

June 4, 2020

To: Stakeholders

Re: **Notice of Stakeholder Engagement Session on Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session 3**

The Alberta Electric System Operator (AESO) is providing notice regarding an upcoming stakeholder engagement session on the proposed Participant-Related Costs for Distribution Facility Owners (“DFOs”) (Substation Fraction) and DFO Cost Flow-Through Technical Session 3.

The AESO would like to provide stakeholders with the date and webinar information for the technical session as follows:

Time: 9:00 a.m. to 11:30 a.m.

Date: **June 25, 2020**

RSVP details: You must pre-register to participate in the technical session and can do so by clicking the [secure link here](#).

Registration: After clicking the registration link above, enter your first* and last name, organization and your email address.

*To make it easier to identify you when raising your hand or submitting a question during the session, please enter your company name prior to your first name in the First Name text box (e.g., **AESO Jane or XYZ Company Joe**) when registering. You will then receive a confirmation email with a unique webinar link to join the technical session. There will be an option to download an Outlook invitation to your calendar.

If you have questions or issues with registering, please email tariffdesign@aeso.ca or refer to the Zoom Instructions that will be posted on the AESO website at www.aeso.ca.

Using Zoom for Stakeholder Engagement Sessions

The AESO is fully aware of the security and privacy concerns surrounding Zoom, and to mitigate the risks identified the AESO applied recommendations from top security agencies including using the most recent commercial version of Zoom which incorporates the latest security fixes, requiring both registration and passwords for sessions, as well as integrating additional security features to protect the sessions against potential vulnerabilities.

COVID-19 update

The AESO’s top priorities are the health and well-being of our employees and stakeholders and continuing to meet the electricity needs of all Albertans. As such, all business meetings with external stakeholders will be via phone or webinar indefinitely (this includes stakeholder engagement sessions). AESO staff are not permitted to attend in-person meetings at other organizations and are not allowed to host in-person

meetings at the AESO. We will continue to monitor developments and provide updates to our stakeholders as necessary. We appreciate your understanding and flexibility.

Notice

In accordance with its mandate to operate in the public interest, the AESO will be audio recording these sessions and making the recordings available to the general public at www.aeso.ca. Following each session, the AESO will make a session summary available to the general public at www.aeso.ca. The accessibility of these discussions is important to ensure the openness and transparency of this AESO process, and to facilitate the participation of stakeholders. Participation in this session is completely voluntary and subject to the terms of this notice.

The collection of personal information by the AESO for this session will be used for the purpose of capturing stakeholder input for the Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session(s). This information is collected in accordance with Section 33(c) of the *Freedom of Information and Protection of Privacy Act*. If you have any questions or concerns regarding how your information will be handled, please contact the Director, Information and Governance Services, 2500, 330 – 5th Ave SW, Calgary, Alberta, T2P 0L4 or by telephone at 403-539-2528.

Process

On Jan. 15, 2020, the Alberta Utilities Commission (AUC) approved the AESO's request, in Proceedings 25101 and 25102, to hold one or more technical session(s) regarding;

- (i) the AESO's "substation fraction formula", as it relates to the allocation of costs to services being obtained by a single market participant such as a distribution facility owner (DFO); and
- (ii) the DFO flow-through of transmission costs to distribution-connected generation (DCG).

The AESO commenced this work with notice to interested stakeholders issued on Feb. 6, 2020. As part of this stakeholder engagement, the AESO is engaging with stakeholders regarding the issues to be examined and the action items to be undertaken, to achieve a joint proposal with stakeholders regarding a path forward, and the joint proposal, if achieved, or individual proposals, would then be filed with the AUC for consideration and determination of next steps.

High-level overview of the proposed process:

Session 1 Feb. 27, 2020	Session 2A May 14, 2020	Session 2B May 28, 2020	Session 3 June 25, 2020	Session 4 If required
Session objectives: <ul style="list-style-type: none"> • Clarify intent and understanding of participant-related costs for DFOs (Substation Fraction) and DFO cost flow-through • Review and collect input on high-level principles 	Session objectives: <ul style="list-style-type: none"> • Review high-level principles • Summarize learnings from Feb. 27 session • Presentations of stakeholder proposals for participant-related costs for DFOs (Substation Fraction) and DFO cost flow-through 	Session objectives: <ul style="list-style-type: none"> • Summarize learnings from May 14 session • Group discussion on evaluation of proposals for participant-related costs for DFOs (Substation Fraction) and DFO cost flow-through 	Session objectives: <ul style="list-style-type: none"> • Presentation and discussion of the AESO proposal details • Share process for preparation of report for the AUC 	<i>Session objectives to be shared if additional session required</i> <i>This session would be held via webinar if required.</i>

Note: Session dates once finalized will be shared with stakeholders. Additionally, stakeholders will have opportunities to provide written feedback through comment matrices issued at certain points in the process.

Objectives

As the AESO noted in its Dec. 16, 2019 submission to the AUC, the objectives of the technical session(s) include facilitation of:

- (i) a common understanding of the purpose and application of the substation fraction formula;
- (ii) agreement on high-level principles applicable to the substation fraction formula including, for instance, cost certainty for DCG, parity between transmission-connected generation and distribution connected generation (DCG) regarding local interconnection costs, and certainty for DFOs regarding the flow-through of costs to be attributed to DCG; and
- (iii) a common understanding of the financial impacts associated with the substation fraction and any associated flow-through of local interconnection costs to different stakeholder groups, including DCG, TCG, DFOs, and ratepayers.

Purpose of Technical Session 3

The purpose of this session is to:

- Present and discuss the AESO proposal details; and
- Share process for preparation of report for the AUC.

Materials and Agenda

A Proposed Agenda and associated stakeholder comment matrix for Technical Session 3 will be posted on **June 10, 2020** on the AESO website at www.aeso.ca. We invite stakeholders to provide feedback to the AESO on the questions set out in the Agenda 3 Stakeholder Comment Matrix **on or before June 17, 2020**. Comments should be submitted to tariffdesign@aesoc.ca. The AESO will consider and endeavor to accommodate these requests where possible. The agenda is subject to change upon the AESO's review of stakeholder comments.

The remaining materials for Technical Session 3 will be available on **June 22, 2020** on the AESO website at www.aeso.ca.

Sincerely,

"Claudia Moroianu"

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