Bulk Transmission Cost Allocation

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History & Policy
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Why bulk transmission ?

Because generation energy sources are distant from the load they serve

HYDRO

COAL & CONVERSION

COGEN

WIND & SOLAR

SIMPLE-CYLE GAS

COMBINED CYCLE GAS

The Old World

- **Generators - central station service**
  - Must meet instantaneous system peak
  - CP methods fit generation *reasonably well*
- **Transmission - uses generator method**
  - Province wide Gen & Trans cost pooling
  - Same costs everywhere *by law*
    - EUA 30(3)(a) Rates not locationally different
  - Shields remote loads from true costs

Interlude: 1999 - 2005

- Transmission 50/50 to Generators / Load
  - Generator STS rate = *energy charge*
  - Common cost reduction incentive
- BUT 2003 Transmission Policy changed:
  - ~ All costs to load
  - Split NEED & FACILITIES applications

The dance of unintended consequences

Critical Transmission Infrastructure （CTI）

- Edmonton-Calgary line sparks protest
  - EUB ‘spying’, decision voided, AUC formed
- Government concerned about delay
  - Cabinet determines ‘CTI’ facilities
  - Largest ever bulk transmission additions

BUT

CTI “Cost causation” not public

Renewables Policy

“The longer term transmission developments will be primarily influenced by coal fired generation retirement and the pace/magnitude at which renewable generation is added to the interconnected electric system.”

[LTP p.57]

Bulk Cost Causation

13,900 MW of new capacity by 2037

(excludes CTG conversions)

2,400 MW Peak demand forecast growth

from 11,458 MW in 2016

to 13,947 MW in 2037 AESO LTO p.3

"What's load got to do with it ?"

(T. Turner)

If all you have is a hammer…

- **Effective** cost causation tariff is blocked
  - No *generation* location signals
  - No *transmission* local marginal pricing
- ***Fair cost sharing*** is the goal
  - *Fairness* is subjective
  - *Everyone talks their book…but*
  - The community often finds consensus, given enough time