



# Regulatory Tariff Activities for 2005

John Martin, Regulatory

AESO Stakeholder Conference

June 21, 2005 — Calgary

# Tariff Initiatives for 2005

- 2004 Deferral Account Reconciliation
- 2006 Prospective Rider Methodology
- Article 11 (24) Payment for Conscripted TMR
- 2005-2006 General Tariff Application Refiling
- Generator Performance Criteria Rule
- Export and Import Tariffs
- Merchant Interconnection Tariffs
- 2007 General Tariff Application
- Triggering of 2005 or 2006 Contribution Policy



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# 2004 Deferral Account Cut-Off Date and Post Cut-Off Adjustments

- Cut-off issues raised in 2003 Deferral Account reconciliation process in late 2004
- Consultation in March-April 2005 determined August 31 cut-off date, mid-November application, and refileing for material adjustments
- Additional consultation in June-July 2005 to determine materiality threshold, treatment of post cut-off adjustments, and treatment of prior year adjustments
- AESO will finalize conclusion in late July and file 2004 reconciliation application in late 2005



# 2006 Prospective Deferral Account Rider Methodology

- Evaluation of prospective method directed in Decision 2003-099 and filed in October 2004
- Consultation in November 2004 led to application for retrospective method for 2004 and 2005, and further consultation on prospective method in 2005
- Additional consultation in June-August 2005 to address transition to prospective method, duration of rider, and material variance thresholds
  - All costs except losses to be recovered from load in 2006
  - “Calibration factor” is prospective rider for losses in 2006
- AESO will apply to EUB for approval of 2006 prospective method in late August



# Article 11 (24) Payment for Conscripted TMR Ancillary Services

- AESO filed amendment application in August 2004
  - Amendment reduced payment for conscripted (non-contracted) TMR service
  - Interim approval of amendment granted in December
- Negotiation in May-June 2005 identified four options but could not reach consensus
  - Issues relate to “cost of service” components and structure for compensation and maximum TMR cap
- AESO will refile amendment application in July
- Hearing tentatively scheduled for late September 2005



# 2005-2006 General Tariff Application

- AESO filed application on January 31, 2005
- Hearing held in April, argument and reply argument filed in May
  - Debate focused on Phase II issues, including DTS rate design, export and import rates, primary service credit, and investment policy
- Transmission Regulation requires EUB decision by September 1, 2005
  - New tariff to be effective January 1, 2006
- AESO expects decision to require refiling
  - Refiling likely completed by end of September, with final decision possible by end of October



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# Generator Performance Criteria for System Contribution Refunds

- Transmission Regulation requires rules for satisfactory performance of new generating units
- Consultation in November-December 2004 developed rule included in 2005-2006 GTA
  - Consultation in April-May 2005 for additional input
- Draft rule includes three criteria
  - Reach commercial operation date
  - Exceed minimum annual capacity factor by resource type
  - Operate below 110% of STS Contract Capacity
- Draft rule to be published in late July, consultation in August, and finalization in September 2005



# Export, Import, and Merchant Interconnection Tariffs

- Consultation in 2004 and discussion during GTA proceeding led to proposal for further consultation
- Discussion in June 2005 on some specific issues
- Additional consultation in June-September to identify and address market, operational, tariff, and merchant interconnection issues
  - Both export-import and merchant interconnection tariffs initially included; may be explored separately later
- AESO will finalize proposal in October 2005
  - May result in separate application, possible negotiated settlement, or inclusion in 2007 GTA filing in mid-December












































# 2007 General Tariff Application

- Some issues raised in 2006 GTA proceeding required additional consultation
- Consultation in June-July 2005 to identify and prioritize terms and conditions changes
  - Potential for negotiated settlement process
- Consultation in September-November 2005 to develop rate design
  - Review DTS rate structure and design
  - Potential for additional rate classes for load
- AESO plans to file 2007 GTA in mid-December



# Tariff Activities Calendar for 2005

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2004 DA Process								
2006 Prospective Rider								
Article 11 (24) TMR								
2005-2006 GTA	 							
Generator Criteria Rule								
Export-Import Tariffs		 	 					
Merchant Connections		 	 					
2007 GTA			 		 	 		
<i>Additional initiatives may arise. Planned activities are subject to change.</i>								

 Stakeholder meeting  
 Discussion paper

 Comment process  
 Filing or proposal



# Stakeholder Involvement in Tariff Consultation

- Tariff consultations need broad and balanced stakeholder representation
- Consultation documents (including all stakeholder comments) will be posted on AESO website
  - Will continue to be included in AESO e-mail updates
- Regulatory would like “short list” of stakeholders for more active participation in each consultation
- Please indicate your interest on form distributed with conference evaluation and return to AESO



# What Determines Whether 2005 or 2006 Contribution Policy Applies?

- Policy depends on date of commitment to project, indicated by payment of customer contribution
- Revised interconnection process requires payment of contribution after EUB issues permit and license
  - Establishes contribution policy and allocates capacity
  - Security for customer-related costs required at time of detailed estimate (Proposal to Provide Service or PPS)
  - Previously, contribution required at time of PPS
- Early commitment and capacity reservation possible through early payment of contribution
- Process requires final AESO approval and will be posted on AESO website



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