

Stakeholder Comment Matrix & Proposal Evaluation – Nov. 5, 2020

Bulk and Regional Tariff Design Stakeholder Engagement Session 3



<p>Period of Comment: Nov. 5, 2020 through Nov. 20, 2020</p> <p>Comments From: Consumers Coalition of Alberta</p> <p>Date: [2020/11/20]</p>	<p>Contact: Raj Retnanandan</p> <p>Phone: Contact Phone Number</p> <p>Email:</p>
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Instructions

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. **Please submit one completed evaluation per organization.**
4. Email your completed evaluation to tariffdesign@aeso.ca by **Nov. 20, 2020**.

The AESO is seeking comments from Stakeholders on Session 3 and the preferred rate design option proposals. Please be as specific as possible with your responses.

Questions	Stakeholder Comments
1. Please comment on Session 3 hosted on Nov. 5, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	The AESO set out some ideas for further discussion. This was helpful
2. Please complete Table 1: How Did Each Proposal Achieve the Rate Design Objectives for each of the proposals presented at Session 3.	<p>CCA has not completed Table 1. However, in CCA's view rates should be designed having regard to the following priorities, based on well established rate design principles pursuant to the AESO's public interest mandate.</p> <ul style="list-style-type: none"> • Design tariffs in the context of an evolving electricity system: <ul style="list-style-type: none"> ○ Increasing share of distributed generation including intermittent renewables ○ Increased potential for creation of microgrids as an economic bypass option

Questions	Stakeholder Comments
	<ul style="list-style-type: none"> ○ Capturing the integrating value of digital technology for two way flows • Grid connection has value due to serving as conduit for energy exchanges and digital coordination; a fixed customer charge (for DTS) may be warranted in order to capture this value • Encourage efficient use of the system based on planning of the system and long run marginal costs • Eliminate price signals that may promote cost avoidance rather than future cost reduction • Mitigate rate shock arising from restructuring by means of a transitional credit
<p>3. Which rate design option proposal, including the AESO's bookends A and B presented at Session 2, did you prefer? Why?</p>	<p>All presentations have merit depending on their perspective. Different perspectives would result in different objectives for rate design. However, it is the responsibility of the AESO to decide on a perspective for design of bulk and regional tariffs that reflects a long term vision for an evolving electricity system as described in 4.</p>
<p>4. Does your preferred proposal meet all the rate design objectives?</p> <p>If not, what trade-offs does your preferred proposal create between the rate design objectives?</p> <p>Why are those trade-offs appropriate?</p>	<p>In CCA's views the rate design objectives must reflect today's priorities for an evolving system. These include the following:</p> <p>Reflect Cost Causation in the design of demand charges</p> <ul style="list-style-type: none"> • Consider long run incremental costs (proxy for marginal cost) in designing demand charges <p>Recognize there is a limited role for load signals based on a system peak. Incremental investment is driven primarily by generation; constraints are location dependent and will vary over time.</p> <ul style="list-style-type: none"> • Use of un-ratcheted monthly NCP to replace current CP • Eliminate distinction between bulk and regional costs <p>Ensure Cost recovery</p>

Questions

Stakeholder Comments

- All bulk and regional costs not recovered by way of demand charges to be recovered by way of a declining block customer charge based on billing capacity

Rate Mitigation

- Rate mitigation specifically to mitigate rate shock from restructuring, should be considered
- Rate mitigation in view of poor economy (owing to pandemic or low oil prices) is the responsibility of Govt., not rate making
- Undue subsidies in the form of load retention rates to industry in transition may result in distorted economic price signals
- Apply a transitional credit against fixed customer charges such that future customer bills corresponding to a historical base level billing capacity and costs (\$/MW of billing capacity) would be capped at no more than 10% of the customer's previous average (3 yr. av. as base) bulk and regional costs, in year 1
- The transitional credit would ensure load customers seeing increases due to restructuring are shielded from rate shock-the amount of shielding would go down to 80% in year 2, 60% year 3, 40% year 4, 20% year 5 and 0 year 6
- Transitional credit to be calculated on the difference in total bill for a given billing capacity in \$/MW and a credit rider applied to the customer charge at each POD on a per MW of billing capacity basis

Facilitate load additions and Minimize Load Defections

- Declining block design for customer charge to incent additions to billing capacity at the margin
- Transitional credit on \$/MW of billing capacity against customer charge to shield existing customers from rate shock

Enhance Flexibility

Questions	Stakeholder Comments
	<ul style="list-style-type: none"> An un-ratcheted monthly NCP demand charge based on LRIC maximizes flexibility of use
<p>5. Which stakeholders are best served (or least impacted) by your preferred proposal? Why?</p>	<p>Which stakeholders are least impacted ought to be a consideration only in relation to mitigating rate impacts arising from rate restructuring. Otherwise, rates should be designed on the basis of economic efficiency and other relevant rate design criteria.</p>
<p>6. a) Which stakeholders are most impacted by your preferred proposal? Why? b) What mitigations, if any do you recommend for those who would be impacted by your preferred proposal?</p>	<p>Which stakeholders are most impacted ought to be a consideration only in relation to mitigating rate impacts arising from rate restructuring. Otherwise, rates should be designed on the basis of economic efficiency and other relevant rate design criteria. Please see 4 above for rate mitigation.</p>
<p>7. a) How would energy storage resources be treated in your preferred proposal? b) Does your preferred proposal include specific elements in relation to tariff treatment for energy storage? Why or why not?</p>	<p>The storage tariffs issue is best addressed in a separate forum. However, at a high level, storage should have access to interruptible rates during charging.</p> <p>Storage, to the extent used as a non-wires alternative, should not be subject to the DTS or STS tariffs but rather be governed by the applicable contractual arrangements with the AESO.</p>
<p>8. What are the challenges or unresolved questions with your preferred proposal?</p>	<p>It is likely that there would be no industry consensus as to the future AESO transmission tariff structure through the stakeholder consultation process referred to by the AESO. Under these circumstances it is the responsibility of the AESO to design tariffs based on well established rate design principles pursuant to its public interest mandate. It would be appropriate therefore for the AESO to file its Phase 1 Tariff proposal as soon as reasonably possible and no later than the current date of March 31, 2021, and allow the Commission to hold a process to deal with this issue.</p>
<p>9. Additional comments</p>	<p>It is clear that the current bulk system charges based upon coincident peak billing determinant needs to be reviewed and likely changed in light of an evolving electric system with increasing use of on-site generation. It is also clear that continuing with the current rate design will lead to more customers choosing to</p>

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	<p>self-supply or to react to the coincident peak signal, thereby increasing transmission charges to the remaining customers.</p> <p>The number of recent applications for industrial systems designation as well as the duplication avoidance tariff application by the University of Calgary (Proceeding 25826) underscore the need to provide appropriate price signals to avoid uneconomic bypass of the system. Further, in these times of industry transition and diversification in Alberta it is important that rate design for the bulk and regional transmission system reflect appropriate price signals so that new industry will choose to locate in Alberta.</p>

Thank you for your input. Please email your comments to: tariffdesign@aeso.ca

Table 1: How Did Each Proposal Achieve the Rate Design Objectives

Objective	Description	Example	Proposal 1 ADC, DUC and IPCAA	Proposal 2 Energy Storage Canada	Proposal 3 CWSAA, UCA, AML, and Conoco	Proposal 4 CCA	Proposal 5 CanREA	Proposal 6 RMP Energy Storage	Proposal 7 Suncor Energy Inc.
Reflect Cost Responsibility	Cost recovery is based on the benefit and value transmission customers receive from the existing grid								
Efficient Price Signals	Price signal to alter behavior to avoid future transmission build								
Minimal Disruption	Customers that have responded to the 12-CP price signal and invested to reduce transmission costs are minimally disrupted								
Simplicity	Simplicity and clear price signals while achieving design objectives								
Innovation and Flexibility	ISO tariff provides optionality for transmission customers to innovate while not pushing costs to other customers								

*** Proposed rate design must fit within current legislation ***

Legend	Achieves objective	Potentially achieves objective with modification	Partially achieves objective	Potentially partially achieves objective with modification	Does not achieve objective