

Stakeholder Comment Matrix – March 19, 2020
Bulk and Regional Tariff Design Session 1 – March 13, 2020



Period of Comment: March 19, 2020 through April 9, 2020	Contact: [REDACTED]
Comments From: Energy Storage Canada	Phone: [REDACTED]
Date: 2020/04/14	Email: [REDACTED]

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 **April 9, 2020**.

Three Tariff Design Options presented at the session:

- Option 1: Rate reflects costs.
- Option 2: Rate reflects benefits.
- Option 3: Hybrid – Rate reflects both cost and benefit.

Five Tariff Design Guiding Objectives presented at the session:

1. Effective long-term price signals.
2. Facilitate innovation and flexibility.
3. Reflect accurate costs of grid connection and services.
4. Explore options within legislation and regulation.
5. Path to change that is effective and minimally disruptive.

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

	Questions	Stakeholder Comments
1.	<p>Please comment on the Engagement Session 1 webinar facilitated by the AESO on March 13, 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>	<ul style="list-style-type: none"> • The session was valuable and helpful. The session provides clear guidelines on the objectives and process for the meeting. Each Tariff design option was presented in a consistent manner to provide ease of comparison. The summary tables were helpful to bring together key points on a single page. • To make the sessions more helpful, it would have been beneficial to provide numerical examples or similar examples to what was provided for Option 1. Using even round numbers to demonstrate how rates would be created would be helpful to demonstrate the concepts. In addition, the numerical examples can show where areas of further work are required (e.g., cost allocation, application of diversity factors, etc.).
2.	<p>Please comment on the pros, cons and tradeoffs of Option 1: Rate Reflects Costs.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p> <p>Do you feel anything was missed or would present a significant obstacle or impact with this option?</p> <p>If yes, please be as specific as possible.</p>	<ul style="list-style-type: none"> • On slide 44, the AESO states that more information will need to be provided about timing of peaks to customers. While ESC does not disagree that more data will be needed, the AESO does currently publish hourly data by area and region therefore it does not appear to be a significant effort to create a baseline number for customers to review. What additional data does the AESO believe is required for customers? • Does the AESO have any early thoughts on what process will be used to define assets as inter and intra (e.g., voltage, geographic location, flow capacity, etc.)?
3.	<p>Please comment on the pros, cons and tradeoffs of Option 2: Rate Reflects Benefits.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p> <p>Do you feel anything was missed or would present a significant obstacle or impact with this option?</p> <p>If yes, please be as specific as possible.</p>	<ul style="list-style-type: none"> • The categorization of transmission assets is not clear; for example, what is the difference between multiple use and enabling competitive market? Would the categorization be by major component (e.g., substation, transmission line, etc.) or sub-components (e.g., transformer, circuit breaker, towers)? • A numerical example of the benefits calculation and cost allocation would be helpful in describing the rate option. • On slide 49, the AESO states “inefficient peak avoidance”, can the AESO describe in further detail? How is efficiency of peak avoidance defined or measured?

<p>4.</p>	<p>Please comment on the pros, cons and tradeoffs of Option 3: Hybrid – Rate Reflects Cost and Benefit.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p> <p>Do you feel anything was missed or would present a significant obstacle or impact with this option?</p> <p>If yes, please be as specific as possible.</p>	<ul style="list-style-type: none"> • For fixed demand charges, would the long-term maximum flow be an <i>average</i> of maximum flow over a number of years, or <i>the</i> maximum flow recorded over a number of years? • The hybrid approach, if designed appropriately, could support cost-effective investments in energy efficiency and peak demand reductions. For example, if the maximum flows are reduced on a rolling basis would help to justify energy efficiency investments that reduce overall consumption. At the same time, demand response to peak demand can reduce variable energy charges. The AESO should ensure that energy efficiency gains that reduce consumption from the transmission system are encouraged so that existing capacity can be effectively used, and potential offered to new customers instead of investments needed in new builds.
<p>5.</p>	<p>How effectively do you feel Option 1: Rate Reflects Costs meets the five Tariff Design Objectives?</p> <p>Please be as specific as possible.</p>	<ul style="list-style-type: none"> • Effective long-term price signals: Yes, tariff rates determined by consumption at peak demand is effective at providing a clear price signal on when to reduce consumption and strain on the transmission system. • Facilitate innovation and flexibility: Yes, clear price signals for demand response or demand reduction activities, innovation and flexibility reflected in the option. • Reflect accurate costs of grid connection and services: No, reducing demand during single hour does not reflect reliability and stability benefits of transmission grid. • Explore options within legislation and regulation: Yes, does not appear to require significant tariff changes. • Path to change that is effective and minimal disruptive: Yes, the option builds upon existing framework and methodology.
<p>6.</p>	<p>How effectively do you feel Option 2: Rate Reflects Benefits meets the five Tariff Design Objectives?</p> <p>Please be as specific as possible.</p>	<ul style="list-style-type: none"> • Effective long-term price signals: No, not clear how benefits calculated currently would be reflected in long-term price signals for transmission system usage. • Facilitate innovation and flexibility: Maybe, unclear how benefits link to more efficient use of existing infrastructure or cost-effective new investments. • Reflect accurate costs of grid connection and services: Maybe, unclear how costs will be allocated to customers based on information provided.

		<ul style="list-style-type: none"> • Explore options within legislation and regulation: Maybe, unclear what changes may be required. • Path to change that is effective and minimal disruptive: No, significant change in framework for rate design and cost allocation.
7.	<p>How effectively do you feel Option 3: Hybrid – Rate Reflects Cost and Benefit meets the five Tariff Design Objectives?</p> <p>Please be as specific as possible.</p>	<ul style="list-style-type: none"> • Effective long-term price signals: Yes, depending on the amount of costs allocated to variable charges. If high enough an appropriate long-term price signal will be provided to customers. • Facilitate innovation and flexibility: Yes, provides support for innovation in managing grid consumption by customers or participation by energy storage resources directly. • Reflect accurate costs of grid connection and services: Yes, fixed demand charge should reflect accurate cost of grid connection and service (i.e., the transactional cost of being interconnected to the grid). • Explore options within legislation and regulation: Maybe, unclear what changes may be required. • Path to change that is effective and minimal disruptive: Yes, would require shifting some costs from variable demand charges to fixed demand charges.
8.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the Tariff Design Objectives and corresponding assessment of the three Tariff Design Options presented at the session? If yes, please be as specific as possible.</p>	
9.	<p>Additional comments</p>	<p>It would be helpful to understand what issues and concepts will be discussed at a high-level in Module 2 and 3 to determine what topics are better left for later modules versus addressed in model 1.</p>

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