



450 - 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

Tel: (403) 920-5005
Fax: (403) 920-2364
Email: markj_thompson@transcanada.com

March 30, 2018

Via email

Alberta Electric System Operator
Suite 2500, 330 – 5th Avenue SW
Calgary, AB T2P 0L4

**Attention: Mr. Doyle Sullivan,
Director, Tariff Design**

Dear Doyle,

Re: Proceeding 22942 – Consultation on 12-Coincident Peak Method

TransCanada Energy Ltd. (TCE) writes in response to the AESO's request for comments with respect to the March 12, 2018 consultation session regarding the 12-Coincident Peak issue. TCE participated in the March 12, 2018 session and appreciated the presentations made by the AESO and other stakeholders. Overall, the presentations were helpful and provided a better understanding of the issues certain parties have with the current allocation methodology. Based on these presentations, TCE provides the following comments.

TCE supports further analysis to determine whether the current 12-Coincident Peak method will facilitate uneconomic bypass, and if so, what allocation method, or blend of methods, would provide the appropriate price signal while providing for fair treatment of historical investments intended to reduce bulk transmission costs. In this regard, TCE recommends that the AESO conduct its own assessment as to the potential for uneconomic bypass.

TCE also supports the request made during the consultation session for an additional presentation from the AESO at the next consultation session explaining the drivers the AESO uses when planning new bulk transmission builds.

Based on the March 12, 2018 presentations by stakeholders, TCE expects that the time required to complete this analysis would be significant. TCE recommends that the AESO create a tentative timeline that includes the time required for: (i) data collection; (ii) analysis to determine potential for economic bypass; and (iii) if potential for uneconomic bypass exists, assessment of options to resolve issue. If time required is significant, the 12-CP issue should be severed from the other issues being considered in the 2018 ISO Tariff proceeding to allow this proceeding to continue without unreasonable delay.

TCE further recommends that this issue be considered in parallel with the AESO's consultation on the allocation of capacity market costs among load participants. A parallel process is important to ensure the two allocation methodologies are established using the same principles and to ensure they do not operate at cross purposes. While the DOE has determined the general allocation method to be used to allocate capacity market costs, the AESO must still determine the details that could significantly alter the nature of the allocations.

If you would like to discuss this further, please feel free to contact me at (403) 920-5005 or via e-mail at markj_thompson@transcanada.com.

Yours truly,

Original Signed by

Mark Thompson
Manager, Market Services & Regulatory