Alberta Electric System Operator Updates to Rate DOS Application

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1. Introduction

1.1 Overview

1 This is the application of the Independent System Operator (ISO), operating as the Alberta Electric System Operator (AESO), to approve amendments to update Rate DOS, *Demand Opportunity Service*, of the ISO tariff (Rate DOS) in accordance with Sections 30 and 119 of the *Electric Utilities Act*.[1] These updates reflect the guidance provided by the Alberta Utilities Commission (Commission) in Decision 26911-D01-2022 (the B&R Decision) and represent improvements that can be practically implemented by the AESO in advance of the next Bulk and Regional rate design.[2] Along with these updates, the AESO is also requesting a two-year extension to the deadline to refile the next Bulk and Regional rate design.[3]

2 There is value in making these pragmatic and broadly supported improvements now in advance of the next Bulk and Regional Rate Design for the reasons set forth below. Notably, these improvements will lower barriers for emerging technologies within the existing ISO tariff and increase transmission revenue, such that Rate DTS, *Demand Transmission Service* (Rate DTS) can be offset to a greater degree.

3 In summary, updated Rate DOS remains an opportunity service rate (i.e., only used to provide service that a market participant would not otherwise take under Rate DTS,[4] with the following three updates:

A. Rate DOS would be technology agnostic

Rate DOS is currently only available on either a temporary or repeated short-term basis. This limitation practically prevents energy storage resources and other technologies from making use of Rate DOS, even if other criteria are met. The AESO therefore proposes to remove this limitation to maintain a technology agnostic approach to the ISO tariff. As discussed further below, Rate DOS will maintain sufficient safeguards to protect against misuse.

B. Rate DOS would have a standardized structure and simplified contribution amounts

There are currently three types of Rate DOS. Two of these rate types would be consolidated and their calculation revised to better align with other opportunity service rates under the ISO tariff. Specifically, "DOS 7 Minute" and "DOS 1 Hour" will be replaced with "DOS Dispatchable." The current 7 minute and 1 hour rates are based on technological limitations that no longer apply. DOS Dispatchable will include a 20% contribution towards fixed costs, which is the same as the fixed cost contribution made by Rate XOS, *Export Opportunity*

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[1] *Electric Utilities Act*, SA 2003, c E-5.1.f.

[2] Decision 26911-D01-2022, *AESO Bulk and Regional Rate Design and Modernized DOS Rate Design Application* (November 10, 2022), paras 109-117.

[3] In the B&R Decision, having denied the AESO's application, the Commission directed the AESO to refile the next Bulk and Regional rate design, taking into account the Commission's guidance, findings, and directions by January 31, 2025. The AESO does not expect to be in a position to file the next Bulk and Regional rate design prior to January 31, 2025 given the ongoing work related to developing a Restructured Energy Market and the review of transmission policy in Alberta. As such, the AESO is also requesting a two year extension to the deadline to refile the next Bulk and Regional rate design.

[4] Decision 2000-1, ESBI Alberta Ltd., *1999/2000 General Rate Application Phase 1 and Phase 2* (February 2, 2000) at PDF pages 231-232.

Service. The DOS 7 Minute rate type currently has a 0% contribution, whereas the DOS 1 Hour rate type makes a 50% contribution. The AESO expects this change will result in incremental transmission revenue from Rate DOS.

The AESO is not proposing to change the contribution towards fixed costs made by the third type of Rate DOS, DOS Term.

C. Rate DOS would be more efficient to administer

Under DOS Dispatchable, market participants will bid into the energy market and real-time dispatches will replace the current written transaction requests that market participants must fax to the AESO. Market participants will also no longer be subject to the associated processing fee and take-or-pay requirements. This change will simplify and improve the administration and operation of Rate DOS. It will also provide the AESO with greater visibility and control over the real-time use of Rate DOS, which will enhance reliability.

The Rate DOS qualification period will also change from one year to five years. This increased qualification period will provide market participants with additional certainty regarding their ability to qualify for Rate DOS. It will also reduce the administrative burden on both the AESO and market participants (i.e., reducing the number of renewals that market participants must submit and the AESO must review).

4 The full details of the proposed changes to the revised terms and conditions, term sheet and consolidated authoritative document glossary are found in Appendices A, B and C, respectively.[5]

5 Market participants who require firm service should request service under Rate DTS. Rate DOS remains an “as available” service with no guarantee that there is, or will continue to be, capacity on the transmission system for market participants to use additional electric energy under Rate DOS. The AESO does not expand or enhance the transmission system to serve market participants on Rate DOS. Market participants must also have some amount of Rate DTS in order to be eligible for Rate DOS.

6 Cannibalization refers to when market participants use electric energy under an opportunity service rate when they would have otherwise used such electric energy under Rate DTS. The reduced revenue means that other users pay more than they otherwise would for Rate DTS, and cross-subsidize Rate DOS.

7 Rate DOS will maintain sufficient safeguards to prevent the cannibalization of Rate DTS through its business case and audit provisions.[6] The AESO will have the right to audit market participants to confirm their eligibility and retroactively charge Rate DTS if the AESO discovers that market participants have misrepresented or changed their use of Rate DOS. These provisions already exist under Rate DOS and the AESO does not propose to make any material changes to them.

8 The AESO intends to monitor the use of Rate DOS to ensure alignment with approved eligibility as part of its mandate. For example, the AESO will monitor market participant consumption under Rate DOS to see if

[5] These are substantially the same as the versions published by the AESO on March 27, 2024, however, the AESO has made some changes to improve clarity and to align with existing formatting in the ISO tariff.

[6] In this Application, the term “business case” refers generally to the Rate DOS qualification application that a market participant submits to the AESO under the terms of the ISO tariff. The Rate DOS qualification application includes several components that are used to demonstrate the market participant’s eligibility for Rate DOS.

their behaviour aligns with the information presented in their business cases. The AESO will also monitor for other indicators that the market participant requires firm service, such as failing to respond to a dispatch.

9 Overall, this next step in the evolution of the rate aligns with the Commission's guidance in the B&R Decision. These changes will continue to prevent the cannibalization of Rate DTS, replace antiquated processes, and result in increased incremental transmission revenue which will offset Rate DTS to a greater degree and provide an overall net benefit to transmission system customers.

1.2 Proposed Process

10 This Application is based on significant stakeholder engagement and the AESO therefore proposes a brief written process. Specifically, a single round of information requests (IRs), with Commission IRs preceding intervener IRs by a week to allow the latter to tailor (reduce) their IRs accordingly.

11 Because this Application is based on the Commission's guidance in the B&R Decision and common ground that emerged during subsequent stakeholder engagement, the AESO submits that a streamlined, focused process is appropriate in this instance and is more efficient. The AESO proposes that the scope of issues be limited to the changes proposed by the AESO in this Application. The AESO's understanding is that market participants are primarily interested in the length of the qualification period (i.e., the proposed change from one year to five years). As such, the AESO proposes that this be one of the primary issues, along with any other issue(s) related to the changes proposed by the AESO that the Commission believes warrant further consideration.

12 To the extent that market participants wish to raise other issues, the AESO submits that such issues should be limited in scope to the changes proposed by the AESO to Rate DOS in this Application. Other issues, like additional new rate proposals, the existing business case provision, and the existing audit and retroactive billing provisions should be outside the scope of this proceeding since the AESO is not proposing any additional rate proposals or material changes to these provisions.

13 The proposed process schedule attached as Appendix D is premised on broad stakeholder alignment about key issues and acceptance that the proposed updates are reasonable in the near term, plus recognition that there is not universal agreement on all issues, and a fuller process will occur during the next Bulk and Regional rate design.

14 If there is significant opposition by market participants, however, or if the Commission determines that the issues warrant a significant amount of time and consideration, the AESO may withdraw this Application, and the incremental changes proposed, to efficiently bundle any proposed changes to Rate DOS with the next Bulk and Regional rate design instead.

1.3 Relief Requested

15 The AESO respectfully requests approval of:

A. the changes to the Rate DOS terms and conditions as set out in Appendix A;

B. the changes to the Rate DOS rate sheet as set out in Appendix B;

C. the changes to the Consolidated Authoritative Document Glossary as set out in Appendix C;

D. the removal of the Rate DOS proforma application form from Appendix A of the ISO tariff; and

E. such other relief as the AESO may advise and the Commission deem appropriate.

In addition to the above, the AESO also respectfully requests an extension to the Commission's direction to refile the revised Bulk and Regional rate design. Specifically, the AESO proposes that the deadline to refile be extended by two years, such that the AESO is directed to refile the revised Bulk and Regional rate design no later than January 31, 2027.[7] Given the work the AESO is currently undertaking to develop a Restructured Energy Market and the ongoing review of transmission policy in Alberta, it would be premature to develop and file the revised Bulk and Regional rate design at this time. Depending on the outcome of this work, the AESO may seek further extensions, if necessary.

16 The AESO requests approval of the above updates in whole or in part on a stand-alone basis. However, if the Commission approves eliminating the requirement for Rate DOS to be used on a temporary or short term basis and makes Rate DOS technology agnostic, the AESO also requests approval of the use of the bidding mechanism in the energy market and merit order operation. The AESO's current manual processes (receiving and review of faxes) would not support a high volume of new transaction requests from new market participants under Rate DOS.

17 Considering the AESO's extensive stakeholder engagement with market participants, the AESO recognizes that some of these updates (the contribution towards fixed costs and the qualification period) fall within a range of reasonable values and there are alternative values that may be appropriate. Specifically, the AESO is open to a higher contribution towards fixed costs or a shorter qualification period if the Commission determines it to be appropriate.

18 The AESO requests that the updates become effective six months after approval by the Commission. This will provide the AESO with time to adjust its systems and processes.

19 The AESO also requests that the Commission approve the transition plan for the three market participants currently on Rate DOS, as set forth in Section 5 of this Application. This will provide these market participants additional time to adjust to the updates.

[7] Commission Direction 26911-D01-2022-0001, *supra* note 2, para 12.

2. Applicable Legislation

20 The AESO plans to develop a revised Bulk and Regional rate design once there is no longer significant potential for material changes to the applicable legislative framework, to ensure that developing, consulting on, and applying for an updated rate design are efficient exercises.

21 The AESO must prepare and receive Commission approval of its ISO tariff rates and terms and conditions in accordance with sections 30 and 119 of *Electric Utilities Act*, which provide:

> ISO tariff
>
> 30(1) The Independent System Operator must submit to the Commission, for approval under Part 9, a single tariff setting out
>
> (a) the rates to be charged by the Independent System Operator for each class of system access service, and
>
> (b) the terms and conditions that apply to each class of system access service provided by the Independent System Operator to persons connected to the transmission system.
>
> (2) The rates to be charged by the Independent System Operator for each class of service must reflect the prudent costs that are reasonably attributable to each class of system access service provided by the Independent System Operator…
>
> Preparation of tariffs
>
> 119(4) The Independent System Operator must prepare a tariff relating to the transmission system in accordance with Part 2 and apply to the Commission for approval of the tariff.

22 The ISO tariff, which sets out the rates to be charged for each class of system access service provided by the AESO, and the terms and conditions that apply to each class of system access service, is generally composed of two elements: (1) costs and expenses; and (2) the proposed allocation of costs and expenses to rate classes (rate design).[8]

23 Opportunity service rates are charged for the usage related costs associated with their use of the transmission system.[9] Because they are non-firm rates and the AESO does not expand or enhance the transmission system to provide such opportunity services, customers on opportunity service rates are not allocated a set amount of transmission costs, whereas customers on Rate DTS and Rate FTS, *Fort Nelson Transmission Service* (Rate FTS) are allocated the full cost of the transmission system.

24 Opportunity rates also generally include a contribution component which are intended to reflect the value the service provides to opportunity service customers. As firm service customers pay for the cost of the

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[8] Decision 22942-D02-2019, *AESO 2018 ISO Tariff Application* (December 9, 2022), para 44.

[9] Decision 2007-106, *Alberta Electric System Operator Transmission Tariff for January 1, 2007 to December 31, 2007* (December 21, 2007), PDF page 80

system that makes the opportunity service possible, it is reasonable that they should also receive a benefit from offering opportunity rates.[10] In turn, this revenue from opportunity rates offsets the transmission revenue requirement that must be collected from firm service customers.

25 These requirements specific to ISO tariffs are in addition to the general requirements applicable to all tariffs submitted to the Commission for approval. Section 121 of *Electric Utilities Act* requires that the Commission, when considering whether to approve a tariff application, ensure that:

(i) the tariff is just and reasonable, and

(ii) not unduly preferential, arbitrary or unjustly discriminatory or inconsistent with or in contravention of the Act or any other enactment or any law.

26 The ISO tariff only recovers transmission system costs from load customers and distribution facility owners pursuant to Section 47 of the *Transmission Regulation.*[11]

27 As a result of the above, and in accordance with the *Transmission Regulation* and the *Electric and Utilities Act*, the ISO tariff has been structured to allocate all costs of the transmission system, except for losses[12] and revenue offsets (such as revenue collected from opportunity service rates), to Rate DTS. In the case of opportunity service rates, the ISO tariff has also been structured to allocate usage related costs arising from the use of the transmission system to the opportunity service rates and include a contribution (revenue offset) towards the costs of the transmission system to reflect the benefit derived from its use.

[10] Decision 2000-1, ESBI Alberta Ltd., *1999/2000 General Rate Application Phase 1 and Phase 2* (February 2, 2000), para 1110.

[11] *Transmission Regulation*, Alta Reg 86/2007.

[12] *Ibid*, ss 33(1), 34.

3. Stakeholder Engagement

28 Both the AESO's prior stakeholder engagement on Rate DOS as part of developing the Bulk and Regional tariff application and the Commission's guidance in that decision informed the AESO's stakeholder engagement. In the B&R Decision, the Commission denied certain proposed changes to Rate DOS (referred to as Modernized DOS) and other new rates proposed by stakeholders (referred to as Storage Opportunity Service Rate or Rate SOS).[13] However, the Commission advised that it remains receptive to changes to Rate DOS and has provided general guidance on how it views opportunity services.[14]

3.0 Stakeholder Engagement – Following the B&R Decision

29 Following the B&R Decision, the AESO hosted a "Tariff Evolution Roundtable and World Café" event (the World Café) on February 14, 2023 to discuss perceptions, needs, and priorities for the ISO tariff. The AESO heard from stakeholders that the ISO tariff should more appropriately accommodate the needs and benefits of energy storage resources through a targeted engagement process and that this work should be prioritized and advanced immediately. Further details regarding the World Café can be found in Appendix E.

3.1 Stakeholder Engagement – Energy Storage Working Group

30 The AESO formed an Energy Storage Working Group (ESWG) with an initial goal of reaching a negotiated settlement on the treatment of energy storage resources under the ISO tariff. The ESWG was comprised of representatives from loads, energy storage resources, and other interested parties.

31 The ESWG devoted significant time and effort in developing an energy storage attraction service rate (Rate ESAS). In essence, Rate ESAS was intended to be a non-firm rate for energy storage resources that would be available when they were uneconomic under Rate DTS. Rate ESAS is not part of this Application and the AESO does not intend to resurrect it in the near term.

32 Rate ESAS relied upon a generic business case for energy storage to determine the amount of revenue that an energy storage resource had to earn in the energy market through arbitrage to be economic under Rate DTS. Rate ESAS would then be available to energy storage resources when average price spreads in the energy market for a month fell below the pre-determined level. In addition to Rate ESAS, the ESWG also discussed updates to Rate DOS.

33 Ultimately, the ESWG was unable to reach a consensus on Rate ESAS.[15] Specifically, there was disagreement regarding how revenues from ancillary services should be addressed and if market participants should be eligible for Rate ESAS if they provided ancillary services. There was also disagreement regarding whether Rate ESAS should include the coincident metered demand charge or some other contribution towards fixed costs. Further details regarding the feedback received from the ESWG can be found in Appendix E.

[13] *Supra* note 2, para 108. The B&R Decision also involved extensive stakeholder engagement with market participants. See Exhibits 26911-X0003, Exhibit 26911-X0004 and Exhibit 26911-0005.

[14] *Supra* note 2, paras 109-117.

[15] Appendix E – Stakeholder Engagement Records, PDF pages 365 to 414.

3.2 Stakeholder Engagement – Following the Energy Storage Working Group

34 With the recognition that support for Rate ESAS was divided, the AESO sought feedback from stakeholders on four possible options for moving forward: advancing Rate ESAS, advancing updates to Rate DOS, advancing both rates or doing nothing. The majority of stakeholders who participated in the AESO's stakeholder engagement survey expressed support for updates to Rate DOS.[16] The results from the survey can be found in Appendix E.

35 Following the survey, the AESO consulted with interested stakeholders on a one-on-one basis to finalize the updates to Rate DOS. While the ESWG had completed much of the work regarding the updates to Rate DOS, the AESO sought additional feedback from stakeholders on certain updates to Rate DOS, including the qualification period, the contribution towards fixed costs, and the business case requirement. The AESO also sought to better understand the views of stakeholders and assess whether sufficient support existed for these updates. A list of key themes from these meetings can be found in Appendix E.

36 The AESO also consulted with the existing market participants under Rate DOS to understand how the proposed changes may impact them. Their views and the AESO's proposed transition plan can be found in Section 5 below.

37 In summary, the AESO has regularly notified stakeholders and engaged in extensive stakeholder engagement regarding the proposed changes, as demonstrated by the summary of stakeholder engagement found in Appendix E. The proposed changes to Rate DOS within this Application represent the culmination of these efforts and the achievement of broad alignment among stakeholders.

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[16] Appendix E – Stakeholder Engagement Record, PDF pages 415-439.

4. Updates to Rate DOS

4.1 The Existing Rate DOS

1997 – The Introduction of Rate DOS

38 Rate DOS was first introduced in 1997 as the Grid Opportunity Service Domestic rate (Rate GOS).[17] It was structured to provide transmission capacity for loads at a discount from the embedded cost of transmission service.[18] The use of Rate GOS was limited to wholly incremental load not economically viable on the Grid Standard Service Domestic rate (Rate GSS) and situated where the required transmission capacity was available.[19] The Alberta Energy and Utilities Board (EUB) approved Rate GOS on the basis that Rate GOS could be used to promote the use of additional electric energy that would allow both the Grid Company of Alberta and the distribution companies to receive an additional contribution to their fixed costs and subsequently reduce other rates.[20] One notable feature of Rate GOS was the introduction of a business case requirement that required market participants to demonstrate that they met the eligibility criteria of Rate GOS.[21]

39 At the time, Rate GOS was calculated as the sum of: (1) a monthly transaction charge of $200, (2) a transfer charge that was based on a 50/50 sharing between the distribution company and the Grid Company of Alberta of the margin from the sale to the distribution company's end use customer, not less than $0.0030/kWh for all electric energy delivered, (3) losses charge, and (4) charge for deficient power factor.[22] Essentially, $0.0030/kWh was the estimated incremental cost associated with Rate GOS. The estimated incremental cost acted as a floor on Rate GOS, but the rate could be higher based on the margin from sales by distribution companies to their customers (anything over $0.0030/kWh was a contribution towards fixed costs that was split 50/50 between the Grid Company of Alberta and the distribution company).

2000 – The First Redesign of Rate DOS

40 In 2000, Rate GOS was redesigned as Rate DOS. The underlying principles remained the same.[23] However, the ESBI Alberta Ltd. proposed several changes, which were ultimately approved by the EUB. These changes included: requiring market participants to schedule opportunity service at least 24 hours in advance with a 75% take-or-pay requirement, adding the right to audit market participants and retroactively impose a cost if use of the service was determined not to be appropriate, and replacing the $200 monthly fee with a $500 transaction fee.[24]

41 At the time, Rate DOS consisted of the DOS 7 Minute rate type and DOS 1 Hour rate type and DOS Standard rate type. Market participants had to curtail their load within seven minutes and one hour, respectively. The

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[17] Decision U97065, *1996 Electric Tariff Applications* (October 31, 1997).

[18] *Ibid*, para 2739.

[19] *Ibid*, para 2739.

[20] *Ibid*, para 2739.

[21] *Ibid*, paras 2746 – 2748.

[22] *Ibid*, paras 2741.

[23] Decision 2000-1 ESBI Alberta Ltd., *1999/2000 General Rate Application Phase 1 and Phase 2* (February 2, 2000), paras 1109-1110.

[24] *Ibid*, paras 1111 and 1117.

rates were calculated as the sum of: (1) a transaction fee of $500, (2) $3.00/MWh of metered energy for the DOS 7 Minute rate type, $5.00/MWh of metered energy for the DOS 1 Hour rate type, and $20.00/MWh of metered energy for the DOS Standard rate type, and (3) incremental losses charge.[25]

2005 – Further Updates to Rate DOS

42 In 2005, the AESO proposed further updates to simplify the rates under Rate DOS and remove the DOS 1 Hour rate type because no market participant had used the DOS 1 Hour rate type. Based on feedback from market participants, however, the EUB directed the AESO to retain the DOS 1 Hour rate type on the basis that opportunity rates should be reasonably flexible in order to maximize their revenues and subsequent contribution to overall costs.[26]

2007 – The Second Redesign of Rate DOS

43 In 2007, Rate DOS was re-examined in conjunction with the AESO's proposed cost methodology. The EUB agreed that, as a starting point, appropriate usage-related costs should be recovered from market participants under Rate DOS.[27] However, the Board directed a classification methodology for usage related costs that was different from the classification methodology proposed by the AESO (which resulted in a lower overall allocation).[28] This allocation resulted in no fixed costs contribution for the DOS 7 Minute rate type. The EUB expressed its concern that a DOS 7 Minute rate type based only on usage may not provide a rate design which charges the appropriate amount for the value of the service being offered and considered that the AESO should also collect a contribution towards fixed costs from this rate, as it had originally proposed for the DOS 1 Hour rate type and the DOS Term rate type.[29] The Board directed the AESO to refile its application and propose an updated DOS 7 Minute rate type based on both usage costs, as approved by the EUB, and a contribution to fixed costs.[30] The EUB noted that: "The Board expects the AESO to develop a proposed level for the DOS 7 minute rate that it considers appropriate and notes that a rate in the order of 6% lower than the current DOS 7 minute rate would be consistent with the overall DTS rate decrease of 6%."[31]

44 In its refiling application, the AESO explained that including a contribution towards fixed costs would result in an 8% increase and both exceed the threshold the EUB had suggested for DOS, as well as the general Rate DTS increase.[32] As a result, and given that the DOS 7 Minute rate type had the lowest level of service (i.e., lowest curtailment priority and shortest notice time) the AESO proposed no contribution towards fixed costs.

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[25] Decision 2000-1, ESBI Alberta Ltd., *1999/2000 General Rate Application Phase 1 and Phase 2* (February 2, 2000) paras 1202 and 1206.

[26] Decision 2005-096, *AESO 2005/2006 General Tariff Application* (August 28, 2005), PDF page 45.

[27] Decision 2007-106, *AESO 2007 General Tariff Application* (December 21, 2007), para 384.

[28] *Ibid*, para 385.

[29] *Ibid*, para 385.

[30] *Ibid*, para 386.

[31] *Ibid*, para 386.

[32] Proceeding 16827, *Alberta Electric System Operator 2007 General Tariff Application Refiling in compliance with EUB Decision 2007-106*, (No Exhibit #) AESO 2007 GTA Refiling – 1-4 Application filed February 1, 2008.

2022 – Modernized DOS

45 Rate DOS has not materially changed since 2007. Rate DOS was considered by the Commission as part of the AESO's 2010 general tariff application; however, the changes were mostly administrative in nature.

46 Most recently, Rate DOS was considered by the Commission as part of the AESO's 2021 Bulk and Regional Tariff Application (B&R Application). The Commission ultimately denied the proposed changes to Rate DOS, having concluded that there was significant risk that increased use of Rate DOS under the proposed changes could cannibalize Rate DTS.[33] However, the Commission advised that it was receptive to future changes to Rate DOS and provided guidance regarding its views on opportunity service rates.[34] In particular, the Commission indicated that it is interested in:

- exploring long-term type of opportunity service rates;
- retaining the business case requirement (or similarly rigorous threshold);
- considering cost-effective options for off-peak transmission system use; and
- considering such options for energy storage resources which could potentially be refiled with the Commission in advance of the next Bulk and Regional rate design.[35]

47 The Commission also indicated it was interested in considering individual opportunity service rates with terms and conditions tailored to particular customers and, if future iterations of Rate DOS continued to be impractical for energy storage resources, a distinct form of opportunity service rate for energy storage resources.[36]

48 Given the AESO's and market participants' experience with Rate ESAS, the updates to Rate DOS represent the most efficient means to make improvements to Rate DOS in advance of the next Bulk and Regional rate design. The design of individual or other new types of opportunity services would require a significant amount of time and resources.

4.2 The Updates to Rate DOS

49 This Application proposes allowing emerging technologies, such as energy storage resources, to use additional electric energy under Rate DOS provided they meet the eligibility criteria, standardizing the rate types to include a contribution of 20% towards fixed costs, increasing the qualification period from one to five years and replacing the need to fax transaction requests with energy market bidding. These changes apply the guidance provided by the Commission in the B&R Decision to develop a means to increase Rate DOS use and offset Rate DTS to a greater degree.

50 To be clear, unlike the B&R Application the AESO is **not** proposing to replace the business case with a standardized representation, implement a maximum annual load factor, or make changes to the AESO's connection process.

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[33] *Supra* note 2, para 8.

[34] *Ibid*, paras 109-112.

[35] *Ibid*, paras 112 and 115.

[36] *Ibid*, paras 112 and 115.

51 The AESO is proposing these updates now because the Commission indicated that it was receptive to making such updates to address the needs of energy storage resources in advance of the next Bulk and Regional rate design and the AESO has heard from market participants that they are interested in advancing these updates in a timely manner.[37] While the updates proposed will permit energy storage resources to qualify for Rate DOS (if they can satisfy the eligibility criteria), Rate DOS will be technology agnostic and traditional loads may still apply for Rate DOS. The AESO accordingly submits that it is in the public interest to make pragmatic, broadly supported updates ahead of the next Bulk and Regional rate design to lower barriers for emerging technologies within the existing ISO tariff and increase transmission revenue.

4.2.1 Technology Agnostic

52 Energy storage resources and other new technologies are currently not eligible for Rate DOS.[38] As previously stated by the AESO:

> Article 9.3.2 of the current ISO Tariff states: "A market participant must satisfy the ISO that a commercial business opportunity exists for the use of additional electric energy on <u>either a temporary or repeated short-term basis.</u>" [emphasis added]
>
> In the AESO's view, an energy storage installation's use of additional electric energy is not temporary or short-term. As a result, the AESO's position is that an energy storage installation would not qualify under the current Rate DOS as a result of Article 9.3.2.[39]

53 The AESO proposes to remove the requirement that the use of additional electric energy under Rate DOS must be on either a temporary or repeated short-term basis. To protect against Rate DTS cannibalization, the AESO proposes to rely upon the more general requirement that the use of additional electric energy under Rate DOS would not otherwise occur under any other rate.

54 This update would enable energy storage resources and other new technologies to use additional electric energy under Rate DOS, provided they satisfy the other requirements under Rate DOS. This update is different than the version proposed in the B&R Application because it continues to rely on application mechanism (also referred to as the "business case" mechanism) to prevent Rate DTS cannibalization. To be clear, this update does not prevent existing technologies, such as traditional loads, from qualifying and continuing to use Rate DOS.

4.2.2 Standardized Structure and Simplified Contribution Amounts

55 As part of moving from written transaction requests to a dispatch and bidding system, the AESO proposes to replace the DOS 7 Minute rate type and the DOS 1 Hour rate type with a single rate type, DOS Dispatchable. The existing rate types were designed based on response requirements of seven minutes and one hour. These reflected the capabilities of market participants that existed when these rate types were first introduced. With advances in technology, market participants are now able to respond much faster and the existing response requirements and separate rate types are no longer needed.

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[37] *Supra* note 2, para 112.

[38] *Ibid*, para 113. See also Exhibit 26911-X0263.05, PDF pages 74-76 (AESO-AUC-2021DEC06-024).

[39] Exhibit 26911-X0263.05, PDF pages 74-76 (AESO-AUC-2021DEC06-024).

56 The AESO proposes that the new DOS Dispatchable rate type should make a 20% contribution to fixed costs. This amount falls between the 0% contribution made under the current DOS 7 Minute rate type, and the 50% contribution made under the current DOS 1 hour rate type. During the most recent Rate DOS stakeholder engagement, stakeholders generally supported a 20% contribution, and it aligns reasonably well with Rate XOS.[40]

57 The AESO recognizes that the rate set under an opportunity service rate should be based on the value of the service received and intends to further examine opportunity service rates and their contributions towards fixed costs in the next Bulk and Regional rate design. The AESO submits that 20% is a fair placeholder that can be uncontentiously implemented in advance of the next Bulk and Regional rate design.

58 The AESO is also proposing to calculate and charge operating reserves costs as a separate charge using the same methodology as Rate DTS and Rate FTS. Market participants using Rate DOS will be charged operating reserve costs based on the time they consume additional electric energy and cause such operating reserves costs. Currently, the three approved rate types under Rate DOS include an estimate of operating reserves costs. This change will make Rate DOS consistent with other rates (and the AESO may consider similar changes to the other opportunity service rates as part of its next Bulk and Regional rate design in order to ensure consistency across all rates).

4.2.3 Efficient to Administer

Replace Transaction Requests with Energy Market Bids to Enable Real-Time Operation and Improve Efficiency

59 The AESO proposes to eliminate the requirement for market participants to submit written transaction requests. Instead, qualified market participants would submit bids in real time using the existing bidding mechanism in the energy market and merit order operations. They would be able to use additional electric energy under Rate DOS if they are in-merit and “dispatched on” by the AESO. This update was proposed in the B&R Application and market participants have generally expressed support throughout.

60 For example, a market participant could submit a one-time standing bid at $999.99/MWh equal to their Rate DOS capacity.[41] Assuming that prices in the energy market are not at the price cap, the market participant would receive a dispatch from the AESO permitting the use of Rate DOS until such time as the market participant receives a dispatch or directive to no longer use Rate DOS within the bid. Market participants will have flexibility in how they bid within this framework. Unlike offers, the ISO rules for bidding allow for a level of flexibility recognizing the nature of transmission connected loads. Specifically, when a bid is “dispatched on” it is an indication that the market participant may use additional electric energy; however, there is no requirement to do so. On the other hand, if the market participant receives a “dispatch off”, this is an instruction to the market participant <u>not</u> to use this additional electric energy until such time as they are “dispatched on” again. In the case of Rate DOS, the AESO will use the bidding dispatch mechanism to indicate to the market participant when excess capacity is available for Rate DOS and the market participant may consume above their Rate DTS contract levels (dispatched on) and when the excess capacity is unavailable (dispatched or directed off) the market participant must restore its consumption to Rate DTS contract levels.

[40] The ESWG initially proposed 50% as an appropriate contribution towards fixed costs. However, subsequent stakeholder engagements indicated that market participants generally supported 20% as an appropriate contribution towards fixed costs.

[41] For further information regarding the operation of Dispatchable DOS, see Exhibits 26911-X0003, 26911-X004 and 26911-0005.

61 Rate DOS remains an “as available” service and there is no guarantee that there is, or will be, capacity on the transmission system for market participants to use additional electric energy under Rate DOS.

62 It is also important to understand that the bidding mechanism in the energy market and the merit order operation is **not** a proxy for capacity on the transmission system.[42] The AESO curtails the use of Rate DOS for reliability reasons in two scenarios: supply shortfalls and transmission constraints.[43]

63 In the event of a supply shortfall, the order of curtailment would be based on bid prices and the required response times would be based on ramp rates. The use of the merit order gives the AESO better visibility and control over the use of Rate DOS in real-time, as well as an improved ability to predict and manage supply shortfalls, which is an improvement over the current manual processes. It also ensures that capacity under Rate DOS is truly curtailable and leverages the existing ISO rules and compliance process.

64 In the event of a transmission constraint, the order of curtailment would continue to be based on Section 103.2 of the ISO rules, *Real Time Transmission Constraint Management*.[44] The AESO would employ the same “limiter” mechanism used for electric energy suppliers located in real-time constrained zones. This limiter mechanism ensures facilities are not dispatched beyond the constrained line’s limit. In the event of a transmission constraint where the AESO determines that the curtailment of Rate DOS will mitigate a constraint, the AESO will issue the market participant a standing limit directive, requiring the market participant to stop consuming additional electric energy under Rate DOS if already doing so.

65 The AESO recognizes that there should be some form of maximum limit on response times to ensure that market participants do not attempt to circumvent curtailment. As such, the AESO proposes a maximum limit of ten minutes (which is longer than seven minutes but shorter than one hour and should not impact any market participants). Market participants must ensure that their ramp rates are set to achieve 10 minutes or less.

Remove Unnecessary Transaction Fees and Take-or-Pay Requirements to Reduce Costs

66 The AESO also proposes to remove the transaction fee of $500 because the AESO will no longer have to review written transaction requests from market participants. As described above, written transaction requests will be replaced by the existing bidding mechanism in the energy market. The AESO also proposes to remove the take-or-pay requirement. With the energy market bidding process, merit order, and current information technology systems, the AESO will have increased visibility and be able to make real-time decisions, which would remove the need for an incentive to ensure that transaction requests are realistic and market participant’s bids are not excessive.

Increase the Qualification Period from One Year to Five Years to Ensure Appropriate Oversight and Reduce Administrative Burden and Costs

67 Currently, market participants must re-apply each year to qualify for Rate DOS. Based on the guidance from the Commission which indicated that it is interested in longer term opportunity service rates and feedback

[42] Exhibit 26911-X0263.05, PDF pages 58-59 (AESO-AUC-2021DEC06-017).

[43] *Ibid*.

[44] *Ibid.*

from market participants, the AESO proposes to increase the qualification period from one year to five years so that market participants only have to submit an application once every five years.[45]

68 Market participants suggested a wide range of qualification periods. These suggestions ranged from one year to twenty years. However, the AESO submits that five years is an appropriate length of time because it strikes a reasonable balance between ensuring appropriate oversight of market participants' continuing eligibility under Rate DOS and providing additional certainty to market participants regarding their ability to qualify for Rate DOS (recognizing, however, that Rate DOS remains an "as available" service). It will also:

- minimize rate switching between Rate DTS and Rate DOS[46] and provide market participants with sufficient time to increase their Rate DTS capacity levels if required;
- reduce the administrative burden for the AESO and market participants; and
- align Rate DOS with other ISO tariff provisions (specifically, the payment-in-lieu-of-notice provisions under Rate DTS).

The AESO would not support a qualification period longer than five years but would support a period in between one and five (e.g., three years) if the Commission determines that a shorter qualification period is appropriate.

69 It is important to recognize that Rate DOS remains an opportunity service rate. Accordingly, it is an "as available" service with no guarantee that there is, or will continue to be, spare capacity for market participants to use additional electric energy under Rate DOS. This risk continues to exist for market participants regardless of the qualification period. For example, regardless of whether a market participant is approved for one year, three years, five years, or ten years there is always a risk that one or more market participants on a firm service rate will locate in the same area and use all the spare capacity in that area. This, in turn, could prevent the market participant on Rate DOS from using such capacity. Similarly, one or more market participants on an opportunity service rate could locate in the same area and then have to compete (through the bidding mechanism) to use additional electric energy under Rate DOS in that area.

70 In addition to increasing the qualification period, the AESO also proposes to change the start of the qualification period. The qualification period would commence when a market participant starts using Rate DOS on or after their energization date. As a result, a new market participant could apply for Rate DOS alongside their request for system access service under Rate DTS and, if they are approved by the AESO, they would be able to use Rate DOS once they receive their Rate DTS. This addresses concerns from market participants that the qualification period could be unnecessarily shortened if the start of the qualification period commenced on the date of the AESO's approval.

71 The AESO also proposes to increase the application fee for Rate DOS from $5,000 to $10,000 to enable the AESO to recover the costs associated with reviewing applications and monitoring the use of Rate DOS (to ensure Rate DTS customers do not subsidize these applications). While the application fee is increasing, market participants will save approximately $15,000 since they would otherwise have had to pay $5,000 each year (or $25,000 over five years). The AESO notes that the application fee has remained $5,000 for

[45] *Supra* note 2, para 112.

[46] The necessary studies and, if required, additional transmission infrastructure to serve Rate DTS firm capacity has been identified as taking on average between two and five years. The AESO and some market participants have expressed concern that frequent switching between Rate DTS and Rate DOS would not be efficient or practical.

almost twenty years and there have been no updates to the fee to adjust for inflation.[47] The AESO also proposes to extend the AESO's assessment time for considering applications from 45 days to 90 days.

4.2.4 Summary of Updates

72 An outline of the updates to the terms and conditions and rate sheet for Rate DOS is presented below in Table 1.

Table 1 – Updates to Terms and Conditions, Rate Sheet

Existing DOS Rate Sheet	Proposed Changes
Section 1(a)	Include "at the point of delivery"
Section 2(1)(a)	Replace transaction has been approved by the ISO with "capacity dispatched by the ISO and used by the market participant"
Section 2(1)(c), 2(2) and 4(2)(a)	Remove approved and transaction
Section 3(1) (a) and (b)	Replace Rate DOS type 7 Minute and Rate DOS type 1 Hour with DOS Dispatchable
Section 3(2)	Replace billed with "charged or credited," remove the greater of
Section 3(2) (ii) (b)	(ii) Include "or credit" (b) Remove take-or-pay provision
Section 3(3)-(4)	Remove transaction fee of $500 and separate out the operating reserve charge
Section 4(2)	Include "by directive or dispatch," replace load with "use"
Section 4(3)	Include "or dispatch," replace the response time specified in subsection 3(1)(a), (b), or (c) above, as applicable with "10 minutes"
Existing ISO Tariff Terms and Conditions	**Proposed Changes**
	Remove pre and in writing throughout, replace contract capacity with "capacity," replace 45 days with "90"
Section 9.2(1)	Replace on an annual basis with "and must re-qualify every five years"
Section 9.2(2)	Replace pre-qualify with "applying to receive or change an existing system access service under Rate DOS must:"
Section 9.2(2)(a)	include (i) and (ii);
Section 9.2(2)(a)(i)	Replace submitting a transaction request with "the market participant's proposed date for starting"
Section 9.2(2)(a)(ii)	Include "the expiry of a current end date; and"
Section 9.2(2)(b)	Revise fee to $10,000
Section 9.2(3)	Replace with "To qualify for Rate DOS, the market participant must"

[47] Appendix 1 to Order U2005-464, Proceeding 15134, *AESO Refiling of 2005/2006 GTA [Alberta Electric System Operator 2005-2006 General Tariff Application Second Refiling]* (December 20, 2005).

Section 9.2(3)(b)	Replace with "be capable of curtailing the capacity provided under Rate DOS if the ISO issues a dispatch or directive to do so, within 10 minutes of the ISO dispatch or directive"
Section 9.2(3)(c)	Replace with "have an executed system access agreement for Rate DTS at the point of delivery on or before starting demand opportunity service"
Section 9.2(4)(c)	Replace with "5 years from starting demand opportunity service"
Section 9.2(5)	Existing 9.2(5) becomes 9.2(6). Replace with "The ISO must ensure there is sufficient transmission capacity and suitable system operating conditions capable of accommodating the request at the time the ISO approves the market participant's qualification."
Section 9.3(1)	Include "or any other applicable rate"
Section 9.3(2)	Remove requirement that use be on a temporary or short-term basis
Section 9.3(3)	Replace DOS 7 minute and DOS 1 hour with DOS Dispatchable
Section 9.3(4)(b), (b)(i) and 9.3(5)(b)	Include "energy storage resource," remove generating from aggregated facility
Section 9.3(a)	Remove the market participant has the opportunity to install facilities that will reduce the consumption of electric energy from the interconnected electric system
Section 9.4 (1,3,4,5,6)	Replace Transaction Requests with "Eligibility and the Requirement to Bid and Comply with ISO Instruction," replace transaction request process with energy market bid process and merit order operation
Section 9.4(2)	Replace with "must not utilize demand opportunity service if it receives a dispatch or directive from the ISO not to do so"
Section 9.5(3)	Remove provision
Section 9.6(1)	Include "qualification" and "9.4" and remove reference to the subsection name.
Section 9.6(4)	Include "or was not eligible for"

4.3 No Cannibalization of Rate DTS

73 The proposed Updated DOS is designed to enable increased use of the transmission system, with resulting transmission revenue, that would not otherwise take place under Rate DTS. As in the current Rate DOS, cannibalization of Rate DTS is avoided by two means: (1) requiring customers to demonstrate their need for DOS through a business case, and (2) monitoring and auditing use of DOS.

4.3.1 The Business Case as a Safeguard

74 Unlike the Modernized DOS proposal made in the B&R Proceeding, the Updated DOS rate presented here retains the use of a business case to prevent cannibalization of Rate DTS, in keeping with the Commission's guidance in the B&R Decision.[48]

75 The AESO will continue to review each market participant's business case on a case-by-case basis to determine if the market participant meets the eligibility criteria for Rate DOS and to determine if the AESO is satisfied that the market participant's use of additional electric energy would not otherwise occur under any other rate. The market participant continues to bear the onus of demonstrating this.

[48] *Supra* note 2, paras 109-117.

76 In response to requests for greater clarity from market participants, the AESO proposes to update the application form to assist market participants in demonstrating their eligibility to the AESO. The updated application form is attached as Appendix F.

77 As part of the application form, a market participant will have to submit:

- Schedule A – Rate DOS Eligibility Verification: This is the information that market participants must provide to demonstrate that they meet the eligibility criteria under Rate DOS.
- Schedule B – Load Characteristics: This is the interactive model that market participants must apply using their estimated load profiles to demonstrate that their use of additional electric energy under Rate DOS will further increase transmission revenue, such that Rate DTS can be offset to a greater degree.

78 The AESO proposes to remove the application form from the ISO tariff and instead publish the application form on the AESO's website (similar to how the AESO publishes the form of System Access Service Request). This will allow the AESO to update the application form, from time to time, to ensure alignment with the provisions of the ISO tariff without the need for further amendments to the ISO tariff. The AESO also expects to draft an information document as part of the implementation of the proposed changes to Rate DOS and will make this available on the AESO's website before the changes to Rate DOS are effective.

4.3.2 Audits and Monitoring as Safeguards

79 The AESO continues to maintain the ability to audit market participants under Rate DOS and to retroactively charge them Rate DTS if the AESO discovers that they have misled the AESO or are no longer eligible to take service under the DOS rate.[49] In addition, the AESO also maintains the right to terminate a market participant's system access service under Rate DOS.[50] These provisions currently exist in the ISO tariff and have long been recognized as important safeguards.[51]

80 Some market participants have expressed concerns regarding the rights of the AESO to audit them and to retroactively charge Rate DTS if they are found to have misled the AESO or are no longer eligible for Rate DOS. However, these rights remain necessary to protect against the misuse of Rate DOS and the consequential cannibalization of Rate DTS.

81 The AESO will be monitoring for actions or inactions that may indicate a need for firm service. As an example, if a market participant fails to respond to a dispatch or a directive, it may indicate a need for firm service. In such circumstances, the AESO will ask the market participant for further information. The AESO intends to provide market participants with an opportunity to respond to any concerns the AESO may have. If the AESO still has concerns or requires further information, the AESO may initiate an audit. And, if the AESO ultimately determines that the market participant has misled the AESO or is not eligible for Rate DOS, the AESO will take the appropriate steps to remedy the situation.

82 In order to avoid an audit and possible retroactive rate adjustment, Rate DOS customers should also self-monitor for changes in their eligibility and apply to switch to Rate DTS if they believe they could no longer

[49] *ISO tariff*, s 9.6.

[50] *ISO tariff*, s 2.4.

[51] See EUB Decision 2000-34, *ESBI Alberta Ltd. Phase I & II 1999/2000 General Rate Application Second Refiling* (May 26, 2000), PDF page 26.

qualify for Rate DOS. This includes changes to their eligibility due to any approved changes to the ISO tariff during the five-year qualification period. To be clear, the AESO currently does not anticipate that such changes will become effective within the next five years. However, the AESO anticipates that market participants will need to self-monitor and take appropriate steps to transition to Rate DTS if they cease to meet the eligibility criteria of Rate DOS before they reach the end of their current qualification period. The AESO intends to provide tools to help market participants assess the impact of any changes resulting from the next Bulk and Regional rate design and propose an appropriate transition plan to assist market participants with the transition.

4.4 Increased Incremental Transmission Revenues from Rate DOS

83 Incremental transmission revenue refers to the revenue that the AESO collects from Rate DOS that reduces the amount of revenue that the AESO must collect from Rate DTS customers.

84 The updates to Rate DOS should lead to increased incremental revenue because of three reasons. First, removing the temporary or repeated short-term use provision will allow new emerging technologies, such as energy storage resources, to qualify for Rate DOS. Currently, the AESO anticipates a significant amount of interest from the developers of energy storage resources who are considering opportunities to use additional electric energy under Rate DOS. If these resources apply and qualify for Rate DOS, it will result in additional incremental transmission revenue.

85 Second, the updated dispatch and bidding system, which replaces the more onerous fax-based transaction request process, will reduce administrative burden and encourage more use of the rate and thus the recovery of incremental revenue to offset the cost of Rate DTS. The use of a longer (five year) qualification period will also reduce administrative barriers and provide increased certainty to market participants.

86 Third, even if no new market participants apply for and qualify for Rate DOS, the proposed updates will increase the incremental transmission revenue received from existing market participants under Rate DOS due to the fact that Dispatchable DOS includes a 20% contribution to fixed costs, whereas the current DOS 7 Minute Rate includes no contribution. And, as discussed above, the updates will address outstanding concerns that the DOS 7 Minute rate type does not appropriately reflect the value of service because it does not provide a contribution towards fixed costs.

5. Transition of Existing Customers

87 There are currently three market participants on Rate DOS. One market participant is on the DOS Term rate type and two market participants are on the DOS 7 Minute rate type. The AESO has consulted with each of these market participants and the market participants are generally supportive of the updates to Rate DOS in this Application.

88 The updates will result in the DOS 7 Minute rate type and the DOS 1 Hour rate type being replaced by Dispatchable DOS and include a 20% contribution towards fixed costs. The updates will also result in operating reserves costs being charged separately based on time of use. As a result, the current market participants on the DOS 7 Minute rate type will experience the following impacts if they continue to consume additional electric energy under Rate DOS:

A. estimated increase of $5.05/MWh, based on the difference between the 2024 DOS 7 Minute rate of $2.14/MWh (excluding the estimated operating reserve portion) and the 2024 DOS Dispatchable rate of $7.19/MWh; and

B. increased variability because the operating reserves costs are now being charged separately based on time of use.[52]

89 The current market participant on the DOS Term rate type will experience less of an impact. The contribution towards fixed costs under the DOS Term rate type remains the same. However, the updates will result in increased variability because the operating reserves costs are now being charged separately based on time of use.

90 As a result of these impacts, the AESO proposes to transition these three current market participants to the new rates after their qualification period expires in 2025.

91 The qualification period for each of the three current market participants will expire at different times. Two will expire in November of 2024 and the third will expire in February of 2025. Assuming each of the current market participants decides to renew for an additional one-year qualification period, the AESO proposes to let them continue under the existing DOS 7 Minute rate type and DOS Term rate type. For example, if a current market participant renews in November 2024, they would continue under their existing rate for a one-year qualification period until November 2025. Thus, the new rates would only be effective for new market participants initially. This additional time will mitigate the impacts of the new rates and provide current market participants with sufficient time to transition to the new rates.

92 The AESO notes that this transition period is intended to mitigate the estimated increase in rates. The current market participants would be permitted to use the bidding mechanisms in the energy market and merit order process once they are operational. And, similarly, the current market participants would no longer be required to pay the transaction fees.

93 The AESO submits that this transition period is sufficient to mitigate the impacts of the new rates. The AESO's general position is that opportunity service rates do not require the same mitigation considerations that firm service rates require. Opportunity service rates, by their nature, are not guaranteed and market participants should have no expectations that the rates will continue to be available indefinitely.

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[52] The estimates are based on the 2024 rates and subject to change in a subsequent rate update filing.

6. Conclusion

94 The AESO requests approval of the updates to Rate DOS as set forth in this Application along with the two-year extension to the deadline to refile the next Bulk and Regional rate design.

95 The original purpose of Rate DOS, as previously approved by the Commission, remains the same. These proposed changes will make Rate DOS technology agnostic and enable new emerging technologies, such as energy storage resources, to use additional electric energy under Rate DOS if they satisfy the eligibility criteria. The proposed changes will also provide a standardized structure and simplified contribution amounts for Rate DOS by replacing two rate types with one rate type (with a single contribution towards fixed costs of 20%). And the proposed changes will make Rate DOS more efficient to administer by replacing fax transaction requests with the existing bidding mechanism in the energy market and merit order operations.

96 Importantly, Rate DOS will continue to maintain adequate safeguards to protect against the cannibalization of Rate DTS. These safeguards include the requirement to submit an application to demonstrate eligibility for Rate DOS (also referred to as the "business case" requirement) and the provisions that permit the AESO to audit a market participant and retroactively charge Rate DTS if the AESO determines that the market participant has misrepresented or changed their use of Rate DOS.

97 Overall, these proposed changes represent improvements that will increase the amount of incremental transmission revenue, such that Rate DTS can be offset to a greater degree. Specifically, these changes will increase the amount of incremental transmission revenue through the increased use by new technologies, such as energy storage resources, who are able meet the eligibility criteria under Rate DOS. Increased use is also expected from process improvements. Lastly, an incremental increase in transmission revenue is expected from the inclusion of the 20% contribution towards fixed costs (the DOS 7 Minute rate type does not include a contribution towards fixed costs).

98 Given the potential value to ratepayers, and broad stakeholder alignment on the reasonableness and timing of these proposed changes, it is appropriate to implement these applied-for updates in advance of the new Bulk and Regional tariff rate design.

99 The AESO submits these updates are in the public interest, are just and reasonable and comply with the legislative framework and the Commission's guidance from the B&R Decision.

100 All of which is respectfully submitted this 23rd day of April, 2024.

Alberta Electric System Operator

"Electronically submitted"

Per: Nicole LeBlanc

Vice-President, Markets