

# Stakeholder Proposal Evaluation – May 4, 2020

Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session 2A



<p><b>Period of Comment:</b> May 4, 2020 through May 20, 2020</p> <p><b>Comments From:</b> Community Generation Working Group (CGWG)</p> <p>The CGWG is comprised of the Canadian Solar Industries Association (“CanSIA”), First Nations Power Authority (“FNPA”) and the Alberta Community and Co-Operative Association (“ACCA”)</p> <p><b>CanSIA</b> is a not-for-profit membership-based national trade association for the solar energy industry throughout Canada. CanSIA’s mandate includes engaging in policy development and regulatory affairs activities in Alberta to support a growing role for solar energy in the province’s electricity supply mix.</p> <p><b>FNPA</b> is a national not-for-profit membership-based organization whose mandate in Alberta includes supporting the development of Aboriginal-led business opportunities in the electricity sector. Indigenous communities can create long-term sustainable value for their members by proactively partnering in electricity generation facility development.</p> <p><b>ACCA</b> is a provincial not-for-profit membership-based co-operative whose mandate is to build a better Alberta by putting people’s social and economic well-being at the forefront of their businesses and projects in sectors including (but not limited to) solar electricity generation, utilities, finance and agriculture.</p> <p>This submission represents the consensus view of the three constituent organizations of the CGWG.</p> <p><b>Date:</b> 2020-05-20</p>	<p><b>Contact:</b> [REDACTED]</p> <p><b>Phone:</b> [REDACTED]</p> <p><b>Email:</b> [REDACTED]</p>
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**Table 1: Overall evaluation**

Questions	Stakeholder Evaluation
<p>1. Which proposal did you prefer? Please explain why.</p>	<p>The CGWG supports the DCG Consortium proposal. We believe that this proposal presents a reasonable and pragmatic cost-sharing solution between market participants that can be swiftly and easily implemented and will ensure DCG investors have the long-term cost certainty they need to move forward.</p> <p>Our highest priority is that an acceptable solution be implemented quickly. Years of regulatory delay will halt DCG projects and risk severely undermining investor confidence in Alberta's electricity sector. For this reason, we are look at this as a negotiated settlement and we suggest that the DCG Consortium has made the right concessions in order to move this process forward.</p>
<p>2. What are the challenges or unresolved questions with your preferred proposal?</p>	<p>We do not foresee any challenges regarding implementation of the DCG Consortium proposal. The proposal is fully within scope of the existing Transmission Regulation and in accordance with stated AESO principles of connection cost parity between transmission-connected and distribution-connected customers, appropriate cost-sharing between market participants, cost certainty for DCG, cost-recovery certainty for DFOs, and ease of understanding and implementation.</p>
<p>3. What aspects from the other proposals would you like to see applied to your preferred proposal?</p>	
<p>4. Additional comments</p>	<p>The CGWG concurs with the view expressed in the proposals of both the DCG Consortium and Canadian Solar Solutions Inc that as a matter of fundamental principle, DCGs should not be responsible for shared facility costs, and that any costs beyond local interconnection costs<sup>1</sup> should be paid for by load customers.</p>

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<sup>1</sup> That is, any upgrades or additions to existing transmission system infrastructure necessary for DCG generation to be exported to the AIES

Questions	Stakeholder Evaluation
	<p>We would therefore support a dedicated consultation on the interpretation of this aspect of the Transmission Regulation with the provincial Government and stakeholders at a later date.</p> <p>However, in the meantime our highest priority remains a timely and agreeable resolution of the substation fraction question, so as to restore investor confidence and enable DCG projects to move forward.</p>

**Table 2: Evaluation of Proposal: Canadian Solar Solutions Inc.**

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	
3. Is the proposal feasible?	
4. Which stakeholders are best served by this proposal? Why?	
5. Which stakeholders are least served by this proposal? Why?	
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of “Ease of understanding and implementation (simplicity)”? This additional principle was added based on stakeholder feedback.  If not, are you supportive of the principles that are used in the development of the proposal?	
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	
9. Additional comments	The CGWG concurs with the position expressed in Canadian Solar Solutions Inc’s proposal that as a matter of fundamental principle, DCGs should not be

Questions	Stakeholder Evaluation
	<p>responsible for shared facility costs, and that any costs beyond local interconnection costs should be paid by load customers.</p> <p>However, cognizant of AESO's prevailing definition of "local interconnection costs", and the AUC's views expressed in Decision 22942-D02-2019, the CGWG would prefer to proceed with implementation of the DCG Consortium proposal until a more comprehensive review and consultation on transmission policy can take place.</p>

**Table 3: Evaluation of Proposal: DCG Consortium**

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	10
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	Yes
3. Is the proposal feasible?	Yes
4. Which stakeholders are best served by this proposal? Why?	<ul style="list-style-type: none"> <li>- DFOs will benefit from greater clarity and simplicity with respect to cost recovery from generation customers, without the need for recalculation of charges for these customers with each substation upgrade or change in STS/DTS contract capacities, thereby reducing administrative burden and improving efficiency to the benefit of all stakeholders</li> <li>- DCGs will benefit from the long-term connection cost certainty they and their investors need to move forward</li> <li>- TCGs will continue to benefit from a comparatively more advantageous cost-sharing arrangement with respect to shared transmission network infrastructure, relative to DCG customers</li> </ul>
5. Which stakeholders are least served by this proposal? Why?	See above
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	Yes
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of “Ease of understanding and implementation (simplicity)”? This additional principle	Yes

Questions	Stakeholder Evaluation
<p>was added based on stakeholder feedback.</p> <p>If not, are you supportive of the principles that are used in the development of the proposal?</p>	
<p>8. What are the unresolved questions or challenges you would want to see answered in this proposal?</p>	
<p>9. Additional comments</p>	

**Table 4: Evaluation of Proposal: FortisAlberta Inc.**

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	
3. Is the proposal feasible?	
4. Which stakeholders are best served by this proposal? Why?	
5. Which stakeholders are least served by this proposal? Why?	
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of “Ease of understanding and implementation (simplicity)”? This additional principle was added based on stakeholder feedback.  If not, are you supportive of the principles that are used in the development of the proposal?	
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	
9. Additional comments	We strongly disagree with Fortis’ proposal that “TFO protection and controls, interconnection studies, etc.” be allocated to the DCG’s “ASIC”, “as these direct

Questions	Stakeholder Evaluation
	<p>interconnection costs of modifications to the transmission system are required to accommodate the interconnection of the DCG to the AIES.” Since the costs of TFO protection and controls and interconnection studies will have already been paid by the DCG proponent prior to interconnection, it is inequitable and unreasonable for these costs to be duplicated and applied to the proponent’s connection costs on a going-forward basis.</p> <p>We support the DCG Consortium proposal that DCG interconnection costs be limited exclusively to core components, defined as materials and installation costs for the transformer and a high voltage breaker for 138 kV service.</p> <p>The DCG Consortium proposal of allocating shared facility costs on a \$/MW basis is much clearer, simpler and easier to implement.</p>

**Table 5: Evaluation of Proposal: Lionstooth Energy**

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	
3. Is the proposal feasible?	
4. Which stakeholders are best served by this proposal? Why?	
5. Which stakeholders are least served by this proposal? Why?	
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of “Ease of understanding and implementation (simplicity)”? This additional principle was added based on stakeholder feedback.  If not, are you supportive of the principles that are used in the development of the proposal?	
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	
9. Additional comments	

**Table 6: Evaluation of Proposal: Solar Krafte Utilities**

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	
3. Is the proposal feasible?	
4. Which stakeholders are best served by this proposal? Why?	
5. Which stakeholders are least served by this proposal? Why?	
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of “Ease of understanding and implementation (simplicity)”? This additional principle was added based on stakeholder feedback.  If not, are you supportive of the principles that are used in the development of the proposal?	
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	
9. Additional comments	

**Table 7: Evaluation of Proposal: URICA**

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	
3. Is the proposal feasible?	
4. Which stakeholders are best served by this proposal? Why?	
5. Which stakeholders are least served by this proposal? Why?	
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of “Ease of understanding and implementation (simplicity)”? This additional principle was added based on stakeholder feedback.  If not, are you supportive of the principles that are used in the development of the proposal?	
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	
9. Additional comments	

## Appendix A

Principle	Description
<b>Overarching</b>	Tariff design and implementation facilitates a fair, efficient and openly competitive market (FEOC) <ul style="list-style-type: none"> <li>• Fosters competition and encourages new market entry</li> <li>• Efficiency</li> <li>• Avoidance of undue discrimination</li> <li>• Fairness</li> </ul>
<b>Principle 1</b>	Parity between transmission interconnection costs calculation for transmission connected customers and distribution connected customers while enabling effective price signals to ensure optimal use of existing distribution and transmission facilities <ul style="list-style-type: none"> <li>• Fairness</li> <li>• Effective price signals</li> </ul>
<b>Principle 2</b>	Market participants should be responsible for an appropriate share of the costs of transmission facilities that are required to provide them with access to the transmission system (may include paying a contribution towards facilities paid for by other customers and refund to the customer that paid) <ul style="list-style-type: none"> <li>• Fairness</li> <li>• Cost Causation</li> </ul>
<b>Principle 3</b>	DCG participants should have cost certainty when making their final investment decision (FID) <ul style="list-style-type: none"> <li>• Certainty of future costs</li> <li>• Stability</li> </ul>
<b>Principle 4</b>	DFOs should be provided with reasonable certainty re: cost treatment/recovery <ul style="list-style-type: none"> <li>• Certainty of future costs</li> <li>• Stability</li> </ul>
<b>Principle 5 (added)</b>	Ease of understanding and implementation <ul style="list-style-type: none"> <li>• Simplicity</li> <li>• Stability</li> </ul>