



# ADC Presentation to AESO Board

February 10, 2020



# ADC Overview

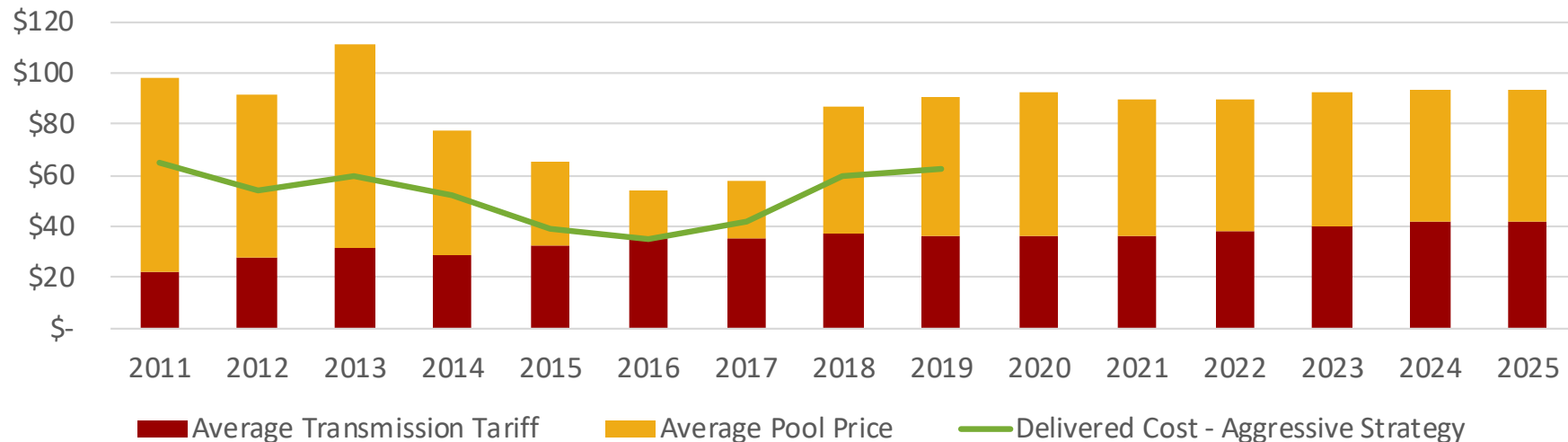
- The ADC was established in 2002 to represent the interests of large industrial consumers directly connected to the transmission system.
- Membership includes: Alberta Newsprint Company, Dow Chemical, ERCO Worldwide, Lehigh Inland Cement, MEGlobal, Millar Western, Praxair, Sherritt International, and West Fraser Timber.
- ADC members represent approximately 600 MW of peak load and 4,000 GWh of annual energy.
- ADC members are global competitors. Affordable and reliable electricity is essential to their viability. On average, electricity represents about 30% of members' operating costs, but is as high as 80% for some.
- ADC members are active participants: price response, ancillary services, LSSi, and on-site generation.
- ADC member facilities are located in Northern and Central Alberta.



# Delivered Electricity Cost Outlook

- Electricity Intensive industries have maintained their competitiveness by managing electricity costs through capital and operational investment.

Historical Results and Future Cost Outlook



- Electricity intensive industries can remain competitive under the current DTS tariff and energy market design, but with productivity impacts.
- Any change to either the DTS tariff or the energy market that reduces the value of flexibility will have a material impact on industry competitiveness.

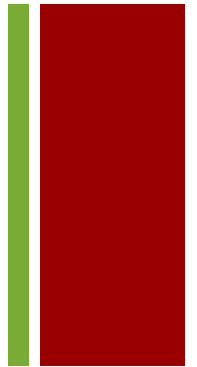
*\*Future Cost Outlook sourced from AESO <https://www.aeso.ca/assets/Uploads/TRP-Factsheet-WEB.pdf>*

# ADC Historical Involvement with AESO

- Capacity Market and Cost Allocation
- DTS Bulk and Regional Tariff Design Consultation
- Transmission Cost Management
- Real Time Operations – LSSi, ancillary services

Power is not the ADC members' primary business, but it is a key component of their competitiveness.

ADC will continue to work collaboratively with the AESO to advance industry priorities.



# 2020 AESO Business Plan – ADC Comments



## ■ Electric System Operations

- Continue to encourage effective utilization of transmission capacity and performance to minimize unnecessary transmission additions.

## ■ Electric System Development

### ■ **Transmission Tariff Design – ADC key priority**

Need to ensure that price responsive loads can continue to be competitive in Alberta. Consider tariffs for interruptible loads, review the 5-year notice requirement.

### ■ **Self Supply and Metering – 2018 GTA**

Concerned about how the Self Supply policy is impacting the tariff design and allowable metering configurations.

Concerned about the AUC ruling that industrial sites with generation and without an ISD are operating illegally.

### ■ **Deferral Account**

Delays and many years of prior adjustments are difficult for industry to manage. ADC member deferral account allocation was over \$5M.

# 2020 Business Plan – ADC Comments



## ■ Market Development

### ■ Energy Market Enhancement

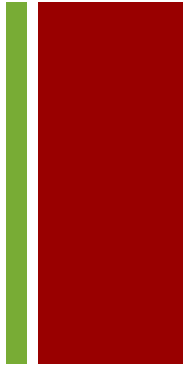
ADC will participate and continue to advocate for a shorter settlement interval to recognize the value of flexible resources.

## ■ Corporate Services

### ■ Resources

Support improving productivity and ensuring appropriate resources are allocated to the Bulk and Regional Tariff design.

# Summary



- ADC appreciates the efforts of the AESO to include the ADC in the tariff design consultation.
- Transmission cost escalation and options to manage costs remains a key concern.
  - Maximize use of existing assets and look for alternatives to new transmission infrastructure.
  - Transmission planning needs to adequately consider tariff price signals and a move to more decentralized generation.
- Need a strong AESO voice in resolving the policy concerns on self supply and export.