

# Stakeholder Comment Matrix – Sept. 24, 2020

## Bulk and Regional Tariff Design Session 2



<b>Period of Comment:</b> Sept. 24, 2020 through Oct. 8, 2020	<b>Contact:</b> Horst Klinkenberg
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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](mailto:tariffdesign@aeso.ca) by **Oct. 8, 2020**.

**The AESO is seeking comments from Stakeholders with regard to the following matters:**

	Questions	Stakeholder Comments
1.	Please comment on Session 2 hosted on Sept. 24, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	The session would have been more helpful if the AESO hadn't introduced new objectives. The objectives are already defined in legislation and so at most non-conflicting secondary objectives could have been developed through stakeholder discussion.
2.	Are you supportive of the proposed engagement approach for the AESO's Bulk and Regional Tariff Design? Why or why not? Please be as specific as possible.	Suncor supports the approach of having stakeholders present alternatives and recognizes that stakeholders were aware of this opportunity since March. However, in Session 2 the AESO suddenly introduced new, and in Suncor's view inappropriate, design objectives. This is not effective consultation as stakeholders need to consider these new AESO ideas and rework their presentations accordingly in only three weeks.
3.	Do you support the AESO's perspective that 12-CP (status quo) is not a reasonable continued outcome of the Bulk and Regional Tariff Design? Please be as specific as possible.	<p>Suncor does not believe the AESO has done sufficient analysis to conclude that 12-CP is not a reasonable outcome. It is well understood that the further a transmission element is from a customer, the more coincidence factors drive cost causation. While variations of a coincidence factor may be better aligned with cost causation, it is not clear that the current 12-CP would be <i>unreasonable</i> for the allocation of bulk transmission costs.</p> <p>Suncor agrees that there is likely a difference between marginal and average cost, however this difference has not been quantified. At this point it is not clear whether the difference is significant enough to warrant drastic changes given the amount of uncertainty always inherent in quantification.</p>

	Questions	Stakeholder Comments
4.	<p>Are the AESO's bookends A and B reasonable starting points for the Bulk and Regional Tariff Design, considering future determination of modifications and mitigation? Why or why not? Please be as specific as possible.</p>	<p>Bookends are a reasonable tool to estimate a potential range of outcomes if there is uncertainty around a variable but Suncor does not see the proposed bookends as reasonable.</p> <p>In order for bookends to be reasonably used, the problem at hand must be reduced to a variable that is currently not quantified but that can be bracketed. The AESO seemingly proposes the variable to be the percentage of bulk transmission costs recovered through an efficient marginal cost causation charge. This approach does not seem unreasonable.</p> <p>The AESO's bookends nonetheless fail because the 0% cost-causation recovery bookend is misplaced since it assumes 100% recovery based on billing capacity contrary to the objectives.</p> <p>Once bookends are correctly determined, it is important to recognize that the resulting values do not constitute a range among which a desired outcome can be selected or negotiated. Bookends are merely for information purposes; an appropriate value for the variable still has to be determined that best meets the objectives.</p>
5.	<p>Are their considerations or objectives relating to energy storage tariff treatment that you feel the AESO has missed? If yes, please describe and be as specific as possible.</p> <p>Do you have additional clarifying questions that need to be answered to support your understanding?</p>	<p>It is important to consider storage from a principled basis; system access service charges should not be conflated with any perceived benefits storage may provide. A separate treatment for storage would be inappropriate and be indicative of broader problems with the tariff design.</p> <p>Storage that is not participating in the market and solely serves a transmission function does not require tariff treatment.</p>

6.	Additional comments	<p>Suncor is concerned about how this consultation is progressing.</p> <p>In the 2020-2021 Plan for ISO Tariff-Related Activities, the AESO asserts that 12-CP causes issues despite that conclusion not having been reached in the current consultation. Further, since the previous session in March the AESO has developed its own objectives and has proposed a narrow set of design options that supposedly meet these objectives. In its presentation the AESO implied that it considered the presented range as exhaustive by providing <i>bookends</i>. Finally, in the 2020-2021 Plan for ISO Tariff-Related Activities the AESO lists the Bulk &amp; Regional Tariff Design as in <i>Development</i> and not in <i>Conception</i> in advance of hearing stakeholder presentation on alternative options.</p> <p>Suncor would appreciate clarification from the AESO that at this point all options are still on the table and that the <i>bookends</i> are not intended to limit the consultation.</p>
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Thank you for your input. Please email your comments to: [tariffdesign@aeso.ca](mailto:tariffdesign@aeso.ca).