



Alberta Electric System Operator

2019 Deferral Account Reconciliation Interim Settlement

August 27, 2020

Alberta Utilities Commission

Decision 25768-D01-2020

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Proceeding 25768

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1 Decision

1. The Alberta Utilities Commission approves, on an interim and refundable basis, the Alberta Electric System Operator's (AESO) request to settle its 2019 net deferral account shortfall with market participants, in the amount of \$41.6 million, for the reasons discussed in this decision.

2 Request for interim approval and process

2. On July 31, 2020, the AESO filed an application requesting approval of its 2019 deferral account reconciliation and for changes to deferral account balances from 2012 through 2019, representing the reconciled variances arising between the actual costs the AESO has incurred in providing system access service and the forecast amounts recovered in rates charged to market participants for those years. The AESO requested approval of the determination and allocation of a \$41.6 million net deferral account shortfall and approval to collect and refund the allocated amounts.

3. In its application, the AESO requested approval to settle the current deferral account amounts with market participants, on an interim and refundable basis, subject to adjustments in final approvals following a full regulatory review. The AESO submitted that interim collection of deferral account balances should result in rate stability and intergenerational equity, and that delays in settling shortfalls will result in increases in accrued interest on borrowing and increased costs to market participants.¹ The AESO stated that it should be able to settle deferral account balance amounts with market participants in the month following that in which approval is granted.² Accordingly, the AESO advised it would plan interim settlement invoices to be issued in September 2020, subject to approval by the Commission. To enable settlement on invoices issued in December 2019, the AESO indicated that the Commission would have to provide interim approval by September 3, 2020.

4. The Commission issued a notice of application on August 4, 2020, requesting that any statements of intent to participate (SIP) be filed by August 18, 2020. No SIPs nor objections to the AESO's request for an interim settlement were received in response to the notice.

3 Commission findings

5. As indicated in the process schedule letter filed concurrently with this decision, the Commission plans to issue information requests (IRs) to the AESO. The schedule established for

¹ Exhibit 25768-X0002, paragraphs 17, 19.

² Exhibit 25768-X0002, paragraph 233.

IRs does not permit the Commission to issue a decision, on a final basis, prior to the AESO's requested deadline for an interim decision of September 3, 2020.

6. The Commission recognizes that approval of the application, on an interim refundable basis, will enable the AESO to settle its outstanding net deferral account shortfall on invoices issued in September 2020.

7. The Commission agrees with the AESO's statements that interim approval will result in rate stability, intergenerational equity and will minimize accrued interest. For these reasons, the Commission finds that the AESO's request to settle its 2019 net deferral account shortfall with market participants, in the amount of \$41.6 million, on an interim and refundable basis, is in the public interest and is therefore approved.

4 Order

8. It is hereby ordered that:

- (1) The interim settlement of the deferral account balances set out in the application is approved as requested.

Dated on August 27, 2020.

Alberta Utilities Commission

(original signed by)

Anne Michaud
Vice-Chair

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
Alberta Electric System Operator (AESO)

Alberta Utilities Commission
Commission panel A. Michaud, Vice-Chair
Commission staff G. Zaparilla C. Strasser