

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: Capital Power</p> <p>Date: 2010/11/20</p>	<p>Contact: Matthew Davis</p> <p>Phone: 403.540.6087</p> <p>Email: mdavis@capitalpower.com</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
<p>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?</p>	<p>Capital Power appreciates the opportunity to provide comments on the November 5, 2020 stakeholder session and provides the following comments for consideration.</p> <p>While the session was a suitable forum for stakeholders to present alternative rate design options, it is not clear how this will help inform the AESO's preferred rate design. At this time, and with the limited information provided for each option, it is premature to expect stakeholders to opine on which proposed rate design proposal is preferred. Capital Power respectfully suggests, as detailed in our subsequent responses, that there are outstanding issues such as mitigation measures that need to be addressed before the rate design options can be fully assessed.</p>

Questions	Stakeholder Comments
<p>2. Please complete Table 1: How Did Each Proposal Achieve the Rate Design Objectives for each of the proposals presented at Session 3.</p>	<p>From the presentations on Nov. 5th, there are two clear delineations of submissions. First, there were four submissions related to bulk and regional tariff design, and secondly there were three focused on energy storage treatment. Capital Power has not filled out Table 1 as the energy storage proposals do not clearly fit within the context of the table and the bulk and regional tariff proposals all continue to warrant further investigation through this process prior to committing to a firm preference of one methodology over another.</p> <p>Capital Power reiterates its previous comments that combining energy storage with bulk and regional rate design limits the opportunity to fully discuss and explore the issues relating to storage. Through this consultation, the ISO tariff should remain technology neutral and should not have a distinct rate applied to energy storage. Rather, the tariff treatment for energy storage should be disaggregated and aligned with the technology-neutral rates applied to all other assets.</p> <p>On the broader matter of bulk and regional tariff design. The proposals all proposed differing approaches to both performance measurements such as coincident peak (either at time of system peak, or regional peak) and capacity measurements (contract capacity, non-coincident peak). Along with AESO's bookend B (original and modified), the status quo (supported by IPCAA/ADC/DUC) and Suncor's proposal both include a performance-based billing determinant that aligns with efficiency objectives. These approaches allow customers to have optionality and provides an avenue to flexibility in responding to tariff signals. The other proposals are more weighted towards capacity measures that are less supportive of allowing flexibility for existing and future customers.</p> <p>The CWSAA/UCA/AML/Conoco addresses some of the above issue with generation of credits to existing consumers that have responded to 12CP. The AESO also identified an interruptible rate options as a mitigant this with their modification to their Bookend A approach in the technical session. Capital Power highlights that mitigation is critical, but yet to be fully discussed. Overall, generating mitigation strategies has the potential to alleviate the impact of changes to the tariff not just on existing consumers but also future consumers. Capital Power is not supportive of a mitigating credit based on past performance, instead any mitigating tariff should align with services given / taken from grid.</p>

Questions	Stakeholder Comments
<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>As with our comments to the AESO's bookends A and B, Capital Power submits that the proposed rate design alternatives are informative but further exploration including mitigation options are necessary before indicating any preference. A combination of a performance-based measure and a demand / contract capacity measure form the critical elements of redeveloping the tariff. While supportive of moving away from the status-quo, Capital Power has not seen enough evidence/analysis to determine if one of the proposed formulations that involves these two measurements is better than the other.</p> <p>Capital Power believes that a fulsome discussion cannot occur without discussing mitigating factors. As such, Capital Power believes that the next session will be valuable in a more fulsome evaluation between the interdependencies of any bulk and regional tariff reforms, and ensuring that changes that encourage loads to remain on the system and avoid defection or islanding from the Alberta Interconnected Electric System (AIES).</p> <p>In developing a performance determinant, and any future mitigation option, the AESO needs to consider Ramsay pricing principles as this is critical to decreasing the likelihood of load defection and is aligned with efficient price signals. From past performance, some loads on the grid accept less firm service, as such the AESO should consider this as they proceed through this process. Addressing how willing consumers (including energy storage when charging) are to pay for system access (i.e. firm vs. interruptible service) is essential for ensuring fair treatment.</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>See response to question 3, without understanding thoughts on mitigation strategies (should they exist) it is difficult to ascertain whether or not a proposal completely meets the design objectives the AESO has put forward.</p>
<p>5. Which stakeholders are best served (or least impacted) by your preferred proposal? Why?</p>	<p>Please see response to question 3.</p>

Questions	Stakeholder Comments
<p>6. a) Which stakeholders are most impacted by your preferred proposal? Why?</p> <p>b) What mitigations, if any do you recommend for those who would be impacted by your preferred proposal?</p>	<p>Please see response to question 3. In general, most of the proposed changes to the design would negatively impact customers that currently respond to the 12CP signal.</p> <p>By being so responsive to the current 12CP signal, many loads have illustrated that they have differentiated service level expectations from the standard firm level of service. As such, Capital Power believes that there is a requirement to examine alternatives that provide differentiated services to loads that align their usage of the system with an appropriate cost obligation. Capital Power suggests that in-part, this type of thinking may align with the AESO's plans to discuss mitigating options in Session 4.</p>
<p>7. a) How would energy storage resources be treated in your preferred proposal?</p> <p>b) Does your preferred proposal include specific elements in relation to tariff treatment for energy storage? Why or why not?</p>	<p>A differentiated service would allow for energy storage, while charging, to be treated no different than any other consumer that elects to have the same service level.</p>
<p>8. What are the challenges or unresolved questions with your preferred proposal?</p>	<p>Determining the performance measurement period(s) is critical. Any rate design should include performance-based measures to encourage innovation and flexibility.</p>
<p>9. Additional comments</p>	

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