update application, page 2.
collected through the LSSi rate for the first eight months of this year. The Commission maintains the ability to examine the LSSi costs and the XOM rate and to address any modifications that arise despite its approval of an interim refundable rate. Further, the Commission views the interim refundable process as procedurally more efficient than creating a separate deferral account before determinations are made on this matter.

18. For the reasons stated above, the Commission approves the AESO 2013 ISO Tariff Update application, including the export opportunity merchant service Rate XOM, on an interim refundable basis. The AESO 2013 ISO Tariff Update application is to be tested concurrently with the AESO 2014 Tariff application. Information requests to the AESO regarding the AESO 2013 ISO Tariff Update application are due by September 11, 2013 and information responses from the AESO are due September 18, 2013. The remaining process schedule will be determined in accordance with the 2014 ISO Tariff application.
4 Order

19. It is hereby ordered that:

   (1) The AESO 2013 ISO Update tariffs are approved on an interim refundable basis.

   (2) Information requests to the AESO regarding the AESO 2013 ISO Tariff Update are due by September 11, 2013 by 4 p.m.

   (3) Information responses regarding the AESO 2013 ISO Tariff Update are due by September 18, 2013 by 4 p.m.

Dated on August 28, 2013.

The Alberta Utilities Commission

(original signed by)

Anne Michaud
Panel Chair

(original signed by)

Bill Lyttle
Commission Member

(original signed by)

Henry van Egteren
Commission Member
Appendix 1 – Proceeding participants

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<thead>
<tr>
<th>Name of organization (abbreviation)</th>
<th>counsel or representative</th>
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| Alberta Electric System Operator (AESO) | D. Holgate  
A. Pinjani  
I. Chow  
J. Martin  
N. Weigel  
L. Kerr |
| Access Pipeline Inc. (Access) | E. de Palezieux  
J. Dawson |
| Alberta Direct Connect Consumers Association (ADC) | C. Chekerda |
| ATCO Electric Ltd. (AE) | L. Keough  
J. Grattan  
T. Martino  
A. Phillips  
S. Arbeaut  
D. Hoshowski  
S. Yee  
L. Kizuk  
B. Yee  
L. Kerckhof  
S. Weiss  
B. Li |
| AltaLink Management Ltd. (AML) | Z. Lazic  
J. Yeo  
J. Piotto  
D. Madsen  
T. Kanasoot  
R. Senko  
N. Burns  
J. Wrigley |
| 2615991 Canada LTD. (ATCO Power) | M. Buchinski  
C. Fuchshuber  
H. Klinlenborg |
| British Columbia Hydro and Power Authority (BC Hydro) | J. Fraser |
| Consumers’ Coalition of Alberta (CCA) | J. A. Wachowich  
A. P. Merani  
R. Retnanandan |
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<th>Name of organization (abbreviation)</th>
<th>Counsel or representative</th>
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<td>Capital Power Corporation (CPC)</td>
<td>D. E. Crowther</td>
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The Alberta Utilities Commission

Commission Panel
- A. Michaud, Panel Chair
- B. Lyttle, Commission Member
- H. van Egteren, Commission Member

Commission Staff
- C. Wall (Commission counsel)
- M. Ali (Commission counsel)
- S. Karim
- D. Ward
- J. Cameron
- J. Halls
- W. MacKenzie