



## **Alberta Electric System Operator**

### **2019 Balancing Pool Consumer Allocation Rider F**

**November 26, 2018**

**Alberta Utilities Commission**

Decision 24037-D01-2018

Alberta Electric System Operator

2019 Balancing Pool Consumer Allocation Rider F

Proceeding 24037

November 26, 2018

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## Contents

<b>1</b>	<b>Introduction.....</b>	<b>1</b>
<b>2</b>	<b>Rider F for 2019 .....</b>	<b>1</b>
<b>3</b>	<b>Commission findings.....</b>	<b>3</b>
<b>4</b>	<b>Order.....</b>	<b>4</b>
	<b>Appendix 1 – Proceeding participants .....</b>	<b>5</b>
	<b>Appendix 2 – Alberta System Operator 2019 Rider F .....</b>	<b>6</b>

## List of tables

<b>Table 1.</b>	<b>Rider F calculation.....</b>	<b>2</b>
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## **1 Introduction**

1. On November 6, 2018, the Alberta Utilities Commission received an application<sup>1</sup> from the Alberta Electric System Operator (AESO) pursuant to Section 82 of the *Electric Utilities Act*, requesting approval of:

- A \$2.90 per megawatt hour (/MWh) charge to all demand transmission service (Rate DTS) and demand opportunity service (Rate DOS) market participants, with the exceptions of the City of Medicine Hat and BC Hydro at Fort Nelson, for metered energy from January 1, 2019 through December 31, 2019 inclusive (Rider F)

2. On November 8, 2018, the Commission issued notice of the application advising interested parties to file written submissions with the Commission no later than November 15, 2018. In their submissions, interested parties were directed to indicate whether they supported or objected to the application, and indicate the need for further process with supporting rationale.<sup>2</sup>

3. As no submissions were filed, the Commission determined that the application would proceed as a notice-only proceeding. For the purposes of this decision, the Commission considers the record for this proceeding to have closed on November 15, 2018.

## **2 Rider F for 2019**

4. The Balancing Pool is the agency responsible for managing the power purchase arrangements of several major power plants and was established to facilitate the management of certain assets, revenues and expenses arising from the transition to competition in Alberta's electric industry. Pursuant to the *Electric Utilities Act*, the Balancing Pool must prepare a budget for each fiscal year setting out the estimated revenues and expenses of the Balancing Pool. Based on this forecast, the Balancing Pool determines an annualized amount that will be refunded to (or collected from) electricity market participants over the year.

5. Under Section 82(4) of the *Electric Utilities Act*, the Balancing Pool must notify the AESO of an annualized amount for each fiscal year.

6. On November 2, 2018, the Balancing Pool provided notice to the AESO of a negative annualized amount of \$181,319,600 for 2019 and stated that the Balancing Pool's board of directors had approved a consumer charge of \$2.90/MWh of consumption.<sup>3</sup>

7. Under sections 82(5) and 30(2)(b) of the *Electric Utilities Act*, the AESO must include the annualized amount in the AESO tariff. The AESO proposed to charge the annualized amount

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<sup>1</sup> Exhibit 24037-X0002.

<sup>2</sup> Exhibit 24037-X0007.

<sup>3</sup> Exhibit 24037-X0003.

through a \$2.90/MWh charge to all system access services under Rate DTS and Rate DOS through Rider F. The AESO confirmed that in accordance with Order U2006-307<sup>4</sup> of the Commission's predecessor, the Alberta Energy and Utilities Board's (board), the City of Medicine Hat and BC Hydro at Fort Nelson are ineligible for Rider F.

8. The board initially approved Rider F in Order U2005-464<sup>5</sup> as a \$1/MWh credit for 2006. Rider F was revised in subsequent years from 2007 through to 2016 with approved credit amounts ranging from \$2/MWh to \$6.50/MWh.<sup>6</sup> In 2017, Rider F changed from a credit to a charge of \$1.10/MWh.<sup>7</sup> In 2018, Rider F continued to be a charge at an increased rate of \$3.10/MWh.<sup>8</sup>

9. The AESO proposed that all substantive aspects of Rider F, including applicability criteria and use of a \$/MWh approach, continue unchanged from the 2018 Rider F, which the Commission approved in Decision 23163-D01-2017 and which is currently in effect.<sup>9</sup>

10. In Decision 21031-D01-2015,<sup>10</sup> the Commission directed the AESO to provide the following in future applications:

17. The Commission considers that it would be helpful to have further information regarding the determination of the consumer allocation amount in assessing Rider F applications. Consequently, for future applications, the Commission directs the AESO to provide the details of the calculation of the consumer allocation on a \$/MWh basis from the annualized amount.

11. In accordance with Commission directions, the AESO provided the following table to show the calculation of the consumer allocation:

**Table 1. Rider F calculation**

Period [A]	Annualized amount refund (charge) [B]	Metered energy (MWh) [C]	Annual credit (charge) (\$/MWh) [D = B / C]
January to December 2019	(\$181,319,600)	62,524,000	(\$2.90)

Source: Exhibit 24037-X0002, Table 1, PDF page 4.

<sup>4</sup> Order U2006-307: Alberta Electric System Operator, Amendments to AESO 2006 Rider F and Rate FDS [Fort Nelson demand service], Application 1482458-1, December 14, 2006.

<sup>5</sup> Order U2005-464: Alberta Electric System Operator (AESO), 2nd Refiling of 2005/2006 GTA, Application 1434708-1, December 20, 2005.

<sup>6</sup> Exhibit 24037-X0002, paragraph 4.

<sup>7</sup> Decision 22248-D01-2016: Alberta Electric System Operator, 2017 Balancing Pool Consumer Allocation Rider F, Proceeding 22248, December 16, 2016.

<sup>8</sup> Decision 23163-D01-2017: Alberta Electric System Operator, 2018 Balancing Pool Consumer Allocation Rider F, Proceeding 23163, December 15, 2017.

<sup>9</sup> Exhibit 24037-X0002, paragraph 8.

<sup>10</sup> Decision 21031-D01-2015: Alberta Electric System Operator, 2016 Balancing Pool Consumer Allocation Rider F, Proceeding 21031, December 3, 2015, paragraph 17.

### 3 Commission findings

12. As noted above, pursuant to the *Electric Utilities Act*, the Balancing Pool must provide notice to the AESO of the annualized amount that the AESO must include in its tariff, pursuant to sections 82(5) and 30(2) of the *Electric Utilities Act*. The applied-for Rider F provides the mechanism whereby the AESO will refund (or collect) the Balancing Pool consumer allocation to (or from) market participants.

13. Section 82(6)(a) of the *Electric Utilities Act* directs the Commission to approve the annualized amount provided to the AESO by the Balancing Pool, without modification. Accordingly, the 2019 annualized amount of negative \$181,319,600 provided to the AESO by the Balancing Pool is approved.

14. The AESO has applied to charge the annualized amount of \$2.90/MWh to market participants as a 2019 Balancing Pool Consumer Allocation Rider F per MWh of metered energy, equal to the consumer allocation announced by the Balancing Pool. The Commission finds that the amount of \$2.90/MWh to be charged to all Rate DTS and Rate DOS market participants for metered energy from January 1, 2019 through December 31, 2019, to recover the annualized amount of negative \$181,319,600 is reasonable. With the exception of customers directly connected to the transmission system, the AESO's Rider F is flowed through to end user electricity customers in the province by means of related Balancing Pool riders implemented by the distribution utilities.

15. The AESO proposed that all substantive aspects of the applied-for Rider F, including the applicability criteria and use of a \$/MWh charge approach, continue unchanged from the current Rider F in effect for 2018. No objections were received to the continuation of this approach.

16. Pursuant to Section 82(6)(b) of the *Electric Utilities Act*, the Commission must “approve, with or without modification, the allocation of the annualized amount to the owners of electric distribution systems, industrial systems and persons that have made arrangements under Section 101(2),” being Rate DTS and Rate DOS market participants. In the absence of objections to the allocation proposed and as all substantive aspects of the applied-for Rider F continue unchanged from the 2018 Rider F, the Commission approves the applied-for 2019 Balancing Pool Consumer Allocation Rider F without modification. As found in Order U2006-307, the City of Medicine Hat and BC Hydro at Fort Nelson are not eligible for the consumer allocation.

## 4 Order

17. It is hereby ordered that:

- (1) The annualized amount of negative \$181,319,600 provided to the Alberta Electric System Operator by the Balancing Pool, without modification, is approved for 2019.
- (2) The applied-for Balancing Pool Consumer Allocation Rider F charge of \$2.90/MWh of metered energy, as included in [Appendix 2](#) of this decision, is approved effective January 1, 2019 to December 31, 2019.

Dated on November 26, 2018.

### Alberta Utilities Commission

*(original signed by)*

Henry van Egteren  
Commission Member



**Appendix 1 – Proceeding participants**

<b>Name of organization (abbreviation)</b> <b>Company name of counsel or representative</b>
Alberta Electric System Operator (AESO)

Alberta Utilities Commission
Commission panel H. van Egteren, Commission Member
Commission staff L. Desaulniers (Commission counsel) V. Godziuk

## Appendix 2 – Alberta System Operator 2019 Rider F

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Appendix 2 - AESO  
2019 Rider F

(consists of 1 page)



# AESO 2019 Rider F Application Appendix B — Proposed Rider F Balancing Pool Consumer Allocation Rider

## Applicability

- 1(1)** Rider F applies to **system access service** provided under:
- (a) Rate DTS, *Demand Transmission Service*; and
  - (b) Rate DOS, *Demand Opportunity Service*.
- (2)** Notwithstanding subsection 1(1) above, Rider F does not apply to **system access service** provided to:
- (a) the City of Medicine Hat; or
  - (b) BC Hydro at Fort Nelson, British Columbia.
- (3)** Rider F applies in all **settlement periods** from January 1, 2019 to December 31, 2019.

## Rider

- 2(1)** The **ISO** must determine Rider F as a charge of \$2.90/MWh of **metered energy** during the **settlement period**.
- (2)** The **ISO** must determine Rider F to refund or collect an annualized amount estimated by the Balancing Pool and transferred to the **ISO** under section 82 of the **Act**, for the **market participants** receiving **system access service** from the **ISO** under subsection 1 above.

## Terms

- 3** The terms and conditions of the **ISO tariff** form part of this rider.

## Revision History

Effective	Description
2019-01-01	Updated to reflect \$2.90/MWh charge for 2019 consumption, as applied for in 2019 Rider F Application.
2018-01-01	Updated to reflect \$3.10/MWh charge for 2018 consumption, as approved in <b>Commission</b> Decision 23163-D01-2017.
2017-01-01	Updated to reflect \$1.10/MWh charge for 2017 consumption, as approved in <b>Commission</b> Decision 22248-D01-2016 issued on December 16, 2016.
2016-01-01	Updated to reflect \$3.25/MWh credit for 2016 consumption, as approved in <b>Commission</b> Decision 21031-D01-2015 issued on December 3, 2015.
2011-07-01	Revised and reformatted all subsections, as approved in <b>Commission</b> Decision 2011-275 issued on June 24, 2011.