

# Stakeholder Comment and AESO Replies Matrix



## AESO Consultation 2019 Budget Review Process (BRP) Meeting September 18, 2018 – AESO’s Preliminary List of 2019 Business Initiatives

October 12, 2018

The AESO has asked market participants and interested parties to comment on the Preliminary List of 2019 Business Initiatives presentation given at the Budget Review Process (BRP) stakeholder review meeting on September 18, 2018 . Related stakeholder comments regarding the business initiatives and supporting material are provided in the following matrix. The matrix also includes AESO management’s response to stakeholder comments.

<b>Preliminary List of 2019 Business Initiatives –September 18, 2018 meeting</b>
Do stakeholders have any comments on the AESO’s Business Initiatives proposed for 2019?
<p><b>Independent Power Consumers Association of Alberta (IPCAA)</b></p> <p><b>Comment 1</b></p> <p>Intertie Restoration: Can the AESO confirm the additional capacity that will be made available via this initiative, as well as the timing and whether this volume has been incorporated into the resource adequacy model for the capacity market? Also, is the AESO able to produce a cost-benefit analysis for this project? It is an expensive transmission project – and customers would like to know that the benefits we receive are worth the dollars that are being spent.</p> <p><b>AESO Response</b></p> <p><b>Comment 1</b></p> <p><b>One of the goals of the 2019 Intertie Restoration initiative is to “complete design and development of intertie requirements”. The AESO expects that more information regarding increased transfer capability will be available at that time, along with the benefits and a cost estimate. The AESO has considered intertie capacity allocation in light of this Intertie Restoration business initiative. This related increased transfer capability has not been incorporated into the resource adequacy model for the 2021/2022 and 2022/2023 procurement volume determination.</b></p> <p><b>IPCAA</b></p> <p><b>Comment 2</b></p> <p>Advancement of the Fort McMurray West Project: IPCAA recommends that the AESO produce a report for consumers summarizing the value of the competitive process for this project. It would be useful to compare these transmission costs to others</p>

from the AESO's database. Consumers would like to understand if the competitive process was a worthwhile venture in this instance, and highlight any lessons learned for potential future use.

**AESO Response**

**Comment 2**

**Noted. At this time the AESO does not intend on producing such a report.**

**IPCAA**

**Comment 3**

Capacity Procurement Process: IPCAA would like to be of assistance in the AESO's education efforts. If there is any information we can disseminate via newsletter or if a symposium for load and cogeneration participants would be helpful, please let us know.

**AESO Response**

**Comment 3**

**Noted. Thank you for your offer.**

**IPCAA**

**Comment 4**

Tariff: Can the AESO provide additional information on (i) timing for filing of the 2019 Tariff Update; and (ii) timing for filing for the 2017 Deferral Account Reconciliation? Can the AESO commit to a schedule for updating the Transmission Rate Projection (TRP)? IPCAA Members would appreciate an update every six months if that is possible.

**AESO Response**

**Comment 4**

**(i) The AESO is planning on filing the 2019 ISO tariff update application in October 2018**

**(ii) The timing for the AESO filing the 2017-2018 deferral account reconciliation application is Q2 2019.**

**(iii) The AESO has committed to update the Transmission Rate Project (TRP) annually. The latest TRP was posted in March 2018. The TRP workbook is to be included as part of an comprehensive ISO tariff application only. The most recent TRP workbook was filed with the Alberta Utilities Commission on March 23, 2018 in Proceeding 22942, Exhibit X0126.**

## **IPCAA**

### **Comment 5**

REP: Can the AESO provide any information on how it will address a REP4 process given election uncertainty?

## **AESO Response**

### **Comment 5**

**The AESO has allocated funds in the preliminary 2019 Budget for the continued development of the Renewable Electricity Program (REP), given the Government of Alberta target, set out in Section 2 of the Renewable Electricity Act that at least 30% of the electric energy produced in Alberta will be produced from renewable energy resources by the end of 2030. The development work is not for a specific competition (e.g., REP Round 4). All REP costs will be recovered in line with the provisions of the Renewable Electricity Act.**

## **Utilities Consumer Advocate (UCA)**

The UCA is looking forward to receiving capital cost estimates for the list of 2019 proposed business initiatives. This will provide a more comprehensive review of the initiatives as well as their overall impact to consumers.

## **AESO Response**

**Noted. The AESO presented the 2019 Transmission Operating Costs Forecasts (ancillary services and transmission line losses) and Preliminary Own Costs Budget at the stakeholder meeting on Wednesday, October 10, 2018.**

## Other Comments

Do stakeholders have any other comments to offer at this time?

### IPCAA

#### Comment 1

Customer Connections: Can the AESO provide a breakdown of the 49 customer energizations in 2017? How many were load and how many were generation?

### AESO Response

#### Comment 1

The breakdown of customer connections is as follows:

**Generation – 9 (including 3 Supply Transmission Service (STS) adjustments)**

**Load or Other – 40 (including 19 Demand Transmission Services (DTS) adjustments)**

**Note: Projects may have multiple energizations which are classified based on if the overall project is a generator or load, not based on the specific energizations. Also “Load” may include projects that relate to replacing equipment, or other similar work, that is not actually adding any load or generation.**

### IPCAA

#### Comment 2

Distribution Cost Oversight: As mentioned at the meeting, IPCAA members are concerned with the increasing distribution costs in Alberta. On average, DFO revenue requirement increased around 7% annually from 2009 to 2017, with average load growth that was less than 1%. This indicates a problem. In fact, the revenue requirement for FortisAlberta, from 2009 to 2017, increased at an annual rate that was 23 times faster than the annual rate of load growth on distribution system. Is the AESO able to provide some better information for customers on why this disconnect is occurring? Can the AESO allocate some resources to examining if there is anything the AESO itself is able to do to help remedy this disconnect, or at least provide more transparent data?

### AESO Response

#### Comment 2

**It is not part of the AESO’s mandate to provide Distribution Cost Oversight. Therefore, it would not be appropriate for the AESO to allocate resources or provide related data. The AESO acknowledges that distribution cost concerns are a concern raised through the Transmission Facilities Cost Monitoring Committee (TFCMC), of which the AESO is a member.**

## **IPCAA**

### **Comment 3**

Overall AESO Budget: As stated through several years of AESO budget review processes, IPCAA submits that given the AESO's G&A costs are now above \$100M per year, these should be filed with the AUC as part of the ISO Tariff Application. There should be a limit to the consumer costs that can be approved without regulatory review.

## **AESO Response**

### **Comment 3**

**The stakeholder consultation through BRP was established to find efficiencies to facilitate the regulatory process with respect to the approval of the AESO's Own Costs. The Transmission Regulation establishes several relevant provisions in this regard. The BRP participants, comprising of the AESO and stakeholders, began this process in 2005 to provide stakeholders with greater transparency of the AESO's planning processes and an increased understanding of the operations of the organization. Also, this process facilitates the AESO Board receiving stakeholder comments prior to making a decision in respect of the AESO's budgeted Own Costs, forecasted Ancillary Services costs and forecasted Transmission Line Loss costs. The AESO is committed to providing transparency and allowing for a comprehensive review of its Own Costs through the BRP. The AESO does not intend to submit these costs for AUC approval.**

## **Utilities Consumer Advocate (UCA)**

No additional comments at this time.

## **AESO Response**

**Noted.**