

Bulk and Regional Tariff Design Session 2 – TBD

COVID-19

In light of recent events surrounding the evolving COVID-19 pandemic, the AESO has decided to take the following precautionary action with respect to stakeholder engagement sessions. Effective Monday, March 16, 2020 and lasting until April 30, 2020 all business meetings with external stakeholders will be via phone or webinar (this includes stakeholder engagement sessions). In addition, the AESO is temporarily suspending all webinar stakeholder engagement sessions until at least April 6, 2020.

Session 2 postponed

Bulk and Regional Tariff Design Session 2 will no longer be held on April 17, 2020. It has been postponed until we can determine how to best move forward with the sessions in this environment. We will share updates and a proposed revised timeline and approach for the sessions as soon as possible. The format for Session 2 will likely be webinar based; we are investigating tools to allow for a more interactive webinar format.

Request for rate design option proposals

While the session format is being determined we are still looking for participants who wish to develop and present a rate design option proposal for the bulk and regional tariff design as part of Session 2. More details regarding the proposal guidelines can be found below. Those interested in presenting a proposal can express their interest by emailing tariffdesign@aeso.ca by **March 26, 2020**. Proposals will be due by **April 21, 2020** and will be posted to the AESO's website by **April 22, 2020**.

Document purpose

The purpose of this document is to provide a structured and consistent guide to participants that want to create a rate design option proposal for the bulk and regional tariff design as part of Session 2.

For detailed information regarding the AESO's Rate Design Objectives (titled "Tariff redesign guiding objectives" in the presentation) and the AESO's Rate Design Options refer to the [Bulk and Regional Tariff Design Session Presentation – March 13, 2020](#) located on our website at www.aeso.ca.

Instructions

1. Please signal your interest in completing a proposal to tariffdesign@aeso.ca by **March 26, 2020**
2. Please develop a presentation that profiles your solution and answers the AESO's additional question set (see questions below).
 - You can structure your presentation however you'd like, but we recommend using the suggested structure laid out below.
3. Please have your proposal completed and submitted to tariffdesign@aeso.ca by **April 21, 2020** for pre-meeting circulation and review.
4. Please be prepared to present your proposal at the upcoming Session 2 through the webinar approach on **a date to be determined**.

Suggested proposal structure

We recommend using the headings below in the development of your proposal:

A. Overview of your proposal

- i. Think 30-second elevator pitch.

B. Your proposal

- i. Description of proposed tariff design (provide enough detail so that the concept of your rate design can be understood). Explain any differences between your rate design and the current tariff and AESO's tariff options.
- ii. Implementation and calculation of rates (i.e., how would this solution work?):
 - i. How are costs of transmission facilities to be categorized? How are costs in each category allocated? Based on what reasoning?
- iii. Outcome if your proposal were implemented:
 - i. How are rates calculated and charged

C. Implications of your proposal

- i. How does the proposal meet each rate design objective? What are the tradeoffs relative to the rate design objectives?
 - o Effective long term price signals:
 - Evaluate whether rates create behavioral incentives that encourage efficient use of existing assets and signal long term costs.
 - o Facilitate innovation and flexibility:
 - Do rates enable competition, reduce/remove barriers to entry.
 - o Reflect accurate costs of grid connection and services.
 - o Explore options within legislation and regulation:
 - Postage stamp rates, transmission costs recovered from loads.
 - o Path to change that is effective and minimally disruptive.
- ii. What incentives are created and how would parties respond?
- iii. How would you evaluate (quantify) the effects (pros and cons) of your proposal? Relative to the current tariff? Relative to the AESO's tariff options?
- iv. Are there any other implications (e.g., what is the impact of your proposal on a stakeholder by stakeholder basis)? Are there specific implementation considerations for your proposal?

Questions to resolve

Please find below the questions your proposal needs to address and additional questions that your proposal should try to address:

Your proposal must answer:

1. What tradeoffs does your proposal create between the Rate Design Objectives? Why are those tradeoffs appropriate? Is one objective more important than another? Why or why not?
2. Why is your proposed rate design preferable to the current tariff structure and the AESO's rate design options?

Your proposal should try to answer:

1. Are rate classes included in your rate proposal? Why or why not?
2. Are any considerations made for certain resource types, for example standby, interruptible, or energy storage? Why or why not?
3. Are there additional rate design options you considered but would not support? Explain why