

April 23, 2020

To: Stakeholders

Re: **Notice of Stakeholder Engagement Session on Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session 2 (2A and 2B)**

The Alberta Electric System Operator (AESO) is providing notice regarding upcoming stakeholder engagement sessions on the proposed Participant-Related Costs for Distribution Facility Owners (“DFOs”) (Substation Fraction) and DFO Cost Flow-Through Technical Sessions 2A and 2B.

The originally proposed full day in-person Technical Session 2 has been broken into two half-day webinar-style sessions, 2A and 2B. The vast majority of AESO employees are working from home as are many of our stakeholders, and we appreciate that webinar formats are not always conducive to full day sessions.

The AESO would like to provide stakeholders with dates and times for Technical Sessions 2A and 2B as follows:

#### ***Technical Session 2A***

**Time:** 8:00 a.m. to ~~1:00~~**12:30** p.m.

**Date:** **May 14, 2020**

**Webinar RSVP details:** The AESO will provide registration details on **April 30, 2020** in the AESO Stakeholder Newsletter and on our website at [www.aeso.ca](http://www.aeso.ca). If you have questions or issues with registering, please email [tariffdesign@aesoc.ca](mailto:tariffdesign@aesoc.ca).

#### ***Technical Session 2B***

**Time:** 8:00 a.m. to 12:30 p.m.

**Date:** **May 28, 2020**

**Webinar RSVP details:** The AESO will provide registration details on **May 7, 2020** in the AESO Stakeholder Newsletter and on our website at [www.aeso.ca](http://www.aeso.ca). If you have questions or issues with registering, please email [tariffdesign@aesoc.ca](mailto:tariffdesign@aesoc.ca).

#### **Using Zoom for Stakeholder Engagement Sessions – Feedback Requested**

As shared in the AESO Stakeholder Newsletter on April 21, 2020, the AESO is seeking feedback from stakeholders on the use of Zoom for upcoming collaborative stakeholder sessions. Specifically, does your organization have a corporate policy that would inhibit your participation in a Zoom stakeholder session. Please email [stakeholder.relations@aesoc.ca](mailto:stakeholder.relations@aesoc.ca) with your response and feedback on or before **Tuesday, April 28, 2020**.

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.

The AESO assessed multiple platforms to ensure collaborative and meaningful stakeholder sessions, and we believe Zoom meets the security and business needs. If Zoom is removed as the stakeholder platform during the current COVID-19 pandemic, the AESO will return to simple, one-way webinar stakeholder sessions or posted and written responses until such time as face-to-face sessions are allowed.

### 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 and video recording these sessions and making the recordings available to the general public at [www.aeso.ca](http://www.aeso.ca). Following each session, the AESO will make a session summary available to the general public at [www.aeso.ca](http://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 February 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 2020	Session 4 If required
<b>Session objectives:</b> <ul style="list-style-type: none"> <li>Clarify intent and understanding of participant-related costs for DFOs (Substation Fraction) and DFO cost flow-through</li> <li>Review and collect input on high-level principles</li> </ul>	<b>Session objectives:</b> <ul style="list-style-type: none"> <li>Review high-level principles</li> <li>Summarize learnings from Feb 27 session</li> <li>Presentations of stakeholder proposals for participant-related costs for DFOs (Substation Fraction) and DFO cost flow-through</li> </ul>	<b>Session objectives:</b> <ul style="list-style-type: none"> <li><del>Review high-level principles</del></li> <li>Summarize learnings from May 14 session</li> <li>Stakeholders who presented proposals - address comments and evaluations</li> <li>Group discussion on evaluation of proposals for participant-related costs for DFOs (Substation Fraction) and DFO cost flow-through</li> </ul>	<b>Session objectives:</b> <ul style="list-style-type: none"> <li>Final discussion and evaluation of proposals</li> <li>Share process for preparation of report for the AUC</li> </ul>	<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 2A

The purpose of this session is to:

- Continue to build a common understanding of the purpose and application of participant-related costs for DFOs (substation fraction formula) and DFO cost flow-through;
- Review proposed changes to high-level principles applicable to participant-related costs for DFOs and DFO cost flow-through; and

- Present, discuss, and understand stakeholders proposals for participant-related costs for DFOs and DFO cost flow-through.

### Purpose of Technical Session 2B

The purpose of this session is to:

- Continue to build a common understanding of the purpose and application of participant-related costs for DFOs (substation fraction formula) and DFO cost flow-through;
- ~~Review proposed changes to high-level principles applicable to participant-related costs for DFOs and DFO cost flow-through; and~~
- Stakeholder proposals to respond to evaluation and comments after presentation on May 14 session; ~~and~~
- Group discussion to evaluate proposals for participant-related costs for DFOs and DFO cost flow-through and determine if alignment on a joint proposal can be made or if ~~multiple individual~~ proposals will move forward.

### Materials and Agenda for Technical Session 2A

A [Proposed Agenda for Technical Session 2A](#) is available here and on the AESO website at [www.aeso.ca](http://www.aeso.ca). We invite stakeholders to provide feedback to the AESO on the questions set out in the [Agenda Stakeholder Comment Matrix](#) on or before **April 30, 2020**. Comments should be submitted to [tariffdesign@aesoc.ca](mailto: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 external proposals and a proposal evaluation template will be posted on the AESO website at [www.aeso.ca](http://www.aeso.ca) on **May 4, 2020**. We invite stakeholders to provide their evaluations of the proposals to the AESO on the questions set out in the **Stakeholder Proposal Evaluation template** on or before **May 20, 2020**. Evaluations should be submitted to [tariffdesign@aesoc.ca](mailto:tariffdesign@aesoc.ca).

The remaining materials for Technical Session 2A will be available on **May 7, 2020** on the AESO website at [www.aeso.ca](http://www.aeso.ca).

### Materials and Agenda for Technical Session 2B

A Proposed Agenda for Technical Session 2B will be available on May 7, 2020 on the AESO website at [www.aeso.ca](http://www.aeso.ca). At that time, we will invite stakeholders to provide feedback to the AESO on the questions set out in the associated Agenda Stakeholder Comment Matrix.

Materials for Technical Session 2B will be available on May 21, 2020 on the AESO website at [www.aeso.ca](http://www.aeso.ca).

Sincerely,

*"Claudia Moroianu"*

Claudia Moroianu  
 Regulatory Administrator  
 Legal & Regulatory Affairs  
[tariffdesign@aesoc.ca](mailto:tariffdesign@aesoc.ca)  
 403-705-5311