

2019 Annual Report on Costs Incurred as a Result of Mitigating Transmission Constraints

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Prepared by: Alberta Electric System Operator

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1 Background

The following report has been prepared pursuant to subsection 4(2) of Section 302.1 of the ISO rules, *Real Time Transmission Constraint Management* (Section 302.1), which requires the Alberta Electric System Operator (AESO) to: “monitor and publicly report on the costs incurred as a result of mitigating transmission constraints on an annual basis.”

AESO System Controllers mitigate transmission constraints in accordance with the sequence set out in subsection 2(1) of Section 302.1. This report sets out the costs that were directly incurred in 2018 “as a result of mitigating transmission constraints on an annual basis”, including transmission must-run costs and the costs of transmission constraint rebalancing (TCR).

2 Costs of mitigating transmission constraints

2.1 Constrained Down Generation

For information on annual CDG volume and cost estimates for the years 2011-2015, please refer to Table 1 in the [2016 AESO Annual TCM Report](#).

Table 1: Annual TCR Costs

| Year | Number of Days with TCR Payments | Actual TCR Cost (\$) |
|------|----------------------------------|----------------------|
| 2016 | 5 | \$7,499 |
| 2017 | 10 | \$15,019 |
| 2018 | 7 | \$35,126 |

2.2 Transmission Must Run

For information on annual TMR costs for years 2011-2015, please refer to Table 2 in the [2016 AESO Annual TCM Report](#).

Table 2: Annual TMR Costs¹

| Year | Contracted TMR Costs (\$) ² | Conscripted TMR (\$) | Total TMR Costs (\$) |
|------|--|----------------------|----------------------|
| 2016 | \$303,208 | \$1,209,827 | \$1,513,035 |
| 2017 | \$359,643 | \$500,374 | \$860,017 |
| 2018 | \$6,102 | \$428,753 | \$434,855 |

2.3 Total Cost of using the TCM Rule

For information on annual cost of using the TCM rule for years 2011-2015, please refer to Table 3 in the [2016 AESO Annual TCM Report](#).

Table 3: Total Annual TCM Costs

| Year | Total Cost (\$) |
|------|-----------------|
| 2016 | \$1,520,534 |
| 2017 | \$875,036 |
| 2018 | \$469,981 |

¹ The cost of TMR for the years 2016 and 2017 has been adjusted since the June 2018 TCM report. Contracted TMR costs for 2017 were updated to include variable carbon costs, which increased contracted TMR costs by \$6,742 from \$352,901 to \$359,643. The 2016 conscripted TMR costs were updated to reflect actual settlement values, which resulted in an increase in conscripted TMR costs by \$330 from \$1,209,497 to \$1,209,827.

² Dispatch costs for the Poplar Hill contract are included under contracted TMR costs. The Poplar Hill contract is classified separately from other TMR contracts; however, the Poplar Hill generator is dispatched under the contract to provide MW to mitigate transmission constraints. Dispatch costs for Location Based Credit Standing Offer (LBC SO) contracts are also included under contracted TMR costs, as they represent the costs of dispatching generation to provide MW to mitigate transmission constraints.