

## Stakeholder Comment Matrix – Sept. 24, 2020

### Bulk and Regional Tariff Design Session 2



<b>Period of Comment:</b> Sept. 24, 2020 through Oct. 8, 2020	<b>Contact:</b> Evan Wilson
<b>Comments From:</b> Canadian Renewable Energy Association	<b>Phone:</b>
<b>Date:</b> 2020/08/10	<b>Email:</b> ewilson@renewablesassociation.ca

#### 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 comment matrix to [tariffdesign@aeso.ca](mailto:tariffdesign@aeso.ca) by **Oct. 8, 2020**.

***The AESO is seeking comments from Stakeholders with regard to the following matters:***

	Questions	Stakeholder Comments
1.	<p>Please comment on Session 2 hosted on Sept. 24, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p>	<p>Overall, Session 2 was helpful and informative for stakeholders. However, we are concerned that the discussion of energy storage did not integrate the information gathered from ongoing, parallel discussions that have been undertaken through the Energy Storage Roadmap, most notably through the Energy Storage Industry Learnings Forum (ESILF).</p> <p>It is our observation that the design of the two separate processes may preclude any information gathered from the Energy Storage Roadmap being integrated into the Bulk and Regional Tariff Design Stakeholder Engagement process. This mis-alignment may lead to redundancy and red tape in the overall process, as it means that the same issues may be brought up in both sessions. This is not an efficient use of time for the stakeholders attending both sessions.</p>

<p>2. Are you supportive of the proposed engagement approach for the AESO's Bulk and Regional Tariff Design? Why or why not? Please be as specific as possible.</p>	<p>CanREA would like to highlight that the 12 CP methodology also has important implications for distributed generation, specifically with regard to the ability for DG to reduce DTS billings. Including this discussion in isolation in the bulk tariff review ignores the concurrent impact of the adjusted metering practice, any forthcoming policy and regulatory outcomes of the Distribution System Inquiry (DSI), the distribution tariffs, and the setting of bulk and regional rates.</p> <p>To address the overlap of so many concurrent and interacting regulatory engagements and initiatives, it is recommended that the AESO take into account any outcomes from the DSI report in its consultation. It is also recommended that the AESO also consider any relevant Commission language from the decision expected on Proceeding 25848. This decision is expected to impact Phase 2 of the AESO's tariff consultation, but cannot be ignored in Phase 1 if there are relevant findings.</p> <p>Further, if the design of the DCG credits are directed to change, it would be helpful if the AESO and DFOs could add that topic of consultation to the scope of the Bulk and Regional Rates Redesign. Doing so would allow for a more holistic and meaningful approach to consultation.</p> <p>In addition, while CanREA appreciates the option to offer alternate rate designs, the current timeline is insufficient for a full rate design proposal. Stakeholders have been asked to develop alternative rate design proposals in less than two weeks, with no prior indication that this was the AESO's intention following Session 1. We request at least four weeks be given to participants to discuss and develop proposals before presenting them.</p> <p>On Slide 35, the AESO indicates: "If market participants can adjust load behaviour that reduces future cost build, the overall reduction in costs should be shared with those market participants." The market participants do not have a window to determine a reduction in future cost builds. In addition, these future cost builds will change in geography and technical requirements over time as the load flow changes dynamics.</p>
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<p>3. Do you support the AESO's perspective that 12-CP (status quo) is not a reasonable continued outcome of the Bulk and Regional Tariff Design? Please be as specific as possible.</p>	<p>CanREA appreciates that the system is evolving and the 12CP method requires review, however, we have concerns with the rigid bookends presented in Session 2. We understand that AESO is attempting to find a balance between costs that should not be avoidable and costs that will be used to send an efficient price signal. However, the proposed approach set out in Session 2 in our view represents an over-correction with the risk of significant unintended consequences.</p> <p>CanREA supports the efficient use of existing infrastructure and deployment of non-wires alternatives that meet electricity supply needs where these solutions are cost-effective, and where there is consideration of the integration of more renewables in any future network infrastructure investment decision. To this end, we recommend that demonstrably effective and efficient price signal remain sufficient to drive consumer behaviour with respect to peak avoidance. While the cost of existing transmission infrastructure must be recovered, it is vital that the AESO use its tariff design to incent behaviours that avoid unnecessary build out of transmission infrastructure, and more efficient use of the infrastructure currently in place.</p> <p>CanREA notes that a move from system peak to regional peaks is likely required to create efficient price signals such that behaviours incented result in less need for future infrastructure. Transparency on regional peaks is difficult to provide, or forecast. We would note that the AESO proposed to charge the regional peaks in three winter months and three summer months, and would question whether sufficient evidence exists to support this proposal. Similar to load flows that change over time, these regional peaks will likely shift in the coming years. By incenting stakeholders to invest now to avoid what may be a temporary regional peak could potentially give rise to greater risk of stranded assets.</p> <p>CanREA recognizes that the AESO is looking to evaluate mitigation options in Session 4. It is important that the AESO consider an equitable and reasonable rate transition mitigation option, <i>i.e.</i> moving from the current 12 CP methodology to a reformed approach over a 10+ year period. A mitigation that only provides grandfathering for “heavy 12CP responders” is not fair to all market participants. Depending on the options the AESO brings forth at this time, CanREA may be willing to propose an alternative mitigation approach.</p> <p>All options for recovering the cost of formerly critical transmission infrastructure that is no longer considered as such must be reviewed holistically. Shifting costs between ratepayer groups will not be a sufficient, long-term resolution to fundamental questions of systemic change to the Alberta electricity system. Moreover, doing so without an appropriate transition period in the midst of the current moment of extraordinary economic uncertainty may adversely impact the ability of the rate base to absorb these infrastructure costs.</p>
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4.	<p>Are the AESO's bookends A and B reasonable starting points for the Bulk and Regional Tariff Design, considering future determination of modifications and mitigation? Why or why not? Please be as specific as possible.</p>	
5.	<p>Are their considerations or objectives relating to energy storage tariff treatment that you feel the AESO has missed? If yes, please describe and be as specific as possible.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p>	<p>We request that more time be provided to future discussions of energy storage during this consultation process. There is considerable further discussion required specifically regarding energy storage, and we recommend that the energy storage engagement be given more priority in future discussions of the Bulk and Regional Tariff.</p> <p>Given the accelerating pace with which storage solutions are being put forward in the Alberta market, we recognize the importance of resolving important questions in terms of the tariff structure with the 2021 filing. However, this current stakeholder engagement does not allow for sufficient focus on these issues, nor does it allow for meaningful integration of the ESILF outcomes.</p> <p>We propose the following adjustments be introduced to this process to provide sufficient time for discussion:</p> <ul style="list-style-type: none"> <li>- The storage tariff design proposal be brought forward to the AUC for approval along with the Phases being filed on June 30, 2021;</li> <li>- The energy storage tariff treatment consultation timeline be modified to allow for discussion outcomes from the Energy Storage Roadmap and ESILF engagement to be brought forward into the tariff design discussion; and</li> <li>- At least two additional dedicated half-day sessions be set aside for energy storage discussion.</li> </ul>
6.	Additional comments	

Thank you for your input. Please email your comments to: [tariffdesign@aeso.ca](mailto:tariffdesign@aeso.ca).