

Stakeholder Comment Matrix – Dec. 10, 2020

Bulk and Regional Tariff Design Stakeholder Engagement Session 4



Period of Comment: Dec. 10, 2020 through Jan. 12, 2021 Comments From: CanREA Date: 2020/01/12	Contact: EDF Renewables Development Inc. Phone: 416-557-9155 Email: David.Thornton@edf-re.com
--	--

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 comment matrix to tariffdesign@aeso.ca by **Jan. 12, 2021**.

The AESO is seeking comments from Stakeholders on Session 4. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	Please comment on Session 4 hosted on Dec. 10, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	
2.	Do you have a view on whether an embedded or marginal cost allocation approach will more appropriately meet the AESO’s rate design objectives? Why?	
3.	a) Do you have a preference for any of the mitigation options presented at Session 4? Why or why not? b) Do you know of any additional mitigation options that have worked in other contexts and might be applicable here. Please specify. c) What do you think the AESO’s needs to achieve with its mitigation(s)? Why?	It is important that the AESO pursue mitigation options that do not result in large stranded costs for market participants that relied on the price signal in the market. EDF believes that stability and a reliable investment framework is important for the long-term sustainability of the Alberta market.

	Questions	Stakeholder Comments
4.	<p>Are you supportive of the areas of agreement presented at Session 4? Why or why not? The areas of agreement presented include:</p> <p>Efficient Price Signals</p> <ul style="list-style-type: none"> • Price signals matter <ul style="list-style-type: none"> ○ Tariff charges provide incentives for customer behavior <p>Cost Responsibility</p> <ul style="list-style-type: none"> • Recognize that more than just load behavior drives transmission development • We are dealing with an evolving system <ul style="list-style-type: none"> ○ Current and future use may differ from what was that originally planned <p>Minimal Disruption</p> <ul style="list-style-type: none"> • Transmission costs have risen <ul style="list-style-type: none"> ○ Tariff charges are more important now than ever before • Minimize disruption, mitigate rate shock <ul style="list-style-type: none"> ○ It is not in anyone's interest to reduce the number of ratepayers 	<p>Efficient Price Signals</p> <ul style="list-style-type: none"> • There is value in price signals but the types of signals should be expanded in scope. Load attraction rates, for example, should be considered to locate new loads in areas that reduce transmission needs (such as high renewable generation areas) • Interruptible tariff also makes sense for those not using the system as firm power as long as the AESO accounts for the curtailable load in its planning. <p>Minimal Disruption</p> <ul style="list-style-type: none"> • Minimizing disruption will reduce the risk of stranded capital for those market participants that have already made investments based on the current tariff rate structure. This is applicable both to loads and generators (distribution connected in particular).

<p>5.</p>	<p>Are you supportive of the areas of disagreement presented at Session 4? Why or why not? The areas of disagreement presented include:</p> <p>Efficient Price Signals</p> <ul style="list-style-type: none"> • Are status quo price signals are efficient? <ul style="list-style-type: none"> ○ Price signals in tariff have reduced the cost of energy to other load • Are price signals forward looking? <ul style="list-style-type: none"> ○ Price signals are efficient to the extent changes in customer behavior reduce the need for future transmission costs <p>Cost Responsibility</p> <ul style="list-style-type: none"> • Is the primary objective cost causation, or cost responsibility? • Does the initial rate design still achieve goal of cost causation since transmission costs have risen and load behaviour has not influenced those costs? <p>Minimal Disruption</p> <ul style="list-style-type: none"> • Now is not the time for change or time to stop the bleeding? <ul style="list-style-type: none"> ○ Economic climate, policy uncertainty, change impacts a few very negatively and many slightly positively • Does rate mitigation need to be permanent or will customers adapt if temporary? 	<p>Minimal Disruption</p> <ul style="list-style-type: none"> • There is no immediate need to alter the tariff other than for the storage question. A delay to determine whether potential changes to the T-Reg would impact the end point is reasonable. • Mitigation does not need to be permanent but should be tied to the reasonable investment horizon, i.e. if an investment was made that has an expected life of 20 to 30 years, the mitigation should be for a similar timeframe (if it was made prior to the potential tariff changes being undertaken.)
<p>6.</p>	<p>Are there considerations that the AESO could include in its rate design proposal that would move you to at an area of agreement on any of the areas of disagreement (refer to question 5 above)? Please specify.</p>	

<p>7.</p>	<p>Are you supportive of the areas of agreement for energy storage presented at Session 4? Why or why not?</p> <p>Energy storage areas of agreement:</p> <ul style="list-style-type: none"> • Energy storage is unique in that it is not the producer or the end consumer of electric energy, nor is it the transmitter • Energy storage can participate in Alberta’s electricity use-cases by providing <ul style="list-style-type: none"> ○ Energy Price arbitrage ○ Operating Reserves ○ Non-wires solutions for transmission deferral • Energy Storage should be treated in a fair, efficient, and openly competitive (FEOC) manner 	<p>Energy storage is a unique technology. It should be treated in a FEOC manner, and this requires a storage tariff that does not distort real-time decision making for storage. EDF will provide further comments on specific storage tariff proposals but notes the key point is that storage can be utilized to improve market efficiency and reduce transmission requirements if the tariff sends appropriate signals.</p>
<p>8.</p>	<p>Are you supportive of the areas of disagreement for energy storage presented at Session 4? Why or why not?</p> <p>Energy storage areas of disagreement:</p> <ul style="list-style-type: none"> • Is energy storage a user of the grid or a component of the grid or both? • Does energy storage use the network for the Alberta specific use-cases? • Should energy storage pay for inflows and outflows like every other network user or not? • Should energy storage pay for one or more of administration, operations and maintenance, pod, regional, bulk charges? 	<p>Energy Storage as a User of the Grid or Component of the Grid</p> <p>There may be storage facilities that are users of the grid or components of the grid or both. The key is that the tariff approach and the market rules support both uses without creating inefficient price signals in the real-time energy market nor discourage storage investment.</p> <p>Payments for Inflows and Outflows</p> <p>The key point is storage is generally not using electricity but rather changing the timing. Adds efficiency to the market). The price signal should not distort real-time decision making for storage optimization. For example, storage should not avoid charging in low energy priced hours simply because of tariff considerations unless there is an actual congestion concern with charging at that time.</p>
<p>9.</p>	<p>Are there considerations that the AESO could include in its rate design proposal that would move you to at an area of agreement on any of the areas of disagreement for energy storage (refer to question 8 above)? Please specify.</p>	

10	Do you have any comments on the AESO's proposed stakeholder engagement process, including the mitigation process, for the remainder of the Bulk and Regional Rate Design engagement?	
11	Do you have additional clarifying questions that need to be answered to support your understanding?	
12	Additional comments	

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