

Attachment 1 Tariff Design - Proposed Process and Timelines

Principles

1. The proposed consultation and design process for bulk and regional ISO tariff design will take place outside of Proceeding 22942.
2. The AESO and interested stakeholders will collaborate to develop consultation scope and terms of reference (TOR), and to identify data needs, identify and review required analysis, and identify and propose solutions.
 - a. The AESO's Straw Alberta Market (SAM) working group TOR will be used as an initial template/starting point.
3. The proposed consultation and design process is estimated to be 12-18 months in length:
 - a. The AESO, in consultation with stakeholders, will strive to shorten this timeline. However, this will be dependent on the amount of analysis required and the availability of additional resources (AESO, stakeholders or consultants) required to assist in data analysis.
 - b. It is anticipated that some of the activities mentioned below can be done in parallel to assist with shortening the timeline.
4. Transparency – all agendas, discussion materials, data analysis, work product and high level meeting summaries (completed by facilitator approved by AESO) will be posted to www.aeso.ca.
5. The AESO will update the Commission on the progress of the consultation every six months.
6. The AESO will file its conclusions with the Commission.
7. The AESO received an extensive number of data requests and data analysis requests in the March and April 2018 sessions, regarding the current 12 CP methodology for the recovery of bulk transmission costs. These requests will form part of and be completed in the proposed consultation process, with the exception of the following that will be completed prior to commencement of the consultation and design process:
 - a. The AESO will make available to all stakeholders historical hourly behind-the-fence energy and provide reasonable ongoing updates to this data; and
 - b. The AESO will provide explanations to all stakeholders for the types of load/generation included in the behind-the fence energy.
8. The AESO will develop any other principles applicable to the proposed consultation and design process jointly in consultation with stakeholders.

Structure of Consultation

The AESO will invite interested stakeholders to express their interest in participating in an advisory group. Once formed, this advisory group will identify action items and form working groups to carry out the action items and report back to the advisory group. Preliminary details are listed below, which will be further developed with stakeholders as part of the TOR.

Advisory Group:

- The advisory group will determine the mandate and action items to be carried out by working groups, as well as the required level of technical expertise (AESO, stakeholder or consultant), project management, and facilitation that may be required

- Advisory group meetings will be facilitated, will be self-directed with regard to the advisory group's activities and the facilitator will attempt to resolve impasses for which consensus cannot be achieved as the need arises. If consensus cannot be achieved, the AESO will have the final decision.
- Membership will be open to all interested stakeholders who RSVP to the AESO initial notice. Those who RSVP will be expected to participate in all advisory group meetings.
- A balanced membership from all industry stakeholders will be encouraged. If it is observed that one industry group is over or under represented then the AESO will consider re-balancing the membership.
- Commission staff will be invited to attend advisory group meetings as an observer.
- Advisory group members will be encouraged to participate in person (preferred) but accommodation will be made for remote attendance.
- Potential tariff design changes will be considered within the context of the existing legislative framework. However, adjustments to the consultation and design process may be made by the advisory group as a result of Government policy, or legislative changes.
- The advisory group has no decision-making authority with regards to the content of any future ISO tariff application.

Working Groups:

- Will be formed on an ad hoc basis as determined by the advisory group.
- Membership in a working group will occur by self-selection among industry stakeholders. Size will be encouraged to be less than 10 and a balanced representation from industry is preferred.
 - o The AESO will propose other mechanisms if an efficient working group size or process cannot be achieved.
- Consultants may be utilized for assisting with working group activities.

Proposed process and timeline

- Initial Phase: Determination of scope and process (two months)
 - o Step one: Invite parties to express their interest in participating in the Bulk/Regional and weighted energy methodology (WEM) tariff design stakeholder advisory group ("advisory group").
 - o Step two: Host facilitated stakeholder sessions to gather feedback on:
 - Initial scope of AESO-stakeholder examination of Bulk/Regional and WEM tariff design.
 - TOR for this engagement (i.e., objectives, principles, criteria governance).
 - Milestones.
 - Meetings every two weeks may be required through the initial phase.
 - o Step three: finalize scope, TOR and process.
- Initial Phase: Advisory Group determines data requirements and analysis (one month)
 - o Includes confirming inventory of data requests received to date and confirming with advisory group data requirements in light of confirmed scope from Initial Phase.
 - o Identify and create working groups to address data and data analysis requests.
 - o Review resources available to complete data analysis.
- Phase One: Working Groups complete data requests and analysis (two and half months)
 - o Complete data requests and data analysis as directed by advisory group.
 - o Working group meetings are anticipated to be on a weekly basis.
 - o Report back to advisory group upon completion.

- Phase One: Advisory group review (one month)
 - o Review data requests and data analysis completed by working groups.
- Phase One: Advisory group tariff design (one month)
 - o Upon review of data and analysis, identify any tariff design issues and questions, and identify if further analysis is required to be completed by working groups.
- Phase Two (if required): Working groups complete further data requests and analysis (two months)
 - o Complete data requests and data analysis as directed by advisory group.
 - o Working group meetings are anticipated to be on a weekly basis.
 - o Report back to advisory group.
- Phase Two (if required): Advisory group review (one month)
 - o Review data requests and data analysis completed by working groups.
- Phase Three: Advisory group tariff design (four months)
 - o Upon review of data and analysis, identify tariff design solutions and review impact.
 - o Additional analysis may be required by working groups to determine impacts on market participants and rate payers.
- AESO drafts application (two and half months)
 - o AESO to commence writing application based on recommendations from advisory group.
 - o AESO to discuss potential new or revised ISO tariff provisions with advisory group.
 - o Once complete, the AESO to file application.

