Market Participant Comments – Consultation on 12 Coincident-peak Method and Refunding FortisAlberta Customer Contributions by AltaLink

AUC Proceeding 22942 – AESO 2018 ISO Tariff Application

Date of Request for Comment:	January 30, 2018		
Period for Comments:	January 30, 2018	through	February 8, 2018

AESO Request	Market Participant Comments and/or Alternative Proposal
The Alberta Electric System Operator (AESO) is requesting comments on the following proposed process to address the Alberta Utilities Commission (AUC) direction in its January 19, 2018 letter in Proceeding 229421 regarding (1) the coincident metered demand rate design issue and (2) distribution facility owner customer contribution issues. AESO Proposed Process: A. The AESO will offer an opportunity to all participants to prepare submissions to be presented in a facilitated stakeholder session or sessions. The AESO will be a participant in the session(s) and will invite AUC staff to attend as observers. The submissions will be made available for all participants' review in advance of the session(s). The submissions should include: 1. Coincident Metered Demand Issue: a. A summary of each participant's position for the bulk recovery methodology, including: i. A recommendation to change the methodology or maintain the existing coincident metered methodology; ii. Any analysis completed by the participant, as well as noting any further data or data analysis that may be required (by the AESO or others); and iii. If a methodology change is recommended, the recommended timing of when the change should be made. b. The participant's proposed weighting of the following five (5) rate design principles applicable to the bulk recovery methodology:[2] i.	**Access Pipeline Inc.** Access Pipeline is responding to your January 30, 2018 request for comments on AESO's proposed process. Access plans to participate; our interest is the Coincident Metered Demand Issue. Currently, we are neutral relative to this issue; however, as a direct-connected load customer this issue has potential to impact our service cost. Our intent is to monitor the proceeding, reserving the right to participate more actively at our discretion. **Alberta Direct Connect Consumer's Association (ADC)** The Alberta Direct Connect Consumer's Association "ADC" is supportive of the AESO's proposed consultation process. The ADC submits the following comments: 1. The ADC intends to fully participate in the Coincident Metered Demand Issue. 2. The ADC does not intend to participate in the Distribution Facility Owner Customer Contribution Issue. 3. The ADC is supportive of the AESO's Coincident Peak Bulk system rate design and does not support any change to the rate design. Our view is supported by the ample evidence in prior AESO GTA's that has informed AUC decisions on 12 CP. 4. The ADC is prepared to present a submission in support of the AESO position. The ADC requests that the session be scheduled outside the dates of Feb 26th to March 2nd to avoid conflict with holiday schedules. ADC would also appreciate having an option to remotely connect to the session to provide a cost-effective way for our subject matter expert to understand the perspective of other intervenors. **AltaGas Ltd.** As noted in the proceeding, AltaGas is an energy infrastructure company with significant load, cogeneration, peaking generation, as well as a portfolio of commercial and industrial customers in Alberta.

Recovery of the total revenue requirement; ii. Provision of appropriate price signals that reflect all costs and benefits, including in comparison with alternative sources of service; iii. Fairness, objectivity, and equity that avoids undue discrimination and minimizes inter-customer subsidies; iv. Stability and predictability of rates and revenue; and v. Practicality, such that rates are appropriately simple, convenient, understandable, acceptable and billable. 2. <u>Distribution Facility Owner Customer Contribution Issue:</u> a. AltaLink to prepare a summary of its position in regards to FortisAlberta Inc.'s customer contributions as raised in AltaLink's 2017-2018 general tariff application; b. Other interested participants to summarize their position regarding the treatment of FortisAlberta Inc.'s customer contributions as raised in AltaLink's 2017-2018 general tariff application; and c. Altalink and the other participants to indicate whether AltaLink's proposal should apply to all DFOs or only to Fortis (together with a supporting rationale). B. The AESO is initially proposing to address both issues in the same stakeholder sessions, however, depending on the interest and the number of submissions, the AESO may break this into two separate sessions. C. After each presentation, there will be a question and answer period for all participants to ask clarifying questions. D. Before the close of a facilitated session, next steps can be determined that may include: a. Requests for additional facilitated sessions to present further submissions; b. Requests for additional data and analysis; and c. Requests for additional facilitated session(s) to document options, rate design principles' weighting and timing required for any changes.	Many Alberta market participants including AltaGas manage risks by drawing upon a portfolio. AltaGas considers it important that all power market participants have the opportunity and continued freedom to manage the load profile risks of customers in the most convenient and economically efficient ways possible. Sometimes these load profiles coincide with the AESO's coincident peak metric. As part of risk management it is rational to have generation units dispatched, or in merit, to offset higher demand from customers and any associated costs. AltaGas considers some of AltaLink's positions as unreasonable and AltaGas reserves the right to intervene if necessary to ensure that an AltaLink style tariff doesn't preclude rational risk management practices in the wholesale electricity market. AltaGas intends on monitoring the proceeding primarily as an observer and as an advocate for flexibility in managing risks in the electricity market. Should there be any changes as a result of the consultation and proceeding 22942, AltaGas proposes they be prospective from the date of an AUC decision. I would like an invitation to any facilitated session to monitor any dialogue that would inhibit risk management. I don't anticipate making any submissions in the consultation, but AltaGas reserves the right to do so if it considers it necessary. AltaGas is unlikely to take a strong position on the principles of rate design, bulk recovery methodology, or customer contribution issues unless they limit or prohibit AltaGas' ability to manage its commercial and industrial customers. **AltaLink Management Ltd.** AltaLink intends to participate in all facilitated session(s) proposed by the AESO in its consultation process. AltaLink is concerned about rate design issues connected to the AESO's Cost of Service Study and the resulting coincident metered demand rate. In addition, AltaLink also has concerns about the Distribution Facility Owner (DFO) Customer Contribution Issue. With respect to the Coincident Metered Demand Issue, AltaLink submits change is required to the current rate design where bulk system transmission costs are recovered through a 12 coincident peak (CP) charge. AltaLink submits that the CP charge sends an improper economic signal which leads to the cost avoidance of bulk system costs. As a result there is inappropriate cost shifting among transmission users so that some users who are taking advantage of the transmission system are not paying their fair share of the embedded costs of the system. With respect to the DFO Customer Contribution Issue, under the AESO rules, the DFO may be required to make a contribution, associated with requested construction of transmission facilities. The contribution from the DFO is an offset to the Transmission Facility Owner's (TFO) rate base. AltaLink submits that the issue with this customer contribution approach for transmission capital investments is that it creates a situation that: 1) provides the DFO, rather than the TFO, with a regulated return on transmission assets that it does not build, own, operate or maintain; 2) results in the TFO incurring all the business risk associated with building, owning, operating and maintaining the transmission assets without any return to compensate for those business risks; and 3) may be

E. After the facilitated sessions have concluded, the AESO will host a follow up session to present the recommendations that it proposes to file with the AUC in a revised 2018 comprehensive ISO tariff application. The AESO intends to inform the AUC before March 30, 2018 of the planned process and any status updates available. Market participants can submit their comments regarding the proposed process by way of a letter to ISOtariffnotice@aeso.ca by February 8, 2018. In your letter, please advise if you plan to participate in the facilitated session(s), indicate the issue(s) you intend to address, your position in regards to the issue(s) (whether you support a change or not, or whether you are neutral) and whether you intend to present a submission in support of your position.	more costly to current DFO customers since, compared to alternative approaches, it fails to provide clear price signals concerning DFO investment decisions in transmission related assets. AltaLink intends to address both issues in its participation in the facilitated session(s), including presenting submissions in support of AltaLink's position as well as proposals that AltaLink submits will alleviate the concerns that it has outlined above. **ATCO Electric** On January 30, 2018, the AESO posted a letter to its website inviting market participants to provide comments by February 8, 2018 regarding the AESO's proposed consultation process for the 12 CP method and DFO customer contribution issues which have been raised in its 2018 AESO Tariff Application. The AESO's letter also requests information regarding the scope of intended participation by market participants in the process. Accordingly, ATCO Electric submits this letter to indicate its interest in participating in the above noted consultation process addressing both the 12 CP method and DFO contribution issues. At this time, ATCO Electric is not advancing an alternative methodology, but as previously indicated is of the view that the 12 CP method for recovering bulk system costs should be reviewed during the 2018 AESO Tariff to determine whether it continues to remain the appropriate methodology for recovery of bulk system costs. With respect to the second issue regarding the Distribution Facility Owner Customer Contributions, ATCO Electric has yet to determine its position on this matter and will be able to provide further comment once Altalink's position on the issue is known and the implications to other DFOs are understood. ATCO Electric looks forward to participating in these sessions and does not expect to present any formal submissions at this time, however ATCO Electric reserves the right to do so as the sessions proceed. **ATCO Power** On January 30th, 2018, the AESO posted a notice inviting stakeholders to declare their intention to participate in a facilitated stakeholder session to discuss the 12CP Method and DFO Customer Contributions issues that have been raised as part of Proceeding 22942 – 2018 AESO Tariff Application. ATCO Power is a registered participant in Proceeding 22942 and hereby advises the AESO of our intention to participate in the AESO's facilitated stakeholder session on the 12CP and DFO Customer Contribution matters. ATCO Power does not intend to present any material on the issues at hand and does not have a formal position on either matter.

	BC Hydro and Power Authority BC Hydro is a Market Participant under the Independent System Operator tariff (ISO Tariff) since it purchases Fort Nelson Demand Transmission Service (FTS) at a point of delivery at Fort Nelson, British Columbia. As such, BC Hydro is interested in the coincident metered demand rate design issue. Per the ISO Tariff, the coincident metered demand is established based on the sum of the metered demands for all Demand Transmission Service (DTS) and FTS Market Participants. The Bulk System Charge and the Regional System Charge for the ISO Tariff Rate DTS and Rate FTS are currently the same. Since the ISO Tariff Rate FTS may be affected by the outcome of the consultation process, BC Hydro intends to participate in the consultation and to provide comments as appropriate. With respect to the AESO's request that Market Participants provide comments on the process proposed in its January 30, 2018 letter, BC Hydro believes that the proposed process will be adequate to address the issues at hand. Since BC Hydro is interested primarily in the Coincident Metered Demand Issue, BC Hydro's preference is that the process be split into two streams to address the separate issues. **Canadian Solar Industries Association** CanSIA appreciates the opportunity to participate in a consultation process on the tariff allocation issue. In response to the recent AESO letter, CanSIA would like to note its intent to participate in the AESO consultation process. CanSIA will outline its position at a later date and may choose to present a submission in support of its position at the appropriate step in the consultation process. The tariff allocation methodology is of particular interest to solar producers as it impacts the revenue that distribution connected solar projects are able to earn. The current tariff allocation methodology sends a strong incentive for the development of distribution connected solar as projects are able to earn revenue associated with the tariff cost savings in addition to the energy price. Given that solar resources are able to offset load at peak in a number of months throughout the year, the 12CP methodology is a benefit to distribution connected solar resources. This issue is of particular concern to the province as Alberta transitions to a greener grid and price signals to develop renewable generation in a cost-effective manner, inclusive of transmission and distribution costs, will be vital. It is important that the new tariff allocation methodology, whatever it may be, considers the impact to distribution connected solar and continues to support the Government of Alberta's climate leadership initiatives which include a goal of 30% renewable generation by 2030. Distribution connected solar can be a meaningful and cost-effective part of that goal, as long as the structure continues to be designed appropriately. CanSIA looks forward to the opportunity to put forward a more detailed submission at a later date.

	Capital Power Corporation Capital Power Corporation ("Capital Power") herby registers our intent to participate in the facilitated session(s). As a registered party in AUC Proceeding 22942, and an active market participant in Alberta, Capital Power submits that the elements being discussed are important to the long term sustainability of the wholesale market. Capital Power's primary interest relates to the 12 CP Method, on which the company remains neutral. At this time, Capital Power does not take a position on whether changes are needed to the rate design, and does not intend to make a submission to the AESO in advance of the stakeholder session. Capital Power will, however, fully participate and will take the opportunity to ask clarifying questions to evaluate any proposed changes to rate design. Capital Power does not take a position on the issue of distribution facility owner customer contributions and will not make a submission to the AESO in advance of the stakeholder session. However, as an issue that will be tested within AUC Proceeding 22942, Capital Power may ask clarifying questions as needed. **Devon Energy Corporation** Further to the Alberta Electric System Operator (AESO) letter of January 30, 2018, Devon Canada Corporation ("Devon") registers its intention to participate in the above referenced consultation. Devon has a significant and growing electrical load and has an interest in the outcome of this proceeding. Devon takes no position on the issues at this time and remains neutral. Devon plans on reviewing the consultation presentations and participating in the consultation discussion. **Desiderata Energy Consulting Inc. on behalf of Dual Use Customers (DUC)** 1. The DUC intends to fully participate in the AESO proposed Coincident Metered Demand Issue (12 CP) consultation process. 2. The DUC will not be participating in consultations on the Distribution Facility Owner Customer Contribution Issue. 3. The DUC has no issues with 12 CP. 4. The DUC supports the AESO's existing and proposed bulk system rate design.

	5. The DUC is prepared to make a presentation, either solely or jointly with other registered parties, on the continued appropriateness of the 12 CP rate design. **ENMAX Corporation** This email is to advise that ENMAX would like to participate in the AESO's stakeholder sessions as an observer and will not be making any submissions at this time. If this changes, we will be sure to notify the AESO. **Energy Storage Canada** ESC is generally supportive of the AESO's proposed process as it will give participants an opportunity to share their perspectives and evidence. While the AESO has initially proposed to address both the Distribution Facility Owner Customer Contribution Issue and the Coincident Metered Demand issue together, ESC suggests that they will be more effective if addressed in separate sessions. ESC believes there is little overlap between the two issues and many participants who are focused on the Coincident Peak issue due to the impact the Coincident peak calculations have on the DTS tariff will not be interested in participating in discussions on DFO Customer Contributions. ESC plans to participate in the facilitated sessions covering the Coincident Metered Demand issue as this methodology may continue to be utilized in the AESO's tariff, in rates such as DTS or an Energy Storage Opportunity Service specific rate. At the present time, ESC does not take a position on whether or not 12CP should be changed but ESC may not be neutral depending on the proposals put forward by various stakeholders. At this point in time, ESC does not intend to present a submission in the sessions. **EPCOR Distribution & Transmission Inc.** In EPCOR Distribution & Transmission Inc.'s ("EDTI's") view, the AESO's proposed process is not consistent with the Commission's direction. The Commission's letter states that the AESO has been given time to submit "a revised application to include the results of its analysis of and evidence on the issues respecting the 12 CP method and, if necessary, the DFO customer contribution". The Commission's letter also anticipates that the AESO should be in a position to file its revised Application by the end of March, 2018. Given the Commission's directions, EDTI is surprised that the AESO would initiate a process that does not contemplate the AESO providing anything to interested parties, but instead envisions a lengthy "consultation" process under which each interested party would be required to share its views, analyses, proposals, etc. on the two issues with all other parties. It also contemplates steps that appear to EDTI to be little more than a duplication of the Commission's regulatory approval process, with participants being subject to questioning by other parties and potentially be required to provide follow-up information. And all of this is in the absence of

	having first been provided with the “analysis” that the Commission has directed the AESO to conduct and file in this proceeding. EDTI notes that issues like the DFO customer contribution have been live for many months if not years, and EDTI does not read the Commission’s letter as contemplating a substantial delay in incorporating these matters into the Commission’s tariff approval process and moving ahead with that proceeding. In fact, EDTI doesn’t believe that the Commission was contemplating anything more than the AESO performing its analysis, perhaps providing it to interested parties for timely feedback, and filing its revised or augmented Application to have these matters addressed by way of the Commission’s regulatory approval process, at or about the end of March. EDTI recommends that the AESO proceed in that fashion. If the AESO does decide to proceed with its proposed process, EDTI will attend and participate to the extent it believes that the process will further the objective of having these issues addressed by the Commission efficiently and in a timely manner. At this point, EDTI does not intend to make any presentations as contemplated in the AESO’s letter. If the AESO chooses to provide its analysis and recommendations contemplated in the Commission’s letter to parties in advance of filing with the Commission, EDTI would be pleased to review them and provide the AESO with its initial comments at that time. EDTI provides the following additional comments on the two issues. <u>Coincident Metered Demand Issue:</u> EDTI does not currently have a firm position on the 12CP method or any other alternative to it to recover bulk system costs. EDTI is interested in this issue and intends to continue to follow it carefully, and will provide input into the Commission’s approval process in respect of this issue as EDTI determines to be warranted. <u>Distribution Facility Owner Customer Contribution Issue:</u> The AESO appears to interpret this issue narrowly, as relating solely to AltaLink’s proposed approach vis-à-vis FortisAlberta. EDTI reads the Commission’s letter as acknowledging that this is an issue that goes beyond the specific proposal by AltaLink to encompass the DFO contribution framework more generally, including the appropriate allocation of transmission system capital costs as between TFOs and DFOs. EDTI considers that this is an important issue raised by the AESO’s 2018 Tariff Application and intends to be an active participant in the proceeding that regard. **Fortis Alberta Inc.** FortisAlberta Inc. (“FortisAlberta” or the “Company”) is writing to provide its comments regarding matters identified in the AESO’s letter of January 30, 2018, including consultation on the 12 Coincident Peak (12 CP) cost allocation method / rate design for the AESO’s Rate Demand Transmission Service (DTS) Bulk System charge. The Company also writes to provide comments on AltaLink’s proposals regarding AESO contribution policy, and more specifically, its proposal to revisit the imposition of a mandatory Rider I for certain market participants as a

	means of maximizing Transmission Facility Owner (TFO) investment in AESO projects requested by a distribution Facility Owner (DFO) on a prospective basis. FortisAlberta intends to fully participate in whatever consultative or regulatory processes may be initiated to deal with these matters, given their potential impacts on its customers and operations. The Company offers the following preliminary comments on the process proposed by the AESO in its correspondence of January 30, 2018: <u>1. 12 CP Cost Allocation Method / Rate Design</u> FortisAlberta's customers are charged transmission costs on a flow-through basis as part of the Company's distribution tariff. This means that, generally speaking, end-use customers ultimately pay all of the transmission tariff costs attributable to arrangement of their system access service. The Bulk System 12 CP charge represents almost half of the AESO's overall transmission revenue requirement, which is collected as a transmission cost. FortisAlberta submits that, given the size of the 12 CP charge, it is important for the AESO to ensure that the related cost allocation and rate design are correct. In practice, this will require taking steps to ensure that any proposed methods properly reflect generally accepted rate design principles, including cost causation, avoiding undue discrimination/subsidy, and ensuring that economically efficient price signals are sent to transmission market participants. It is also important that DFOs be positioned to fully explain the drivers of these costs, which are ultimately allocated, and flowed-though, to their customers through their distribution tariffs. As such, FortisAlberta supports the review of the cost allocation method and rate design applied to recovery of DTS Bulk System Costs being undertaken at this time. FortisAlberta does not intend to provide a new standalone submission on the 12 CP issue for consideration in the current regulatory process. However, the Company commends Section 5.1.1 of Decision 2006-0991 to the AESO and other participants. In this decision, which addressed FortisAlberta's 2006/2007 DTA "bulk system" cost allocation method, the Board approved a broader allocation approach of using average on-peak demand across all on-peak hours for purposes of allocating shared distribution system costs. In doing so, the Board, noted that such an approach "reflects a broader recognition of cost causation and, on balance, is more appropriate than the narrower definition ..."2 Consistent with this, FortisAlberta submits that the adoption of a more broadly-applied method for allocation and recovery of DTS Bulk System Costs should be considered in the current circumstances, as being more reflective of cost causation principles, generally. <u>Related Rate Supply Transmission Service (STS)/DTS POD Metering Issue</u> The 12 CP rate design issue is also related to an additional metering issue that FortisAlberta has recently identified. The AESO recently advised the Company of its plan to change how an AESO point of delivery (POD) is metered, in terms of the applied metering logic and totalization. The impact of this intended change will depend on whether the market participant's metering for a given POD is located at either the POD transformer primary

	bus, the POD secondary bus, or at the individual distribution feeder level. It appears that this proposed AESO revenue metering change would affect both the DTS and STS billing determinants for each POD (including CP), and would have the effect of increasing the substation fraction for STS (with a corresponding increase to the applicable AESO transmission contributions flowed-through to distribution-connected generation (DCG)). FortisAlberta also recognizes that the proposed metering change will have the effect of reducing the amount of CP transmission credits available to DCGs through some distribution tariffs, including its own Option M. Further, based on the Company's understanding of the AESO's current implementation plans, the proposed change may actually result in discriminatory application of the AESO tariff, depending on the POD and the location of the metering employed by the market participant. As such, FortisAlberta submits that this consultation provides a timely opportunity for the AESO to enhance transparency regarding this proposed change for all stakeholders. The Company recommends that, in its upcoming consultation on the 12 CP cost allocation method / rate design, the AESO also address this proposed AESO tariff metering change, so that other participants (including DCG customers) understand how the change, if implemented, may financially impact them. FortisAlberta also requests that the AESO include the details around its proposed change to AESO tariff metering in its revised 2018 comprehensive ISO tariff application so that all parties have the opportunity to review this change in that forum. Until this issue is fully vetted, the Company recommends that the AESO refrain from any implementation of this change, as it is already starting to create issues and uncertainty for FortisAlberta and its DCG customers wishing to connect to the system. <u>2. AltaLink's Position on AESO Contribution Policy / Mandatory Rider I Proposal</u> AltaLink's proposal to refund AESO contributions to FortisAlberta, and thereafter charge FortisAlberta (and its customers) a corresponding rider to recover the amortization of those AESO contribution amounts, would effectively result in the imposition of a mandatory Rider I, applied to specific market participant(s) for the benefit of the incumbent TFO (in this case, AltaLink). That is, it effectively translates to 100% TFO investment in AESO projects requested by a DFO on a prospective basis, thereby eliminating any AESO contribution price signal to DFOs when arranging system access service on behalf of their customers. The Company submits that such a proposal presents a risk of unjustly discriminatory application of the ISO tariff to a subset of market participants, and a preferential and inconsistent application of the AESO contribution policy it contains. FortisAlberta submits that this proposal is fundamentally at odds with the provisions of applicable legislation, including the Electric Utilities Act, and, consequently, should not be considered in the revised ISO tariff application contemplated to follow the conclusion of the current consultation process. As the AESO is aware, this is not a new issue; extensive records regarding the topic of AESO contribution policy and the possible forms of Rider I have been before the Commission over the last decade. In fact, this discussion began more than ten years ago when AltaLink hosted its own stakeholder consultation process regarding the AESO's contribution policy, at which point the concept of Rider I was first introduced. Rider I was subsequently

	raised, discussed and proposed in numerous proceedings before the Commission over the following years, as summarized by the attached document entitled "Attachment 1 – AESO Rider I Proceeding History", which was provided by the AESO in its 2015 Rider I consultation with stakeholders. Based on the Commission's previous determinations on Rider I, the AESO proposed a nondiscriminatory (voluntary for all) Rider I mechanism in its tariff. However, FortisAlberta understands that this pursuit of Rider I was effectively abandoned in the 2015 timeframe, presumably due to the parties' inability to agree on satisfactory terms to mitigate Rider Idefault risk that was imposed on TFOs by the Commission in past decisions. Notwithstanding previous extensive considerations of Rider I, as described above, AltaLink proposed to levy a rider directly on the DFO market participant (FortisAlberta) as part of its 2017/2018 GTA. In response, FortisAlberta filed a motion with the Commission to strike this proposal as being a matter for the ISO tariff in accordance with legislation3. The Commission subsequently directed AltaLink to strike the proposal from its GTA4. FortisAlberta agrees with the AESO's position as described in its Counsel's January 3, 2018 correspondence to the Commission in this Proceeding, regarding the "dilatory" nature of AltaLink's behaviour, and confirming that the proper forum for considering any further proposals with respect to this matter was in the 2-year AESO consultation process leading up to the filing of the current application, or, alternatively, in the next comprehensive ISO tariff application. AltaLink had ample opportunity over the last two years to request the AESO to revisit the Rider I matter. Rider I's storied history belies AltaLink's suggestion that urgency exists with respect to this matter. To now allow AltaLink to drive the AESO tariff consultation process with a proposal that solely advances its own business interests to the detriment of other market participants is, in the Company's submission, unacceptable. AltaLink's proposal neglects consideration of, or context for, the broader structural contribution policy framework, in terms of how the AESO and DFO policies should operate concurrently, and how end-use customers are provided AESO contribution price signals via flow-through of AESO contributions through the respective distribution tariffs. This is regardless of whether these transmission contribution price signals are collected up front or recovered through the tariff(s) over time, and whether the FortisAlberta end-use customers are transmission connected, distribution connected or are distribution-connected generation. As such, if the AESO proceeds with this consultation on this matter, FortisAlberta recommends that the AESO adjust its proposed process to ensure that it, and not AltaLink, plays the lead role in facilitating discussion on this matter, while providing a view of how it proposes to consult and further develop its contribution policy and mechanisms moving forward. This would allow for proposals to be reviewed using a principle-based approach, like the approach that the AESO and stakeholders reached consensus on in the review of the 2012 AESO Construction Contribution Policy5. In terms of process, the AESO should ensure that all stakeholders (including AltaLink and FortisAlberta) should be given equal opportunity and standing in terms of providing any submissions on this matter.

	Industrial Power Consumers Association of Alberta
	In response to the AESO's letter of January 30, 2018, the Industrial Power Consumers Association of Alberta (IPCAA) provides the following responses regarding the AESO's proposed consultation process:
	
	1. IPCAA intends to participate in the facilitated session(s).
	
	2. IPCAA intends to address the Coincident Metered Demand Issue.
	
	3. IPCAA supports the AESO's 2018 tariff application as it relates to bulk system rate design (12 CP).
	
	4. IPCAA intends to present a submission in support of our position.
	
	City of Lethbridge and the City of Red Deer
	The Cities of Red Deer and Lethbridge are pleased to respond to the AESO's January 30, 2018 letter requesting comments on the proposed process to address the Alberta Utilities Commission's direction in Proceeding 22942. As distribution facility owners, the Cities of Red Deer and Lethbridge have an interest in the outcome of the CP 12 review, as well as the Distribution Facility Owner Customer Contribution issue.
	
	The Cities do not intend to make a presentation but will be present for all stakeholder sessions. The Cities also intend to engage in the questions and answer period if more clarification is required.
	
	Solar Krafte
	For DG projects, totalizing the metering at the POD level is the current and historical approach, and as such, is a current driver of SASRs for DG projects not dependent on subsidies, such as Solar Krafte's 282 MW AC BTF portfolio of distributed solar PV systems.
	
	In the case of Fortis and its "Option M" DG credit (the difference between AESO System Access Service charges to Fortis at the upstream POD with the generator in operation and the charges that would have been incurred if the generator had not been in operation), totalized metering at the POD level rewards and fully recognizes the tangible benefits that DG brings to the AIES:
	• Increased electric system reliability
	    • Avoidance of the high voltages and currents and the complex delivery systems that are conducive to grid failures
	    • Islanding localizes the impact of transmission system failures, giving local distribution systems and customers the ability to ride out major or widespread outages

	• Flexibility and fuel source diversity (carbon risk comes to mind)
	• Emergency supply of power
	• Reduction of peak power requirements
	• Efficiency, eliminating entirely complete transmission line loss equivalents
	• Offsets to investments in transmission, or distribution facilities that would otherwise be recovered through rates
	• Improvements in power quality, and provision of ancillary services
	    • Inverter based DG (solar PV) actively cancels/ mitigate transients in real time at or near the customer level, improving grid stability
	    • Inverter based DG (solar PV) provides extremely fast ramping to follow sudden increases or decreases in load, improving system stability and component lifetimes
	• Reductions in land-use effects and rights-of-way acquisition costs
	• Reduction in vulnerability to terrorism and improvements in infrastructure resilience
	
	AESO's current and historical approach, totalizing the metering at the POD level, is the sensible approach, and acknowledges the reality that DG attenuates at the POD level, offsetting load on the distribution system first, and only when that load is fully served, regardless of the number of feeders, does the generation flow onto the transmission system.
	
	AESO's attempt to use a strict (and oxymoronic) interpretation of the ACT, i.e., "the low voltage terminal", to string, fully encapsulate and colour DG as flowing onto the transmission system when we know the power in question fully serves the load on the distribution system reeks of complicity. AESO asserts that the current Tariff actually supports their proposed approach (i.e., to no longer totalize STS and DTS at the POD level). What? Then why is AESO totalizing the metering at the POD level? Because it's nonsensical to do otherwise.
	
	Distributed generation is what Thomas Edison envisioned with his DC generators: a power station on every city block, making long-distance transmission and its associated losses irrelevant. At the time, however, it seemed more feasible to go with Tesla's AC generators and long transmission lines. Now that we've had the AC grid for a century, we're starting to see its shortcomings and a return to the concept of microgrids and distributed energy generation.
	
	Boasting Canada's highest solar resource, solar generation no longer needs pricing subsidies in southern Alberta. Solar generation captures daytime-only pool pricing (~150% higher than during the night time low demand periods). Unlike wind, which suffers a night-time pool pricing deficit, solar acts as defacto peaker generation, capturing high demand period daytimeonly pricing. Solar generation offers this crucial daytime-only generation component to Alberta's electricity system.
	
	Alberta solar generation is the perfect fit with oil-sands cogen. Oil-sands cogen likes to operate 24/7 with the primary product, heat, needed for 24/7 processes. Oil-sands 24/7 cogen runs into night-time low demand grid

	condition, that wind often generates into as well. Oilsands, and other, Alberta cogen performs well in winter, when additional heat is required. This is perfectly balanced by solar generation that performs much better during our long summer days. Solar is the ideal way to service daytime peak summer irrigation and air-conditioning loads, when heat, the primary product from cogen is not needed as much. Unlike intermittent renewables such as wind, Solar has guaranteed, predictable minimum and maximum daytime generation profiles that provide extremely valuable daytime generation capacity. Daytime summer peak generation can be very expensive to capitalize, as low capacity factor peaker generation is needed. This undesirable, expensive peaker generation is what solar generation supplants. Solar power will never (and cannot) push power into the night-time lows when impacts to the transmission system are most likely to occur. Alberta must not impede the deployment of competitive, grid-parity renewables, and in particular DG renewables. Solar Krafte's DG BTF portfolio alone is estimated to generate over 570 gigawatt hours of electricity per year, offsetting 330,000 tonnes of greenhouse gas emissions annually and generating enough electricity to power more than 75,000 Alberta homes. Additionally, the total capital cost of the proposed projects is expected to approach $500 million, bringing an important source of direct and indirect economic activity, and revenue, to southern Alberta. And all of this without subsidies. Totalizing the metering at the POD level is integral to our model, and has been from the day we spent our first dollar on development. We are adamantly opposed to any changes to the totalizing approach, and if there must be a change, then those SASRs submitted under the current Tarriff/ approach must be grandfathered based on the date the SASR was received by the AESO and not the System Access Service Agreement contract date. **TransCanada Energy Ltd.** TCE supports the AESO's proposal for one or more facilitated stakeholder sessions that provide market participants the opportunity to make submissions and present their positions regarding the coincident metered demand issue. TCE agrees that these submissions should include a summary of the market participant's position that includes whether it recommends that the method be changed or maintained, a summary of the analysis it has or intends to complete, and its recommended timing for any proposed changes. If a market participant is proposing a change to the bulk recovery method, TCE submits that it would be helpful for its submissions to also include the following: 1. a detailed description of its proposed bulk recovery method; 2. the rationale for why its bulk recovery method should be preferred; and

	3. an analysis indicating how its bulk recovery method aligns with rate design principles. TCE intends to participate in the facilitated session(s) related to the coincident metered demand issue. At this point in time, TCE's position is neutral and, as such, does not intend to present a submission. **Utilities Consumer Advocate** 1. Coincident Metered Demand Issue As stated in its letter dated January 19, 2018, "On November 27, 2017, the Alberta Utilities Commission issued a ruling stating AltaLink Management Ltd. may fully participate in this proceeding and that the coincident metered demand rate design issue (12 CP method or DTS rate design) would be considered in the scope this proceeding." Subsequent to that ruling, the Commission provided parties with an opportunity to comment on the process steps necessary to incorporate additional evidence on the 12 CP method. The UCA's submission, filed on December 15, 2018, recommended that a process schedule should be established to provide the AESO with an opportunity to meet and consult with its stakeholders, perform its analysis of the issue, and file supplemental evidence addressing the issue. The UCA further recommended that: Following the AESO's filing of supplemental evidence, the proceeding would simply follow its normal course, which would include the filing of information requests (IRs) and IR responses, intervenor evidence, IRs to intervenors and IR responses followed by rebuttal evidence if necessary, and potentially culminating in an oral hearing, followed by argument and reply argument. In its January 19, 2018 correspondence, the Commission made the following directions: The Commission considers that time is required for the AESO to conduct an analysis and prepare evidence on the issues of the 12 CP method and, if necessary, the DFO customer contribution. The Commission also considers that revisions may be required to the AESO's application as a result. For these reasons, the Commission suspends Proceeding 22942 until the AESO submits a revised application to include the results of its analysis of and evidence on the issues respecting the 12 CP method and, if necessary, the DFO customer contribution. If the AESO is not in a position to file its revised application by March 30, 2018, the Commission directs it to file a status update by the same date. On January 30, 2018, the AESO outlined its proposed process, which would require all participants to prepare and present (at a facilitated stakeholder session or sessions) written submissions, containing the following: A summary of each participant's position for the bulk recovery methodology, including: i. A recommendation to change the methodology or maintain the existing coincident metered

	methodology; ii. Any analysis completed by the participant, as well as noting any further data or data analysis that may be required (by the AESO or others); and iii. If a methodology change is recommended, the recommended timing of when the change should be made. The UCA would be pleased to attend and participate in facilitated stakeholder sessions with the AESO and other participants. As a part of that process, the UCA considers that participants could contribute, orally, to the creation of an issues list to be analyzed and addressed by the AESO in its supplemental evidence. However, the UCA considers that requiring it, and other intervenors, to file a written submission and/or analysis in advance of the sessions, and prior to the AESO amending its application, is inappropriate and results in a reversal of the "normal course" recommended in the UCA's correspondence of December 15, 2017.7 It seems to the UCA that the AESO is in effect requesting intervenors to file evidence on the issue before the applicant does. Further, the AESO is in sole possession of most of the data that would be relevant to any analysis. Thus any process that results in a requirement that intervenors file evidence on their respective positions, before having the opportunity to request, receive and review relevant data in the possession of the Applicant,8 puts the intervenors at a marked and unusual disadvantage. The AESO has also proposed that participants provide, in writing, in advance of the stakeholder sessions: b. The participant's proposed weighting of the following five (5) rate design principles applicable to the bulk recovery methodology: i. Recovery of the total revenue requirement; ii. Provision of appropriate price signals that reflect all costs and benefits, including in comparison with alternative sources of service; iii. Fairness, objectivity, and equity that avoids undue discrimination and minimizes inter-customer subsidies; iv. Stability and predictability of rates and revenue; and v. Practicality, such that rates are appropriately simple, convenient, Again, the UCA considers this request to be inappropriate. The AESO appears to want to dictate what each participant must address in evidence prior to exploring potential changes in the methodology. This should be left to the parties, and to the appropriate time in the process when more relevant information is available. 2. Distribution Facility Owner Customer Contribution Issue Although the UCA has an interest in this issue, it makes no comment on the proposed process other than to note that it does not expect to be in a position to take a definitive position at a stakeholder session. It would, however, be interested in attending such sessions to gain a broader understanding of the issues. The last paragraph in the AESO's letter of January 30, 2018, requests each party submitting comments to

	provide certain advice. In keeping with the comments above, the UCA plans to attend and participate in stakeholder consultation sessions. The UCA expects to actively participate in at least the 12 CP method and the related bulk system cost allocation issue, and at this point, as indicated in its letter dated October 6, 2017,9 it is concerned that the issue should be re-examined “in light of current and expected market conditions to ensure all rates are still fair, objective and equitable, and eliminate inter-customer subsidies.” Finally, the UCA confirms, as stated in its correspondence of December 15, 2017,10 that “based on its preliminary review of the application, it intends to file evidence in this proceeding, likely limited to the 12-CP Method issue.” However, for the reasons stated above, it does consider it appropriate and does not intend to file a submission in advance of the stakeholder sessions. Finally, the UCA is of the view that the stakeholder consultations should proceed without delay, and without a requirement for premature intervenor evidence, and that a direction be issued from the Commission in this regard.