

Stakeholder Comment Matrix – March 10, 2020

Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through
Technical Session (1)



| | |
|--|---|
| <p>Period of Comment: March 10, 2020 through March 31, 2020</p> <p>Comments From: The DCG Consortium is comprised of the following members: BluEarth Renewables Inc, Elemental Energy Renewables Inc, Innogy Renewables Canada Inc., Irricana Power Generation, and Siemens Energy Canada Limited. This submission represents the consensus view of the group and is submitted on behalf of the group by Power Advisory LLC. Individual member companies may also make independent submissions.</p> <p>Date: 2020/03/31</p> | <p>Contact: Christine Runge</p> <p>Phone: 403-613-7624</p> <p>Email: crunge@poweradvisoryllc.com</p> |
|--|---|

Instructions:

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. Email your completed comment matrix to tariffdesign@aeso.ca by **March 31, 2020**.

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

| | Questions | Stakeholder Comments |
|----|---|--|
| 1. | <p>Please comment on the Techncial Session 1 facilitated by the AESO on Feb. 27, 2020. Was the session valuable? Was there something we could have done to make the session more helpful? Please advise and be as specific as possible.</p> | <p>Overall, the session was valuable. The DCG Consortium appreciates the time the AESO took to answer questions and ensure a consistent understanding before we move into Session #2. The DCG Consortium also appreciates that the AESO took suggestions to extend the time of the session to allow for more presentations and more discussion, rather than limiting time available for each agenda item. It was important that we spent the time we did on those items.</p> <p>The AESO will be running Session 2 by webinar due to COVID-19 restrictions. The DCG Consortium suggests that the AESO must design the webinar in a manner that fully allows for participation in discussions. Historically, webinar participants in AESO stakeholder sessions have only be able to contribute by written comments. However, it will be important that the AESO set up a more interactive webinar that allows for verbal questions from participants on the phone. This will allow a dialogue and follow up or clarification where necessary. We assume AESO IT staff would be able to choose a webinar technology wherein they have the ability to only unmute participants when it is</p> |

| | | |
|----|--|---|
| | | <p>time to take their questions or provide their comments. In this way, the AESO could prevent multiple parties talking over each other or excessive background noise.</p> <p>We also suggest that breakout sessions could be facilitated via webinar, if required, however, we suggest that a better format may be to increase the number of question/answer discussion periods.</p> <p>The DCG Consortium recognizes that the AESO is facing new challenges related to developing a webinar format that is suitable to the needs of this session, however, the AESO should strive to set a date as soon as possible following the April 16th submission deadline.</p> |
| 2. | <p>Please comment on the Technical Session 1 Summary Feb. 27 2020. Is there information you felt was covered during the session that has not been represented in the summary? If yes, please advise and be as specific as possible.</p> | <p>On page 4 of the technical session summary, it states “DCGs do appear concerned with sharing the costs previously incurred and paying for the costs that it causes in some cases. The main concerns appear to stem from unforeseen future costs.”</p> <p>It is true that a top priority for the DCG Consortium is the elimination of the unforeseen future costs. However, the DCG Consortium suggests that the first sentence does not correctly characterize the views of DCGs and would edit the statement as follows:</p> <p style="padding-left: 40px;"><u>DCGs do appear concerned with sharing the costs previously incurred where those costs were clearly caused by load or where upgrades were not driven by the DCG. and DCGs do not take issue with paying for the costs that they directly causes in some cases.</u> The main concerns appear to stem from unforeseen future costs, <u>as this unmitigable risk will prevent DCG investment in Alberta.</u></p> |
| 3. | <p>Please comment on the additional level-setting information provided in Summary of Level-setting Information document. Do you have additional clarifying questions that need to be answered to support your understanding? If yes, please be as specific as possible.</p> | <p>The DCG Consortium strongly agrees with the following statements in the background document:</p> <ul style="list-style-type: none"> - “Current ISO tariff provisions and processes should be re-evaluated to ensure that transmission system costs are being properly allocated” - “The ratio of load and generation at a DFO contracted substation does not recognize that a ratio-based allocation of costs may not always reflect the actual drivers of those costs” - “The ISO tariff and associated tools, including the [CCD] are not and were not designed for the addition of DCG at DFO substations that supply end use customers” <p>Under “Identified Issues with Cost Allocation,” the AESO states: “A fair allocation of demand and supply-related costs should reflect that DCGs are using DFO facilities</p> |

| | | |
|----|---|--|
| | | <p>previously paid for by distribution rate payers. The reduction of participant-related costs eligible for local investment safeguards against the subsidization.” This is an opinion stated as fact and should not be taken as such. The DCG Consortium disagrees that subsidization would necessarily be occurring where the local investment wasn’t reduced.</p> <p>The DCG Consortium further notes that this section is not reflective of all the issues related to cost allocation. For example, the current substation fractioning methodology is an arbitrary allocation of all upgrade costs based on the STS and DTS contract capacities. This does not take into consideration that some projects are entirely load driven and not caused by or built for the generator. Further, there is no guarantee that this allocation based on contract capacities is a fair allocation in cases where load and generators should each be allocated some costs associated with a project.</p> <p>There also has been commentary about how a DCG benefits from connecting to the grid, but no equivalent commentary about how load customers benefit from generators that choose a distribution connection over a transmission connection.</p> |
| 4. | <p>Please comment on the revised high-level principles provided in the Summary of Level-setting Information document.</p> <p>Do you have additional principles that you feel have not been represented by these high-level principles? If yes, please be as specific as possible and provide the gaps/challenges you are trying to address with the additional principles.</p> | <p><u>Principle 3</u></p> <p>In the Summary of Level-setting Information, principle 3 states “Costs should not be allocated to a DCG customer after the DCG has energized, if the DCG is not directly causing those costs”</p> <p>The DCG Consortium strongly agrees with the need to prevent future liabilities by stopping allocation of costs at a certain cut off, but disagrees that the appropriate cut off is energization.</p> <p>On page 6 of the Technical Session 1 Summary, it states “Stakeholders appear aligned on the need for DCG participants to have cost certainty when making their final investment decision (FID)”</p> <p>This language is more appropriate than the language of principle 3. The final investment decision is made well in advance of the time of energization. The DCG Consortium suggests that a more appropriate timing cut off would be the receipt of the quote letter from the DFO.</p> |
| 5. | Additional comments | Thank you for the opportunity to provide comments. We look forward to continued discussions with all stakeholders in Session 2. |

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