

Bulk and Regional Tariff Design Stakeholder Engagement Session 3

November 5, 2020

In accordance with its mandate to operate in the public interest, the AESO will be audio recording this session and making the session recording 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 Bulk and Regional Tariff Design engagement sessions. 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 at 2500, 330 – 5th Avenue S.W., Calgary, Alberta, T2P 0L4, by telephone at 403-539-2528, or by email at privacy@aesocanada.com.

- The AESO's top priorities are the health and well-being of our employees and stakeholders and continuing to meet the electricity needs of all Albertans
- All business meetings with external stakeholders will be via phone or webinar indefinitely (this includes stakeholder engagement sessions)
- Based on stakeholder feedback, the AESO's own security assessment and the use of Zoom for governments, post-secondary institutions and other companies, the AESO has decided for now to continue using Zoom for our stakeholder engagements until such time that face-to-face engagements are allowed
- The AESO will continue to monitor developments and provide updates to our stakeholders as necessary
- For additional information, please visit the AESO website at www.aeso.ca and follow the path Stakeholder Engagement > COVID-19

How to Ask Questions

- All attendees join the webinar in listen-only mode and the host will have attendee cameras disabled and microphones muted
- When asking or typing in a question, please state
 - **The organization you work for and your first and last name**
- Two ways to ask questions if you are accessing the webinar using your computer or smartphone
 - If you would like to ask a question during the Q&A portion, click the icon to raise your hand and the host will see that you have raised your hand. The host will unmute your microphone, you in turn will need to unmute your microphone and then you can ask your question. Your name will appear on the screen but your camera will remain turned off.
 - You can also ask questions by typing them into the Q&A window. Click the “Q&A” button next to “Raise Hand.” You’re able to up-vote questions that have been already asked.

- Using a 2-in-1/PC/MAC Computer
 - Hover your cursor over the bottom area of the Zoom app and the Controls will appear.
 - Click “Raise Hand” and the host will be notified that you would like to ask a question.
 - Click “Lower Hand” to lower it if needed.
 - You can also ask questions by tapping the “Q&A” button and typing them in. You’re able to up-vote questions that have been already asked.
- Using a Smartphone
 - Tap “Raise Hand.” The host will be notified that you've raised your hand.
 - Tap “Lower Hand” to lower it if needed.
 - You can also ask questions by tapping the “Q&A” button and typing them in. You’re able to up-vote questions that have been already asked.

- If you are accessing the webinar via conference call
 - If you would like to ask a question during the Q&A portion, on your phone's dial pad, hit *9 and the host will see that you have raised your hand. The host will unmute your microphone, you in turn will need to unmute your microphone by hitting *6 and then you can ask your question. Your number will appear on the screen.
- Phone controls for attendees
 - To raise your hand, on your phone's dial pad, hit *9. The host will be notified that you've raised your hand.
 - To toggle between mute and unmute, on your phone's dial pad, hit *6.

The participation of everyone here is critical to the engagement process. To ensure everyone has the opportunity to participate, we ask you to:

- Listen to understand others' perspectives
- Disagree respectfully
- Balance airtime fairly
- Keep an open mind

Welcome and Introductions

Time	Agenda Item	Presenter
9:00 – 9:15	Welcome, introduction, purpose and session objectives	AESO
9:15 – 9:45	<p>Overview of engagement schedule and feedback from sessions</p> <ul style="list-style-type: none"> • Revised engagement schedule • Session 2 feedback • Technical Information Session feedback • Approach for the day 	AESO
9:45 – 10:45	<p>Proposal 1 – Joint presentation by Alberta Direct Connect Consumers Association (ADC), Dual Use Customers (DUC) and Industrial Power Consumers Association of Alberta (IPCAA)</p> <ul style="list-style-type: none"> • Presentation followed by discussion and Q&A 	<p>Colette Chekerda – ADC Dale Hildebrand – DUC Vittoria Bellissimo – IPCAA (supported by Richard Penn – IPCAA)</p>
10:45 – 11:15	<p>Proposal 2 – Energy Storage Canada (ESC) supported by Power Advisory LLC (PA)</p> <ul style="list-style-type: none"> • Presentation followed by discussion and Q&A 	<p>Justin W. Rangooni – ESC Travis Lusney – PA</p>
11:15 – 11:45	Break	

Time	Agenda Item	Presenter
11:45 – 12:45	<p>Proposal 3 – Joint presentation by Canada West Ski Areas Association (CWSAA), Utilities Consumer Advocate (UCA), AltaLink Management Limited (AML) and Conoco</p> <p>Proposal 4 – Consumers Coalition of Alberta (CCA)</p> <ul style="list-style-type: none"> • Presentations followed by discussion and Q&A 	<p>Proposal 3 Rick Cowburn – CWSAA (supported by Richard Stout – UCA Hao Liu & Rob Senko – AML Ed de Palezieux - Conoco)</p> <p>Proposal 4 Raj Retnanandan – CCA</p>
12:45 – 1:15	<p>Proposal 5 – Canadian Renewable Energy Association (CanREA) supported by Solas Energy Consulting (SEC)</p> <ul style="list-style-type: none"> • Presentation followed by discussion and Q&A 	<p>Paula McGarrigle – SEC (supported by Nicholas Gall – CanREA Evan Wilson – CanREA)</p>
1:15 – 1:45	Break	
1:45 – 2:15	<p>Proposal 6 – RMP Energy Storage</p> <ul style="list-style-type: none"> • Presentation followed by discussion and Q&A 	<p>Robert Stewart – RMP (supported by Jan van Egteren – RMP)</p>
2:15 – 3:15	<p>Proposal 7 – Suncor Energy Inc.</p> <ul style="list-style-type: none"> • Presentation followed by discussion and Q&A 	<p>Alexandra Dunlop – Suncor Horst Klinkenberg – Suncor</p>
3:15 – 3:30	Session Close-out and Next Steps	AESO

Registration (as of October 29, 2020)

- Acestes Power
- Alberta Direct Connect Consumers Association (ADC)
- Alberta Newsprint Company (ANC)
- Alberta Utilities Commission (AUC)
- AltaLink Management Ltd.
- Arcus Power
- ATCO Electric Ltd.
- BECL and Associates Ltd.
- Best Consulting Solutions Inc.
- Boost Energy Ventures
- Brubaker & Associates, Inc. on behalf of ADC
- Bullfrog Power
- Canada West Ski Areas Association
- Canadian Renewable Energy Association (CanREA)
- Capital Power Corporation
- Cenovus Energy
- Chapman Ventures Inc.
- Chymko Consulting (Cities of Red Deer & Lethbridge)
- City of Lethbridge
- City of Medicine Hat
- CNRL
- Consumers Coalition of Alberta (CCA)
- Customized Energy Solutions
- DePal Consulting Limited
- Dow Chemical Canada ULC
- Dual Use Customers (DUC)
- EDF Renewables
- Enbridge
- Enel NA
- Energy Management Program, Haskayne Business School
- Energy Storage Canada (ESC)
- ENMAX Corporation
- EPCOR Distribution & Transmission Inc.
- EQUUS
- FortisAlberta
- Guidehouse
- Heartland Generation Ltd.
- Imperial Oil
- Independent Power Producers Society of Alberta (IPPSA)
- Industrial Power Consumers Association of Alberta (IPCAA)
- Kalina Distributed Power
- Kineticor
- Lionstooth Energy
- Millar Western Forest Products Ltd
- NextEra Insights
- Nutrien
- Osler, Hoskin & Harcourt LLP
- Palezieux Regulatory Solutions Inc.
- Power Advisory LLC
- Power Grid Specialists Corp.
- RMP Energy
- Rodan Energy
- Signalta Resources Limited
- Solas Energy Consulting (SEC)
- Suncor Energy Inc.
- TC Energy
- The City of Red Deer
- The Office of the Utilities Consumer Advocate (UCA)
- Turning Point Generation
- University of Calgary
- URICA Asset Optimization
- West Fraser
- Wolf Midstream Inc.

Overview of Engagement Process

OUR ENGAGEMENT PRINCIPLES

Inclusive and Accessible

Strategic and Coordinated

Transparent and Timely

Customized and Meaningful

Overall approach for bulk and regional tariff design stakeholder engagement

The AESO intends to:

- i. Engage with stakeholders to allow stakeholders' needs and interests to be consistently, transparently and meaningfully considered in the development of a rate design proposal for bulk and regional cost recovery;
- ii. Engage with stakeholders regarding the objectives to be examined and evaluated in the development of a rate design proposal for bulk and regional cost recovery;
- iii. Supply stakeholders with analysis tools for bulk and regional cost recovery impact analysis;
- iv. Seek and identify for the Alberta Utilities Commission (AUC) areas of agreement and disagreement in the AESO rate design proposal to accelerate the regulatory approval process; and
- v. File with the AUC an application for bulk and regional rate design by June 2021.

- The AESO received stakeholder feedback requesting additional time for the development of proposals for this session, and more generally in the overall schedule
- We took this opportunity to evaluate the overall engagement and filing schedule to ensure that there is sufficient time to properly explore options and develop a robust design with effective engagement
- We have extended the engagement and filing schedule and added an additional engagement session (Session 4) to ensure there is sufficient time for the AESO to receive meaningful feedback on the design options, and to identify areas of agreement and disagreement

Overview of engagement schedule

Session 1 March 13, 2020	Session 2 Sept 24, 2020	Session 3 Nov. 5, 2020	Session 4 Dec. 10, 2020	Session 5 Feb. 25, 2021	Session 6 April 15, 2021
Session objectives	Session objectives	Session objectives	Session objectives	Session objectives	Session objectives
<ul style="list-style-type: none"> • Present rate design options for bulk and regional cost recovery with rate objectives assessment • Provide rate design analysis tools • Review, respond to clarifying questions and collect initial input on options 	<ul style="list-style-type: none"> • Review and gain acceptance on process and approach to complete a rate design • Understand current state rate design • Reconfirm tariff rate design objectives and balance of trade-offs • Understand rate design bookends • Identify initial implications of rate design bookends • Understand energy storage treatment options and considerations • Provide technical clarity around rate design bookends 	<ul style="list-style-type: none"> • Stakeholders to present and discuss alternative rate design options, including energy storage options and implications • Understand which rate design options stakeholders support and why 	<ul style="list-style-type: none"> • Understand common themes across stakeholder rate design proposals and the AESO rate design bookends • Understand areas of agreement and disagreement and why • Introduce mitigation conversation to foster/build understanding 	<ul style="list-style-type: none"> • Present the preferred rate design, including energy storage treatment • Discuss and evaluate mitigation options • Begin to discuss implementation considerations 	<ul style="list-style-type: none"> • Present and collect feedback on the emerging application (to be filed by June 2021) • Share and discuss the implications of the rate design proposal and mitigations • Understand outstanding stakeholder concerns

- Session purpose
 - The purpose of this session is for stakeholders to propose rate design option alternatives
- Session objectives
 - Share and discuss alternative rate design options, including energy storage options and implications
 - Understand which rate design options stakeholders support and why

Questions?

Session 2 and Technical Information Session Feedback

- Highlights of what we heard from stakeholders:
 - Insufficient time to develop and assess rate design options for Q1 2021 filing
 - Need to demonstrate that 12-CP is not working
 - Rate classes and other options identified
 - Bookends do not appropriately capture range of potential rate options
 - Revisit and/or rank principles with stakeholders
 - Specifically principles of cost causation and simplicity
 - Provide more information to evaluate impacts and potential mitigation

- Five case studies
 - Most participants agreed that the case studies were useful in gaining a better understanding of the impact of bookends A and B on different stakeholder groups
 - Some participants expressed continued concern about bookends A and B driving grid deflection and agreed that there should be further discussion on rate design modifications and mitigations
- The AESO's model tool
 - Many participants agreed that the explanation of the tool provided clarity on the AESO's development of the bookends
 - Stakeholders were encouraged to test the tool to determine their own billing impacts and to use the tool in the development of their proposals
- Session Schedule
 - There was general agreement that more time was needed before Session 3, initially scheduled for October 22, 2020. The AESO considered these requests and pushed out Session

- Today, we are here to listen
 - We want to hear how the rate design can be improved from your perspective
 - How is your rate design different from the current tariff
 - We want to understand how various stakeholder groups may be impacted by your proposed rate design and what changes you recommend to address those impacts
 - We want to understand how your proposed rate design meets each of the rate design objectives
 - We want to fully understand the proposed rate designs as we will be considering your input as we shape the final rate design and to find ways to mitigate impacts
 - Diverging opinions help us identify and understand trade-offs

Questions?

**Proposal 1 – Joint presentation by
Alberta Direct Connect Consumers
Association (ADC), Dual Use
Customers (DUC) and Industrial
Power Consumers Association of
Alberta (IPCAA)**

Discussion and Q&A

Proposal 2 – Energy Storage Canada supported by Power Advisory LLC

Discussion and Q&A

Break

**Proposal 3 – Joint Presentation by
Canada West Ski Areas Association
(CWSAA), Utilities Consumer
Advocate (UCA), AltaLink
Management Limited (AML) and
Conoco**

Discussion and Q&A

Proposal 4 – Consumers Coalition of Alberta (CCA)

Discussion and Q&A

**Proposal 5 – Canadian Renewable
Energy Association (CanREA)
supported by Solas Energy
Consulting**

Discussion and Q&A

Break

Proposal 6 – RMP Energy Storage

Discussion and Q&A

Proposal 7 – Suncor Energy Inc.

Discussion and Q&A

Next Steps and Session 4 Overview

- The next session (Session 4) will be hosted on **December 10, 2020**. This is the additional session we added to the schedule.
- Session 4 purpose
 - To build shared understanding of common themes between the proposals and the rate design bookends, and areas of agreement and disagreement
- Session 4 objectives
 - Understand common themes across stakeholder rate design proposals and the AESO rate design bookends
 - Understand areas of agreement and disagreement and why
 - Introduce mitigation conversation to foster/build understanding

- We want to thank you for attending the Bulk and Regional Tariff Design Stakeholder Engagement Session 3 and we would appreciate your feedback on the session
- To limit stakeholder fatigue, we are modifying how we collect your initial feedback on the session by conducting a Zoom poll during the session rather than emailing you a short session survey following the session. The questions remain the same
- We value stakeholder feedback and we invite all interested stakeholders to provide their input on this session and the proposals presented via the questions set out in the **Stakeholder Comment Matrix Tariff Design Session 3 Proposal Evaluation on or before Nov. 20, 2020**. The matrix is available on our website at www.aeso.ca
 - Path: Stakeholder Engagement > Rules, Standards and Tariff Consultations > Tariff (filter) > Bulk and Regional Tariff Design > Nov. 5, 2020 Session 3

Questions?



- **Twitter:** @theAESO
- **Email:** tariffdesign@aeso.ca
- **Website:** www.aeso.ca
- Subscribe to our stakeholder newsletter

Thank you