

Feb. 6, 2020

To: Stakeholders

Re: **Notice of Stakeholder Engagement Session on Local Interconnection Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session (1)**

The Alberta Electric System Operator (AESO) is providing notice regarding an upcoming stakeholder engagement session on the proposed Local Interconnection Costs for Distribution Facility Owners (“DFOs”) (Substation Fraction) and DFO Cost Flow-Through Technical Session (1).

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

Time: 9:00 a.m. to 12:45 p.m.

Date: Feb. 27, 2020

Location: The Westin Calgary, Britannia Room
320 4th Avenue S.W.
Calgary, Alberta, T2P 2S6

RSVP: Provide names and titles of all participants that will attend by 5:00 p.m. on Feb. 24, 2020 to tariffdesign@aeso.ca. Please specify if you will attend in person or by webinar.

Webinar Session

Please [click here](#) to register for the webinar by Feb. 24, 2020.

The AESO will be audio and video recording this session for the webinar. Video recording will be limited to shared screen presentation slides. Following the session, the AESO will make meeting minutes 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 Local Interconnection Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session (1). 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 is commencing this work with notice to interested stakeholders. As part of this stakeholder engagement, the AESO intends to engage 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 <i>Feb. 27, 2020</i>	Session 2 <i>April 2020</i>	Session 3 <i>May 2020</i>	Session 4 <i>If required</i>
<p>Session objectives:</p> <ul style="list-style-type: none"> • Clarify intent and understanding of local interconnection costs for DFOs (Substation Fraction) and DFO cost flow-through • Review and collect input on high-level principles 	<p>Session objectives:</p> <ul style="list-style-type: none"> • Review high-level principles • Discuss and evaluate proposals for local interconnection costs for DFOs (Substation Fraction) and DFO cost flow-through 	<p>Session objectives:</p> <ul style="list-style-type: none"> • Final discussion and evaluation of proposals • Share process for preparation of report for the AUC 	<p><i>Session objectives to be shared if additional session required</i></p> <p><i>This session would be held via webinar if required.</i></p>

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 This Session

The purpose of this session is to:

- Build a common understanding of the purpose and application of local interconnection costs for DFOs (substation fraction formula) and DFO cost flow-through; and
- Develop and identify high-level principles applicable to local interconnection costs for DFOs and DFO cost flow-through.

Materials and Agenda

A draft of the proposed Agenda for the technical session is available [here](#) and on the AESO website at www.aeso.ca. We invite stakeholders to provide feedback to the AESO on the questions set out in the [Stakeholder Comment Matrix](#) on or before **Feb. 13, 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.

Request for Presenters

We are looking for two to three presenters who are willing to share a case study on the impact of local interconnection costs for DFOs and DFO cost flow-through. Optimally we would like case studies from both DFO and DCG participants. Market participants who would like to present a case study can express their interest by emailing tariffdesign@aesoc.ca by **Feb. 13, 2020**. Details and timing for the case studies will be communicated in the final agenda which will be posted to the AESO's website prior to the session.

Sincerely,

"Claudia Moroianu"

Claudia Moroianu
Regulatory Administrator
Legal & Regulatory Affairs
tariffdesign@aesoc.ca
403-705-5311