

# Stakeholder Comment and AESO Replies Matrix



## AESO Consultation – 2017-2018 Budget Review Process Meeting April 10, 2017 – AESO’s Preliminary List of 2017-2018 Business Initiatives

April 28, 2017

The AESO has asked market participants and interested parties to comment on the Preliminary List of 2017-18 Business Initiatives presentation given at the Budget Review Process (BRP) stakeholder review meeting on April 10, 2017. Related stakeholder comments regarding the business initiatives and supporting material are provided in the following matrix. The matrix also includes AESO management’s response to stakeholder comments.

Preliminary List of 2017-18 Business Initiatives – April 10, 2017 meeting
Do stakeholders have any comments on the AESO’s Business Initiatives proposed for 2017-18?
<p><b>Alberta Direct Connect (ADC)</b></p> <p>ADC supports the business initiatives of the AESO. While there are many competing priorities for the AESO, the ADC urges the AESO to file the Rider C modification with the AUC in order to meet a July 1 implementation date.</p>
<p><b>AESO Response</b></p> <p><b>Noted. The AESO is working to complete and file its Rider C amendments application as soon as possible. The application will include a request for approval to be effective as early as practical in 2017.</b></p>
<p><b>Altalink Management Ltd (Altalink)</b></p> <p>AltaLink supports the AESO’s business initiatives proposed for 2017-18, but has the following comments concerning some of the initiatives based on the AESO’s April 10, 2017 discussion:</p> <p><b>Comment 1</b></p> <p>Market Systems Replacement and Reengineering</p> <p>At this session stakeholders asked if the AESO would be building flexibility into the system for sub-hour settlement. AltaLink supports the AESO building in flexibility into the design of a new system to accommodate the future energy, capacity and ancillary services markets.</p>

**AESO Response**

**Comment 1**

**Noted. The desired requirement has been identified previously and the AESO will review and evaluate it along with the other design elements.**

**Altalink**

**Comment 2**

General Tariff Application (GTA)

Please confirm that the AESO's GTA 2018 plan includes activities related to the design of the capacity cost allocation as the AESO's capacity market design needs to be incorporated into ISO rules, contracts, or legislation by the end of 2018 for the first capacity procurement in 2019. If not, can the AESO explain how the capacity cost allocation will be implemented in 2018 and within which initiative?

**AESO Response**

**Comment 2**

**As the AESO discussed with stakeholders at its tariff consultation session on April 10, 2017, the AESO plans to investigate capacity market cost allocation and recovery after completion of the 2018 ISO tariff proceeding. The AESO is currently consulting with stakeholders on the design and implementation of the capacity market. The capacity market is anticipated to be in place by 2021, until which time no capacity market costs will be incurred or need to be allocated.**

**Altalink**

**Comment 3**

Intertie Restoration

When the AESO completes its assessment of its intertie restoration project, AltaLink would support the AESO holding an information session with stakeholders to share their results and conclusions and to allow for any questions or comments prior to the AESO proceeding with their plans.

As well, AltaLink requests that the AESO update stakeholders on the status and schedule of the Regional Electricity Cooperation & Strategic Infrastructure Initiative and also share the findings from that report.

**AESO Response**

**Comment 3**

**Noted. When the AESO completes its intertie restoration review and if a need is identified the AESO will consider an information session with stakeholders to share the results. The AESO may find that a needs identification document (NID) application is necessary and may proceed on that basis.**

**With respect to the Regional Electricity Cooperation & Strategic Infrastructure Initiative, the AESO will take this request to Natural Resources Canada for consideration.**

**Independent Power Consumers Association of Alberta (IPCAA)**

None at this time

**AESO Response  
Noted.**

**TransAlta Corp. (TransAlta)**

TransAlta believes that a key priority in 2017 will be the capacity market design consultation. The budget should ensure that this initiative is properly resourced and funded to achieve its timelines; a delay will have significant impacts on the wholesale electricity market.

**AESO Response**

**Agreed. This initiative is very early in its lifecycle and AESO Management expects requirements will evolve considerably over time and the AESO will budget accordingly. If additional resource requirements are identified as this initiative progresses (i.e. through stakeholder consultation, assessment of other ISO implementations, etc.) they will be addressed. Management also notes that as in prior years, any major project variance exceeding the established BRP limits (i.e. 10% for G&A and 20% for capital) requires approval outside of the annual BRP and Management will consult with stakeholders as part of a separate process.**

**Utilities Consumer Advocate (UCA)**

Intertie Restoration: The UCA suggests that the AESO consult with stakeholders as part of the intertie restoration initiative before finalizing the options and continuing with design and development of the requirements. The UCA has concern about the cost-effectiveness of this initiative and how it will benefit consumers.

**AESO Response**

**Noted. See AESO Response to Altalink Comment 3, page 2.**

## Other Comments

Do stakeholders have any other comments to offer at this time?

### ADC

ADC appreciates the opportunity to participate in the BRP.

### AESO Response

**Noted. The AESO appreciates stakeholder participation in the BRP process.**

### Altalink

AltaLink has no other comments at this time.

### AESO Response

**Noted.**

### IPCAA

#### Comment 1

It would be useful in understanding where business efficiencies have been found in Corporate Services.

### AESO Response

#### Comment 1

**The AESO continues to focus on process improvements in an effort to realize additional efficiency and effectiveness improvements. Management notes the enterprise portfolio management office (EPMO) project as an example of one of the most significant continuous improvement projects advanced in 2016. Essentially the objective of the EPMO project was to identify and implement enhancements intended to optimize the existing corporate portfolio management process. Upon completion, there was a clear improvement in resource efficiency and resource management. These improvements were attributed to the simplification of the various process (project lifecycle) steps and an improvement in reporting and forecasting capabilities. Ongoing EPMO operations continue to provide evidence of resource (staff and capital) management and project delivery (number of projects/programs delivered on time and budget) improvements without a corresponding compromise in management controls.**

## IPCAA

### Comment 2

IPCAA has concerns in the Capacity market about the length of time taken and originally understood all consultation for the design would take place in 2017, but the Budget now considers consultation into 2018.

## AESO Response

### Comment 2

**The AESO continues to refine capacity market development timelines based on additional feedback from stakeholders. Specifically, in response to stakeholder feedback requesting increased use of working groups, the AESO is reviewing its' consultation model. It is expected that a revised consultation model which involves greater engagement of stakeholders in the front-end design process will reduce time requirements during the formalization, or rule development stage.**

## TransAlta

The AESO has included the design and development of loss factor rule in its business initiatives in 2017. Loss factors include development of the loss factors for 2017 as well as loss factors that apply to the historical period (2006-2016). The development of loss factors is complicated by the ongoing regulatory proceeding and the multiple years that need to be calculated. It is important that the AESO has the available resources to produce the loss factors in a timely fashion given that delays in receiving this information have added to the complexity of the regulatory proceeding (i.e. other methods being proposed to expedite the settlement).

## AESO Response

**Noted: The loss factor rule is currently in a regulatory process. For the 2017-18 BRP, AESO Management has developed a related resource estimate based on its current understanding of the likely requirements. Should the regulatory process identify additional requirements that differ significantly from those included in the budget estimate, AESO Management will reassess its resourcing plans and options in order to meet mandated timelines.**

## UCA

As a general comment, the UCA suggests that it would be helpful to obtain more information from the AESO regarding the preliminary list of business initiatives as presented at this stage in the Budget Review Process. For example, it would be helpful if specific information regarding the decision process for selecting these priority business initiatives were provided, including:

- What is the objective of each initiative? What problem will the initiative solve?
- Why are these objectives/problems identified as a priority for the AESO this year?
- What other options or initiatives were considered by the AESO to meet these objectives (if applicable)? How were the alternatives evaluated?

This background information would allow the UCA to better understand the initiatives that are being presented at this stage of the Budget Review Process and to provide more valuable feedback.

## AESO Response

The following summary table (*Table 1*) has been prepared in an effort to provide additional business planning information to that presented/discussed at the April 10 stakeholder meeting. This includes a brief objective/problem description, the rationale/justification for prioritization and additional background reference material for each of the business initiatives identified.

**Table 1**  
*Preliminary list of business initiatives and related business planning information*

### Legend

Business Initiative - name

Objective/Problem – stated separately or intrinsic and combined

Priority – why was the business initiative considered a priority

Background reference – published material covering background, options/alternatives and other pertinent information

Business Initiative	Objective/Problem	Priority rationale	Background reference
1. Renewable Electricity Program	Develop and implement a renewable electricity program	Government of Alberta (GoA) mandated	<a href="https://www.aeso.ca/market/renewable-electricity-program/">https://www.aeso.ca/market/renewable-electricity-program/</a>
2. Capacity Market	Design and implement a capacity market	GoA mandated /Supply adequacy	<a href="https://www.aeso.ca/market/capacity-market-transition/">https://www.aeso.ca/market/capacity-market-transition/</a>
3. Market Systems Replacement and Reengineering	Energy market reliability/supporting systems and IT infrastructure reached end of life (not supported by vendor)	Energy market system reliability	<a href="https://www.aeso.ca/market/market-system-replacement/">https://www.aeso.ca/market/market-system-replacement/</a>  See AESO business plan and budget 2015 – 2017
4. General Tariff Application	Submit a comprehensive ISO tariff application every 2-3 years	Electric Utilities Act (EUA) requirement	<a href="https://www.aeso.ca/rules-standards-and-tariff/tariff/">https://www.aeso.ca/rules-standards-and-tariff/tariff/</a>

<p>5. Alberta Reliability Standards (ARS), technical rules and loss factor rule</p>	<p>ARS – Ensure Alberta Interconnected Electric System (AIES) reliability and compatibility with the rest of North America</p> <p>Technical rules – Ensure connection requirements are current and maintain AIES reliability</p> <p>Loss Factor – Ensure compliance with AUC decisions in Proceeding 790</p>	<p>Mandated/ System reliability</p>	<p><a href="https://www.aeso.ca/rules-standards-and-tariff/alberta-reliability-standards/">https://www.aeso.ca/rules-standards-and-tariff/alberta-reliability-standards/</a></p> <p><a href="https://www.aeso.ca/rules-standards-and-tariff/iso-rules/">https://www.aeso.ca/rules-standards-and-tariff/iso-rules/</a></p> <p><a href="https://www.aeso.ca/grid/loss-factors/">https://www.aeso.ca/grid/loss-factors/</a></p>
<p>6. Intertie Restoration</p>	<p>Restore the interties to achieve their simultaneous transmission ratings</p>	<p>Transmission Regulation</p>	<p><a href="https://www.aeso.ca/market/current-market-initiatives/intertie-restoration/">https://www.aeso.ca/market/current-market-initiatives/intertie-restoration/</a></p>
<p>7. Advancement of Fort McMurray West (FMW) Project</p>	<p>Manage FMW project and ongoing operations contract terms</p>	<p>Transmission Regulation/ Meet demand requirements</p>	<p><a href="https://www.aeso.ca/grid/competitive-process/fort-mcmurray-west-500-kv-transmission-project/">https://www.aeso.ca/grid/competitive-process/fort-mcmurray-west-500-kv-transmission-project/</a></p>
<p>8. Energy Management System (EMS) Upgrade</p>	<p>Reliability and CIP compliance/EMS technology reached end of life conditions</p>	<p>System reliability/ARS critical infrastructure protection (CIP) standard compliance</p>	<p><a href="https://www.aeso.ca/aeso/about-the-aeso/business-planning-and-financial-reporting/">https://www.aeso.ca/aeso/about-the-aeso/business-planning-and-financial-reporting/</a></p> <p>See AESO business plan and budgets 2015 – 2017</p>
<p>9. SCADA/Wide Area Network (WAN)</p>	<p>Reliability - WAN technology reached end of life (obsolete, not supported by telecommunications provider)</p>	<p>System reliability - Required to collect real time data for EMS/CIP compliance</p>	<p><a href="https://www.aeso.ca/market/market-updates/wide-area-network-update-telco-announces-the-discontinuation-of-atm-network-services/">https://www.aeso.ca/market/market-updates/wide-area-network-update-telco-announces-the-discontinuation-of-atm-network-services/</a></p>
<p>10. System Control Centre (SCC) Facility Expansion</p>	<p>SCC resource expanded as a result of operational requirements that have increased since the facility was built. The current facility is substantially past its design capacity</p>	<p>System reliability and personnel safety - Interim workarounds exhausted</p>	<p><a href="https://www.aeso.ca/aeso/about-the-aeso/business-planning-and-financial-reporting/">https://www.aeso.ca/aeso/about-the-aeso/business-planning-and-financial-reporting/</a></p> <p>See AESO business plan and budgets 2016 – 2017</p>

11. Critical Infrastructure Protection (CIP) Implementation	Reliability of the Transmission System	Mandated/ System reliability	<a href="https://www.aeso.ca/rules-standards-and-tariff/alberta-reliability-standards/">https://www.aeso.ca/rules-standards-and-tariff/alberta-reliability-standards/</a>
12. IT and Cyber Security	Risk management of cyber security threats	Systems reliability - Protect the integrity and security of our grid, market and corporate systems	<a href="https://www.aeso.ca/aeso/about-the-aeso/business-planning-and-financial-reporting/">https://www.aeso.ca/aeso/about-the-aeso/business-planning-and-financial-reporting/</a>  See AESO business plan and budgets 2015 – 2017
13. Connection Process Efficiency	Implement a more efficient process that aligns with the REP and the Capacity Market programs	Stakeholder impact - important to monitor the progress of this initiative	<a href="https://www.aeso.ca/grid/connecting-to-the-grid/">https://www.aeso.ca/grid/connecting-to-the-grid/</a>  <a href="https://www.aeso.ca/market/renewable-electricity-program/first-competition/">https://www.aeso.ca/market/renewable-electricity-program/first-competition/</a>  <a href="https://www.aeso.ca/market/capacity-market-transition/">https://www.aeso.ca/market/capacity-market-transition/</a>
14. Workforce capabilities	Retain valuable employees and broaden staff knowledge and capabilities	Facilitate the successful delivery of AESO requirements	
15. Ongoing review of processes	Improve AESO business operations through greater effectiveness and efficiency	Realize additional value	