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March 29, 2018

FILED ELECTRONICALLY

Alberta Electric System Operator
Calgary Place
2500, 330 – 5th Avenue SW
Calgary, AB T2P 0L4

Attention: Doyle Sullivan, Director, Tariff Design

Dear Mr. Sullivan:

**Re: Alberta Utilities Commission (“AUC” or “Commission”) Proceeding 22942
Alberta Electric System Operator (“AESO”) Consultation on 12 Coincident-Peak Method (“12 CP Method”)**

On March 12th, the AESO hosted a stakeholder session to discuss the application of the 12 CP method in the recovery of bulk system charges under the current AESO Tariff. At the conclusion of the session, the AESO requested feedback from stakeholders to inform the next steps of the process. Capital Power submits the following comments in respect of this request.


Capital Power believes there is merit in further exploring the analytical approach advanced by AltaLink LP and its consultant, Energy & Environmental Economics (“E3”), however before determining detailed process steps, Capital Power believes that further context is required concerning the magnitude of the issues at hand. To advance the discussion with stakeholders and allow for a more informed determination of process, Capital Power recommends that the AESO perform its own independent assessment of the magnitude of the 12 CP issue and present it to stakeholders.

In completing the preliminary analysis there should be consideration of questions which include but are not limited to the following:

- Does the current DTS rate design satisfy the Commission’s design principles?
- Has there been a material change in the system composition or system usage?
- Is there evidence of uneconomic bypass in the system, and what is the magnitude?
- To what degree are costs being shifted between customer classes, and who is bearing additional cost?
- Is a new cost of service study required to address the issue?

In establishing a scope for the preliminary analysis, and a framework for subsequent analysis, Capital Power expects that the AESO will gain a better understanding of the time required to address the application of the 12 CP method in the recovery of bulk system charges. With this information, the AESO would be better able to establish a path forward for the current AUC Proceeding.

If, in the opinion of the AESO, the scope of the work necessary to support a refiled application exceeds what can reasonably be completed within the current AUC Proceeding, Capital Power would support a separate process



or module to address the 12 CP issue. Alternatively, if the AESO is confident that such analysis can be completed in a reasonable timeframe, the work should be expedited to avoid further delays to the current proceeding.

Whether through a separate module or the current proceeding, the AESO should endeavor to present alternative rate design options to stakeholders to address identified issues. Over a period not greater than eight weeks, the AESO should undertake consultation on the options prior to advancing a preferred alternative for consideration by the Commission. Capital Power does not support a negotiated settlement, and would request the application be considered through a regulatory process.

Capital Power appreciates the opportunity to provide feedback on this issue. Should you have additional questions please contact the undersigned.

Regards,



Colin Robb, Senior Advisor, Regulatory and Environmental Policy
Capital Power Corporation

Cc:

Jason Comandante, Vice President, Regulatory and Environmental Policy

Alan Ross, Borden Ladner Gervais LLP