

Stakeholder Comment Matrix – March 25, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 5



Period of Comment: March 25, 2021 through April 15, 2021	Contact: Robert Stewart
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Date: [2021/04/15]	Email: Robert.stewart@rockymountainpower.ca

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 **April 15, 2021**.

The AESO is seeking comments from Stakeholders on Session 5. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	Please comment on Session 5 hosted on March 25, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	
2.	Please comment on Technical Information Session II hosted on March 31, 2021 (if you attended). Was the session valuable? Was there something the AESO could have done to make the session more helpful?	
3.	Are you supportive of the AESO's preferred rate design? Why or why not?	<p>RMP is not supportive of the preferred rate design. The DOS rate for energy storage is not new and would apply under current rate design where energy storage is treated as a DTS customer when charging. The uncertainty of the DOS rate is a significant issue.</p> <p>Under the proposed change to the percentage of system cost recovered through an energy determinant the DOS rate increases significantly. The DOS rate calculation does not recognize that the asset using DOS is not causing the system to be built.</p>

<p>4.</p>	<p>Do you believe the AESO's preferred rate design meets the AESO's rate design objectives? Why or why not?</p> <p>a) <u>Reflect Cost Responsibility</u> (Cost recovery is based on cost causation, reflecting how transmission customers use the existing grid*)</p> <p>b) <u>Efficient Price Signals</u> (Price signal to alter behavior to avoid future transmission build)</p> <p>c) <u>Minimal Disruption</u> (Customers that have responded to the 12-CP price signal and invested to reduce transmission costs are minimally disrupted)</p> <p>d) <u>Simplicity</u> (Simplicity and clear price signals while achieving design objectives)</p> <p>e) <u>Innovation and Flexibility</u> (ISO tariff provides optionality for transmission customers to innovate while not pushing costs to other customers)</p> <p>*AUC Decision 22942-D02-2019</p> <p>**Proposed rate design must fit within current legislation</p>	<p>a) No, energy storage does not necessarily create additional system build and therefore should not be responsible for the cost of the system.</p> <p>b) No, price signals do not appear to be efficient as, to our knowledge, transmission planning is still completed based on peak demand.</p> <p>c) No comment at this time.</p> <p>d) This appears to be over simplified with no choice for consumers.</p> <p>e) There appears to be less room for innovation and flexibility within the proposed rate design compared to the existing.</p>
<p>5.</p>	<p>Are there considerations that the AESO should include, exclude and/or modify in its preferred rate design to better achieve the AESO's rate design objectives? Please specify and include your rationale.</p>	<p>The AESO should consider an energy storage rate or interruptible rate that does not cover the cost of the system as it is not causing system build. This could be based on rate STS or XOM and IOS. Although these were recommended during the consultation as potential options for the treatment of energy storage, they do not appear to have been considered by the AESO.</p>
<p>6.</p>	<p>Please describe any areas in which you are aligned with the AESO's preferred rate design.</p>	<p>RMP agrees that change to the rate design is needed to address the treatment of energy storage.</p>
<p>7.</p>	<p>Are the assumptions the AESO used for the rate impact reasonable? Is there additional information that would help improve your understanding of rate impacts?</p>	<p>How were the functionalization percentages between bulk, regional and energy determined?</p>

8.	<p>Are you supportive of the AESO's consideration of modernizing DOS, including its suitability for an energy storage charging capacity? Why or why not?</p> <p>And if so, provide your comments on the consideration of the AESO's DOS eligibility requirements, including for energy storage.</p>	<p>Under the current rate design, energy storage is classified as a DTS customer when charging and therefore would have access to DOS. DOS as it currently stands is not suitable for energy storage due to term, capacity determination uncertainty and with the proposed rate design now system cost allocation as well. It is unclear what modernization of DOS the AESO is referring to.</p> <p>While an opportunity rate for energy storage does make sense, it must be longer term than one year and not cover the cost of the system that the energy storage asset is not causing to be built.</p> <p>An opportunity rate that is interruptible, available until there is a DTS change and does not cover the cost of the system should be considered . In addition, the rate should not cover any operating costs that energy storage can be interrupted faster than the other services react in (e.g. LSSi, supplemental reserves, etc.).</p>
9.	<p>Please describe what components of the current DOS implementation (i.e., rate, terms, and conditions) limit the use of excess transmission capacity (i.e., capacity that would not otherwise be used under Rate DTS).</p> <p>How might those components of DOS be improved?</p>	<p>System capacity that is not used by a firm load customer should be made available to other users. It is unclear why there should be scheduling or term associated with this for energy storage when the asset is interruptible.</p> <p>There is uncertainty related to how capacity available for DOS is calculated.</p> <p>All energy storage facilities that may be interconnected with the AIES will require some form of long term financing. Because DOS has only a one year term and there is no guarantee that it will be renewed, new projects cannot be financed due to uncertainty as to the long term availability of DOS service and DOS service rates.</p>
10	<p>Do you have any comments on the AESO's targeted engagement approach for mitigation discussions?</p>	<p>No comment at this time.</p>

11	<p>Are there further considerations that the AESO should include, exclude and/or modify in the mitigation option starting principles? Please specify and include your rationale.</p> <ol style="list-style-type: none"> 1. <u>Limit the rate impact for customers</u>: Mitigate rate impact to under 10 per cent increase to a party's transmission bill for initial stage of transition 2. <u>Adapt with design and rates</u>: Ensure options are adaptable to changes to the proposed design and forecast rates 3. <u>Consistent application</u>: Mitigation options can be applied consistently across all impacted loads and not be individually defined 4. <u>Administrative simplicity</u>: Feasible to implement with current tools and systems 5. <u>Mutually acceptable</u>: Account for feedback from broad stakeholder group 	No comment at this time.
12	<p>Based on the AESO's mitigation options assessment, are there further considerations that the AESO needs to include, exclude and/or modify (e.g., temporary versus permanent)? Please specify and include your rationale.</p>	No comment at this time.
13	<p>Are you in favour of some type of mitigation? Why or why not? If you are in favour of some type of mitigation, how would you assess whether a proposed mitigation approach is acceptable?</p>	No comment at this time.
14	<p>In your view, should the AESO provide participants with more flexibility to adjust contract capacity, specifically by way of a contract reset period with the implementation of new rates and/or a PILON waiver if the contract level has not changed in the previous five years?</p>	No comment at this time.

15	Do you have any additional implementation considerations the AESO should consider?	No comment at this time.
16	Do you have additional clarifying questions that need to be answered to support your understanding?	No comment at this time.
17	Additional comments	If energy storage is not provided a reasonable rate there will be less competition within the energy market, reducing the ability of the market to deliver low cost energy. This is particularly important given the increasing carbon prices that will flow through to consumers under a scenario where most generation comes from combustion based generation.

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