

Stakeholder Comment Matrix and AESO Replies – October 1, 2020

Request for Feedback on 2021 Budget Review Process (BRP) -

2021 Proposed Business Initiatives Session 2 and 2021 Preliminary Forecast and Budget Session



The AESO asked market participants and interested stakeholders to participate in the AESO’s consultation regarding its 2021 Business Plan and Budget. Related stakeholder comments regarding the AESO’s Proposed Business Initiatives Session 2 and the 2021 Preliminary Forecast and Budget Session are provided in the following matrix. The matrix also includes AESO’s replies to the stakeholder comments.

I. Session Feedback	
<i>Please comment on the AESO’s 2021 BRP Proposed Business Initiatives Session 2 hosted on September 21, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</i>	
Alberta Direct Connect Consumers Association (“ADC”)	The ADC appreciates the opportunity to participate
AESO Response	Noted
ENMAX Corporation (“ENMAX”)	No comment at this time.
AESO Response	Noted
Heartland Generation Ltd. (“Heartland”)	Yes, the session was helpful and the AESO staff and executives at the session were able to provide explanations to the questions raised.
AESO Response	Noted
Independent Power Producers Society of Alberta (“IPPSA”)	The session went well. We appreciated the comparison of annual costs.
AESO Response	Noted

Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>The session was helpful in laying out the various AESO initiatives for 2021.</p> <p>A concern we have heard over red tape reduction efforts by all agencies is the removal of transparency which tends to be a “low hanging fruit”. IPCAA believes the AESO should continue to strive for as much market transparency as possible.</p> <p>Again, IPCAA submits that Cost Management should be a stand-alone priority item. The AESO should be allocating additional resources to managing wires costs in Alberta, including both transmission and distribution costs. This should be a high enough priority to have its own critical business initiative and an AESO VP dedicated to achieving cost reductions.</p>
AESO Response	<p>Noted that the AESO should be mindful of transparency impacts related to proposed red tape reductions. With respect to cost management, the AESO would reiterate that it is very committed to this work in 2021. The organization intends to have a corporate goal specific to cost management initiatives.</p>
The Office of The Utilities Consumer Advocate (“UCA”)	<p>The sessions overall were valuable. However, we observed some redundancy in the process. For example, Session 2 could have been omitted altogether and Session 1 and 3 could focus on the business initiatives and budget/forecast. It is recommended that the AESO, as it has done in the past, limit the process to two sessions.</p>
AESO Response	<p>Noted</p>
TransAlta Corporation (“TransAlta”)	<p>The AESO’s session on September 21, 2020 and the accompanying presentation were helpful. The presentation provided the key assumptions that were used to forecast 2021 and the costs in the categories presented in previous years so that year-to-year comparisons can be made.</p>
AESO Response	<p>Noted</p>
<p><i>Please comment on the AESO’s 2021 Preliminary Forecast and Budget Session hosted on October 1, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</i></p>	
Alberta Direct Connect Consumers Association (“ADC”)	<p>The ADC appreciates the opportunity to participate</p>
AESO Response	<p>Noted</p>

ENMAX Corporation (“ENMAX”)	No comment at this time.
AESO Response	Noted
Heartland Generation Ltd. (“Heartland”)	Yes, the 2021 Preliminary Forecast and Budget session was helpful. It would be helpful to understand how the forecasted load growth impact’s the development of the AESO’s budget for various market initiatives and its own costs.
AESO Response	<p>The AESO considers load growth on a continuous basis. The 2020 Long-term Transmission Plan identifies current and future transmission needs for a range of possible demand and generation conditions and sets out flexible plans to respond to them. The long-term transmission plan is just one of the inputs and considerations of the AESO’s strategic plan. Market initiatives, such as the tariff-related activities, remain central to our strategic plan and consider not only load growth, but the changing ways the transmission system is used. The AESO undertakes an extensive evaluation of its strategic plan and underlying initiatives on an annual basis, with consideration of these factors.</p> <p>Our budgeted costs are based on the funding we require to achieve our business initiatives and maintain our business operations. Our day-to-day business operations are not significantly impacted by load growth and planning for the future of the electric system and its infrastructure is a continuous process with many considerations. It is considered a critical function regardless of the trends or inputs that impact plan.</p>
Independent Power Producers Society of Alberta (“IPPSA”)	The session went well.
AESO Response	Noted
Industrial Power Consumers Association of Alberta (“IPCAA”)	IPCAA appreciates the AESO’s efforts to reduce costs and provide clarity regarding its forecasted costs. The AESO has heard consumers concerns over the continued escalation of transmission & distribution costs; however, more work needs to be done to drive these costs down. See comments above.
AESO Response	The AESO will continue to focus on cost management opportunities, particularly in those cost areas the AESO has direct influence or control over. For those cost areas in other parts of the electricity value chain such as distribution, the AESO will seek to bring our influence and perspective to them, within the scope of our AESO mandate.
The Office of The Utilities Consumer Advocate (“UCA”)	The session was helpful.

AESO Response	Noted
<p>TransAlta Corporation (“TransAlta”)</p>	<p>The AESO’s 2021 Preliminary Forecast and Budget presentation was helpful. The presentation provided the key assumptions that were used to forecast 2021 and the costs in the categories presented in previous years so that year-to-year comparisons can be made. The effects of the pandemic have been significantly challenging for forecasting exercises and we had hoped that the AESO’s approach for 2021 may have provided different scenarios to show how the 2021 budget may change or flex in response to the range of outcomes that lay before us. We note that in comparison to more normal years where the drivers for change establish themselves in a more gradual fashion, the pandemic has had far reaching impacts in a very sudden fashion.</p> <p>We ask the AESO to consider showing what its flex budgets may look like under scenarios where forecast growth is even lower than the 1.3%, how the AESO may respond in terms of moderating its activities/costs, and what reductions in budgeted costs could be expected if it reduced the delivery of AESO initiatives. It would also be helpful to see how the trading charge would change in scenarios where the AESO’s activities were reduced.</p>
<p>AESO Response</p>	<p>The AESO considered the impact of the pandemic on its strategic initiatives and operations while planning its budget. The impact of COVID-19 on the AESO’s operations is evident in projected 2020 costs for general and administrative expenses that are \$5.5 million under budgeted expectations. The pandemic impacted consulting costs as well as travel and training-related administrative costs. Like other organizations, the AESO relied on its agility to address changing conditions and has implemented process changes and technology tools to change the way work is performed, enable a remote workforce and facilitate third-party collaboration and services. It has considered the impact on travel and administrative costs, but the impact is minimal as these are relatively small costs for the organization and training is anticipated to be resumed as it is considered important to ongoing development and our technical resources.</p> <p>The AESO has focused its priorities for 2021 on cost management across the industry value chain, facilitating business in Alberta and ensuring a simple and agile approach to operations. The AESO feels these priorities align with stakeholder expectations and clearly take the pandemic into consideration. Budgeted costs are based on the funding we require to achieve our business initiatives and maintain our business operations. Business operations are critical and do not change in relation to changes in growth. Should the AESO determine that the initiatives should be deferred, the direct consulting and capital costs associated with those initiatives are \$0.8 million and \$1.5 million, respectively, as noted in the October 1, 2020 AESO 2021 Preliminary Forecast and Budget Information presentation. The impact of these items would not be material on the trading charge as the AESO has already deferred costs related to the trading to future years.</p>

II. 2021 Proposed Business Initiatives

Following the September 21 and the October 1 sessions, do stakeholders have any additional comments on the newly proposed 2021 external business initiatives? Please only provide new comments – i.e. please do not include / repeat comments that were previously provided and responded to by the AESO in the [AESO Replies to Stakeholder Comments on Session 1 and the Proposed Business Initiatives](#).

1. Red Tape Reduction

<p>Alberta Direct Connect Consumers Association (“ADC”)</p>	<p>The ADC suggests that AESO undertake a review of the reliability standards and ensure the applicability of standards and effort required to meet those standards are appropriately considered. Tremendous effort goes into compliance and we often hear that certain requirements don’t seem to have a significant impact on grid reliability, especially where it pertains to generation that is serving on-site load.</p>
<p>AESO Response</p>	<p>The AESO consults with stakeholders in the adoption of North American Electric Reliability Corporation (NERC) reliability standards in Alberta, including the need and applicability of the standard itself. Where a stakeholder believes that the standard or requirement has ‘marginal reliability’ value, the ‘criteria is too strict’, or it should not apply to a situation, the AESO seeks and considers that input in the development of the standard. Should a market participant identify standards or requirements that should not apply after the standard is in effect, the AESO will assess if the standard can be excluded from being applicable to that market participant. The AESO continues to update Information Documents to clarify understanding of standards and responds to Requests for Information to address stakeholder concerns.</p> <p>AESO treats reliability seriously along with the industry and expects that all market participants do their part in complying with the Alberta Reliability Standards (ARS). This typically requires market participants to include processes, controls, reporting (typically in their own internal compliance program) to be in compliance and to show compliance in an audit. If a market participant does not know and does not track if they are in compliance with an applicable standard, they may not be doing their part in supporting reliability of the grid for the rest of industry.</p> <p>The ARS Compliance Monitoring Program establishes the scope of an individual audit considering the market participant’s impact on the grid, risk to the grid, past history and other factors which may exclude a market participant from providing evidence of a lower impact or risk requirement in an audit. This, however, does not exclude the market participant from complying with the standard or requirement itself.</p>

ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation fully supports red tape reduction. Heartland Generation appreciates that one of the AESO’s goals is to lessen its requirements by 30 percent. Heartland Generation encourages the AESO to not only reduce its requirements but also to think of process changes to reduce the regulatory burden, including streamlining the ETS software.
AESO Response	Noted.
Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>While IPCAA would agree that Red Tape Reduction is important, it should not simply be undertaken as a method to reduce transparency.</p> <p>In addition, the issue of compliance was not discussed. While IPCAA would agree that compliance is an absolute necessity, we also believe that the AESO’s bar may be set too low and in doing so has increased the regulatory burden of IPCAA members and others at a marginal enhancement in reliability. It would be worthwhile for the AESO to re-examine its reliability criteria to determine if they are being too strict. As the AESO said in its Session 2 presentation, “Moving obligations to another entity does not reduce regulatory burden....”</p>
AESO Response	See AESO response to ADC comment above.
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a

TransAlta Corporation ("TransAlta")	<p><i>The Red Tape Reduction is an opportunity for cultural change and improving efficiency.</i></p> <p>TransAlta fully supports the red tape reduction initiative. This presents an opportunity to develop a culture of continuous improvement that aligns with the desires of market participants and customers. The regulatory requirements in the electricity industry are significant and create an overly complex and administratively burdensome framework. We hope that the red tape reduction initiative is not only an exercise of reducing the regulatory requirements but also a change in philosophy that creates true efficiency improvements (e.g. simplifying processes, reducing the administrative forms, paperwork, and eliminating and reducing the bureaucratic silos within the AESO).</p>
AESO Response	<p>Noted.</p>
<p>2. General Tariff Application (GTA)</p>	
Alberta Direct Connect Consumers Association ("ADC")	<p>The ADC is very concerned about the GTA process. Earlier in 2020, customer groups were thoughtfully engaged in the process, but were abruptly disbanded. The ADC suggests that the results of the Navigant study should be made available, and that any cost causation studies or analysis also be made available to stakeholders. The ADC also suggests that there are at least 2 key items that the industry is awaiting policy direction on that could materially change the course of the tariff design. These are the self-supply and export issue, and the transmission regulation review and update.</p>
AESO Response	<p>Noted.</p> <p>The AESO will continue to engage stakeholders, including on tariff-related matters, in alignment with the objectives of the <i>AESO Stakeholder Engagement Framework</i>, which includes meaningful, inclusive and transparent engagement. The AESO agrees there are numerous aspects undergoing evolution in Alberta's electricity system and is of the view that tariff design should progress in parallel.</p>
ENMAX Corporation ("ENMAX")	<p>No additional comments at this time.</p>
AESO Response	<p>Noted.</p>
Heartland Generation Ltd. ("Heartland")	<p>Heartland Generation supports the characterization of the General Tariff Application as one of the AESO's largest priorities. Transmission rate design is highly contentious and has significant impact on electricity consumers. Fulsome consultation on the transmission tariff design is essential to maintaining the efficiency of the Alberta electricity market.</p>
AESO Response	<p>Noted.</p>

Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>IPCAA agrees that the AESO GTA is important to ensure rate stability, as well as to provide certainty for future investment in Alberta. However, we submit that it is too early to actually move forward with a major overhaul until other elements of the transmission and distribution puzzle are “nailed down”. It would not be worthwhile undertaking this GTA in order to simply require another major update to the GTA due to:</p> <ul style="list-style-type: none"> - A Government decision on self-supply and export - An AUC decision on DCG credits that will likely impact transmission tariffs - An AUC proceeding and decision on ensuring that all consumers receive the transmission price signal. In its recent Distribution System Inquiry, the AUC heard a consistent message from all four of the market experts it met with that there was a necessity for all consumers to be put on the same playing field in terms of costs signals. As the AESO in its presentation indicated, there is a necessity for both technology coordination and distribution co-ordination in its proposed GTA (slide 22). <p>IPCAA believes that any or all of these decisions will, in turn, disrupt the proposed GTA and require and a further enhanced GTA. IPCAA would prefer not to have two major tariff overhauls in short order. We need to provide consumers with clarity and certainty.</p>
AESO Response	The AESO agrees there are numerous aspects undergoing evolution in Alberta’s electricity system and is of the view that tariff design should progress in parallel.
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a
TransAlta Corporation (“TransAlta”)	TransAlta supports the GTA as a business initiative.
AESO Response	Noted

3. Tariff Modernization	
Alberta Direct Connect Consumers Association (“ADC”)	ADC is concerned that the tariff modernization is unnecessary and is creating additional uncertainty to many industrial customers that are currently in survival mode. The ADC members, who comprise the majority of the price responsive load, are specifically being harmed with cost increases well over 100%. This will have negative consequences on the Alberta economy, rural Albertans, and many secondary industries that depend on the viability of the energy intensive trade exposed industrials. Considering what is at risk, the AESO needs to take the appropriate time to fully explore the consequences and justify to industry why this change is necessary in light of other policy uncertainty. The ADC submits this isn’t possible to accomplish within the timelines proposed by the AESO.
AESO Response	<p>The AESO is of the view that the ISO tariff needs to evolve and adapt with the changes underway on the electricity system, to ensure price signals from the ISO tariff align with the changing use of the transmission system. The AESO recognizes that this needs to be done in a minimally disruptive fashion to support effective business decisions. The AESO will work with stakeholders to understand issues and implications of changes to evolve the ISO tariff in a manner that is effective, but minimally disruptive.</p> <p>In response to stakeholder feedback requesting additional time for the development of proposals for the Bulk and Regional Tariff Design Session 3, and more generally in the overall schedule, the AESO pushed out Session 3 and 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. The overall schedule has been extended adding in 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.</p>
ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation appreciates that the current Bulk and Regional Tariff Design has been in place for many years; however, the AESO should provide substantiated evidence to justify why a significant tariff redesign is necessary at this juncture. Please see our comments in response to the first and second TDAG sessions.
AESO Response	Noted.
Independent Power Producers Society of Alberta (“IPPSA”)	n/a

<p style="text-align: center;">AESO Response</p>	<p>n/a</p>
<p>Industrial Power Consumers Association of Alberta (“IPCAA”)</p>	<p>As stated previously, IPCAA has concerns with the word “modernization”.</p> <p>It appears that the AESO is concerned about the cost signal it is sending (after the AESO-driven large transmission build with its resultant costs) to loads to reduce their transmission requirements. If the AESO feels this transmission build was more than what was needed in the Alberta market, it would be helpful for the AESO to acknowledge this and review any learnings from this process. Consumers have been warning the AESO about the risk of overbuild since 2009.</p>
<p style="text-align: center;">AESO Response</p>	<p>As communicated in recent BRP sessions and the recent Optimizing the Grid session, the AESO is deliberately applying congestion analysis and milestone triggers to large system projects to help manage the risk of timely transmission development in the future. The AESO will continue to utilize approaches such as remedial action schemes and look at new technologies that will assist to optimize the existing network and defer the need for new infrastructure.</p>
<p>The Office of The Utilities Consumer Advocate (“UCA”)</p>	<p>n/a</p>
<p style="text-align: center;">AESO Response</p>	<p>n/a</p>
<p>TransAlta Corporation (“TransAlta”)</p>	<p><i>Tariff Modernization should be a high priority; staff should be shifted to support the resourcing requirements to support the initiative</i></p> <p>TransAlta supports the Tariff Modernization work as a key priority for the AESO. While GTAs are filed routinely, we view the Tariff Modernization as setting up the framework that provides greater certainty about tariff price signals for the foreseeable future, contemplates changes in customers behavior, and supports the development and integration of new technologies.</p> <p>TransAlta recommends that the AESO shift its allocation of resources away from market initiatives to the tariff. There is considerable analysis and work needed to develop, consider and evaluate the various approaches that deserve consideration for the tariff. The resources required to do this work is considerably greater than what we believe can be handled by a resource complement that is staffed to deal with a typical year of tariff filings. If resources are not diverted from areas with lower needs this year (due to the pandemic and increased need for market stability), we are concerned that the intent and scope of the initiative will fail to achieve its objectives, devolve into a piecemeal, multiyear initiative, and/or result in increased resource requirements and higher AESO costs.</p>

AESO Response	Noted. Internal resources have already been reallocated to support tariff modernization. We will continue to allocate additional resources to successfully deliver on this initiative, if required, while balancing the needs of other AESO functions.
4. Optimizing the Grid	
Alberta Direct Connect Consumers Association (“ADC”)	ADC supports efforts in optimizing the grid, but with DTS load at levels less than in 2017, does not see the need for any additional transmission infrastructure. In light of the fact that DoE is reviewing the transmission regulation, the AESO should be submitting ideas for strong locational signals for generators so that any future transmission is minimalized.
AESO Response	The AESO plans the transmission system over a 10 to 20-year horizon and acknowledges the current Demand Transmission Service (DTS) load growth will impact the timing of any potential need for load growth driven transmission. Transmission may also be needed to integrate future generation, including renewables, to enable customer connections, to address broader system reliability issues or to capture other economic benefits. Should the Department of Energy (DoE) enable a review of the transmission regulation, the AESO will participate and bring forward AESO perspectives for improvement within the DoE enabled process
ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted
Heartland Generation Ltd. (“Heartland”)	Heartland Generation supports this initiative and believes that non-wires alternatives and other new technologies can be used in optimizing the grid to reduce costs for customers. Heartland Generation also encourages the AESO to competitively procure both wires and non-wires solutions to allow competition to discipline costs.
AESO Response	Noted
Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a

Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>IPCAA would like to better understand the potential value associated with optimizing the grid. As the AESO is aware, congestion has been sparse recently due to the large AESO-initiated transmission build. We would like to see better value for the wires investments that have been made; however, it would be worthwhile for the AESO to undertake a cost / benefit analysis prior to initiating any expensive new undertakings.</p>
AESO Response	<p>The AESO will continue to only bring forward through the transparent needs identification process those new transmission infrastructure supporting a demonstrated need, respecting the legislated framework in Alberta.</p>
The Office of The Utilities Consumer Advocate (“UCA”)	<p>n/a</p>
AESO Response	<p>n/a</p>
TransAlta Corporation (“TransAlta”)	<p>TransAlta supports the optimizing the grid initiative. TransAlta has previously advocated for the improvements to the AESO’s planning approach and we believe that congestion analysis and considering applications of technologies that optimize the use of the existing transmission system rather than defaulting to building new transmission assets is a way to manage transmission costs for customers.</p>
AESO Response	<p>Noted.</p>
5. Distribution Coordination	
Alberta Direct Connect Consumers Association (“ADC”)	<p>The ADC has previously submitted that the AESO should examine the overall contract capacity in the distribution system versus peak load and undertake an effort to audit and reconcile the difference. Our review suggests that there may be 1000’s of MW of unused contract capacity in the distribution system that is leading to unnecessary expansion of distribution assets which leads to unnecessary expansion of transmission assets. Having a fulsome understanding of this could lead to possible solutions to free up capacity while at the same time helping distribution customers right size their contracts.</p>
AESO Response	<p>The AESO appreciates ADC’s feedback on this concern and will incorporate this concern into the Distribution Coordination initiative in 2021. Of note, the AESO does not plan the transmission system based on contracted DTS levels but rather historical and forecasted loading and power flows.</p>

ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation has no comments at this time.
AESO Response	Noted.
Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	IPCAA supports efforts will ultimately reduce the overall distribution and transmission costs. IPCAA is concerned with the willingness of distribution utilities to participate in these efforts.
AESO Response	Noted.
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a
TransAlta Corporation (“TransAlta”)	TransAlta supports distribution coordination. We believe that the AESO should play a more active role in coordination and planning including ensuring consistency in Distribution Facility Owner’s and the ISO Tariff rate designs. We continue to see significant gaps and inconsistency between the designs including the models like the distribution connected generation credits that need to be rationalized from a distribution and transmission system perspective.
AESO Response	Noted.

6. Technology Integration	
Alberta Direct Connect Consumers Association (“ADC”)	No Comment
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation supports the technology integration roadmaps for Energy Storage and DERs. These technologies, if competitively procured, will create value for Albertans.
AESO Response	Noted.
Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	IPCAA supports the AESO and TFOs undertaking Dynamic Line Ratings on the transmission lines connected to wind generation, in order to maximize the transmission lines’ capability.
AESO Response	The AESO will incorporate dynamic line ratings into our 2021 review of potential technologies that can assist in optimizing the existing network.
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a

TransAlta Corporation ("TransAlta")	<p>TransAlta supports the technology integration roadmaps for Energy Storage and Distributed Energy Resources (DER). We are somewhat concerned that these roadmaps may devolved into information gathering forums rather than concrete initiatives that provide the regulatory certainty for these technologies to be integrate. Both of these technology classes are already on the system now and so we can ill afford to spend time only "creating awareness" but rather need to advance to providing certainty on how to advance the market, tariff and system framework to allow these resources to fully participate and contribute to the Alberta Interconnected Electric System.</p>
AESO Response	<p>The AESO is progressing forward in 2021 at pace with the Energy Storage and Distributed Energy Resources (DER) roadmaps which are focused on actual integration of these technologies into the existing framework. The "creating awareness" portion of technology is focused on future technologies that may arise across the electricity value chain to ensure the AESO can deliver timely integration of those technologies should they arise and require integration into the existing framework (power system, markets, tariffs, etc.).</p>
7. Settlement Audit	
Alberta Direct Connect Consumers Association ("ADC")	<p>No Comment</p>
AESO Response	<p>Noted.</p>
ENMAX Corporation ("ENMAX")	<p>No additional comments at this time.</p>
AESO Response	<p>Noted.</p>
Heartland Generation Ltd. ("Heartland")	<p>Heartland Generation supports the settlement audit to give confidence to market participants, as billions of dollars are transacted through the AESO each year.</p>
AESO Response	<p>Noted.</p>
Independent Power Producers Society of Alberta ("IPPSA")	<p>n/a</p>
AESO Response	<p>Noted.</p>

Industrial Power Consumers Association of Alberta (“IPCAA”)	IPCAA continues to press for a complete, independent, end-to-end settlement audit and welcomes the AESO’s commitment to such an audit. Prior to undertaking the audit, it would be appropriate for the AESO to stakeholder the Terms of Reference with consumers.
AESO Response	Noted. The audit performed will be similar to audits performed by other ISOs in North America.
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a
TransAlta Corporation (“TransAlta”)	TransAlta supports the settlement audit. As we understand this is the first audit of its kind of the AESO’s settlement systems and processes, which involves billions of dollars in transactions. Market participants need assurance that the settlement system and processes are robust, accurate and reliable.
AESO Response	Noted.
8. Operating Reserve (OR) Market Competitiveness Enhancement	
Alberta Direct Connect Consumers Association (“ADC”)	No Comment
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation is of the view that an OR market redesign is not warranted at this time and appreciates that a final decision to pursue this initiative has not been made.

<p>AESO Response</p>	<p>The Operating Reserve (OR) Market Competitiveness Enhancement initiative is focused on reviewing and fostering competitiveness in the operating reserve market to support efficient market outcomes. This initiative was added as a result of the conclusions drawn in the Market Power Mitigation Review for the Government of Alberta (GoA) released earlier this year. The scope of and decision to proceed on any particular changes will be determined via a stakeholder engagement process.</p>
<p>Independent Power Producers Society of Alberta (“IPPSA”)</p>	<p>We appreciated Mr. Fior’s comments that progress on this initiative still faces a ‘go/no-go’ decision. We look forward to participating in a stakeholder engagement process on the proposed scope of this initiative and the opportunity to help inform the AESO on its ‘go/no’ go decision.</p>
<p>AESO Response</p>	<p>Noted.</p>
<p>Industrial Power Consumers Association of Alberta (“IPCAA”)</p>	<p>Many market experts in the recent AUC capacity market proceeding advocated for a closer to real-time OR market. It would be useful for the AESO to provide a list of the proposed initiatives.</p>
<p>AESO Response</p>	<p>High level information on the proposed initiative was released in the Market Related Initiatives plan released June 25, 2020 and posted on the AESO website at www.aeso.ca. Located on the Market Related Initiatives page here.</p>
<p>The Office of The Utilities Consumer Advocate (“UCA”)</p>	<p>n/a</p>
<p>AESO Response</p>	<p>n/a</p>
<p>TransAlta Corporation (“TransAlta”)</p>	<p>As stated in our previous comments submitted on August 27, 2020, we do not support the inclusion of unnecessary market initiatives. The scope of this initiative is unclear and overly broad/vague. The OR market has been reviewed several times in the past and we question what has changed that the AESO feels this initiative ought to be repeated as we deal with a pandemic and challenging economic uncertainty. This initiative should have a narrower scope and be limited to consider the integration of new technologies like energy storage to enhance the competition in the OR market.</p>
<p>AESO Response</p>	<p>Please see the response to Heartland Generation Ltd. in this section.</p>

9. Market Sustainability and Evolution II	
Alberta Direct Connect Consumers Association (“ADC”)	No Comment
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	No additional comments at this time.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation does not support all the initiatives within the Market Sustainability and Evolution II. Under the current regime there is a requirement to submit ramping information to the AESO to assist AESO system
AESO Response	Noted.
Independent Power Producers Society of Alberta (“IPPSA”)	Please see our previous comments where we ask the AESO to proceed with only what is necessary and that these initiatives first undergo a careful assessment of whether they are needed at this time. Each should have a defined goal that it is to achieve and we’d ask that the AESO secure stakeholder support of those goals before proceeding.
AESO Response	Please see AESO’s previous response to those comments.
Industrial Power Consumers Association of Alberta (“IPCAA”)	While it would be useful for the AESO to update its Mothball Rule, it is not clear to IPCAA how many generators are / or will be mothballed going forward.
AESO Response	Noted.
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a

TransAlta Corporation (“TransAlta”)	<p>TransAlta does not support the market sustainability and evolution II initiative.</p> <p>We note that TransAlta and other market participants opposed the dispatch tolerance initiative when it was raised in the capacity market consultation and as a group (including the AESO) we arrived at a proposal to submit ramp table information to assist the AESO system controllers to understand the ramping capabilities of generating units. The AESO has now proposed a separate ramp table and dispatch tolerance initiative, which is a significant departure from the previous discussion. TransAlta maintains the view that a ramp table requirement is reasonable but opposes the dispatch tolerance initiative.</p> <p>We do not see the need or desire for another consultation on the mothball rule at this time. This initiative appears to be entirely discretionary and should be removed from the 2021 plan.</p>
AESO Response	<p>Noted.</p>
<i>10. Market Sustainability and Evolution I</i>	
Alberta Direct Connect Consumers Association (“ADC”)	<p>The ADC still supports efforts to plan to move to shorter settlement interval.</p>
AESO Response	<p>As noted in the sub-hourly settlement stakeholder session 3 on September 23, 2020, the AESO was not able to demonstrate justification for the sub-hourly settlement initiative and will not be proceeding with the initiative at this time. Session materials can be found on the AESO website at www.aeso.ca located on the Market Efficiency – Sub-hourly Settlement page here: However, the AESO continues to investigate whether a load equivalent of payment for suppliers on the margin should be implemented.</p>
ENMAX Corporation (“ENMAX”)	<p>No additional comments at this time.</p>
AESO Response	<p>Noted</p>
Heartland Generation Ltd. (“Heartland”)	<p>Heartland Generation supports the AESO’s analysis on shortening the settlement interval. Heartland Generation believes that this initiative should be removed.</p>
AESO Response	<p>Please see the response to ADC in this section.</p>

Independent Power Producers Society of Alberta (“IPPSA”)	<p>Please see our previous comments where we ask the AESO to proceed with only what is necessary and that these initiatives first undergo a careful assessment of whether they are needed at this time. Each should have a defined goal that it is to achieve and we’d ask that the AESO secure stakeholder support of those goals before proceeding.</p>
AESO Response	<p>Please see AESO’s previous responses to these comments.</p>
Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>IPCAA submits that prior to the AESO making a judgment on settlement interval it should wait until it hears any results from the AUC Distribution System Inquiry on interval metering. The AESO’s decision may prematurely influence the outcome of that AUC Decision.</p>
AESO Response	<p>The record informing the distribution system inquiry closed in July 2020; also, please see the response to ADC in this section.</p>
The Office of The Utilities Consumer Advocate (“UCA”)	<p>n/a</p>
AESO Response	<p>n/a</p>
TransAlta Corporation (“TransAlta”)	<p>TransAlta notes that the AESO’s own work on sub-hourly settlement shows that the costs outweigh the benefits of pursuing this initiative at this time. TransAlta recommends that this business initiative be removed from 2021.</p>
AESO Response	<p>Please see the response to ADC in this section.</p>

III. Pool Price Forecast and Load Outlook for 2021	
Do stakeholders have any comments on the Pool Price forecast and Load outlook for the upcoming year?	
Alberta Direct Connect Consumers Association (“ADC”)	No Comment
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	Please see other comments below.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	n/a
AESO Response	n/a
Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>DTS load has consistently fallen since the peak of 61 TWh in 2018 and is forecasted to still be down close to 3 TWh by the end of 2021. This is an over 4% reduction in the load that is paying transmission costs. These numbers should be concerning.</p> <p>The AESO has to continue to focus on transmission and distribution cost management - new technologies and enhanced energy efficiency will continue to reduce or eliminate load growth going forward.</p>

<p style="text-align: center;">AESO Response</p>	<p>The AESO continues to update its load forecasting models to include up-to-date inputs and emerging load drivers. For the 2021 BRP, additional variables were included in AESO’s DTS load forecast model, to capture the offsetting effect from the growth in load served by distributed generation (>5 MW) and the effects of the pandemic on DTS load.</p> <p>For the development of the upcoming LTO, a number of scenarios are being considered. These scenarios capture the evolving landscape of the electricity sector in Alberta, including impacts of new technologies that are both transmission connected and distribution connected, enhanced energy efficiency, economic dynamics due to COVID-19 and oil price volatility, and oilsands and cogeneration outlooks, among others.</p>
<p>The Office of The Utilities Consumer Advocate (“UCA”)</p>	<p>The Covid-19 pandemic has negatively impacted an already fragile Alberta economy, which continues to be challenged from low oil prices. Given these challenging circumstances, the AESO is encouraged to revise its 2021 YoY load growth forecast of 1.3% for AIL as this forecast is expecting average monthly AIL to be similar to January 2020 levels (pre-pandemic).</p>
<p style="text-align: center;">AESO Response</p>	<p>The AESO notes that the UCA’s statement is incorrect with respect to the 2021 forecast average monthly AIL values being similar to the January 2020 historic level. The forecast average monthly AIL values for 2021 are consistently below the January 2020 historic average AIL level (found on slide 29 here).</p> <p>As a result of the pandemic, low oil prices, and lower economic growth, AIL is projected to decrease by 2.6% in 2020. To that effect, the impact of the pandemic and volatility in oilsands production was captured in the AIL forecast model. This is in line with a previous analysis published by the AESO on the impact of COVID-19 and low oil prices on load (found here). It is important to note that the 1.3% forecast AIL growth in 2021 represents a modest recovery from the projected annual low in 2020. The forecast AIL growth in 2021 can be attributed to several factors including an expected partial recovery from the pandemic, forecasted growth in the economy and employment, forecasted growth in load served by distributed generation (>5 MW), and forecasted oilsands production recovery.</p>
<p>TransAlta Corporation (“TransAlta”)</p>	<p>See our comment to section I above.</p>
<p style="text-align: center;">AESO Response</p>	<p>Noted</p>

IV. AESO Wires, Ancillary Services and Transmission Line Losses Costs Forecast for 2021

Do stakeholders have any comments on the Wires, Ancillary Services and/or Transmission Line Losses costs forecasts for the upcoming year?

Alberta Direct Connect Consumers Association (“ADC”)	<p>The ADC asserts that the underlying wires costs are too high and that efforts to reduce the existing revenue requirement should be a priority undertaken by the AESO and all TFO’s. The AESO should publish the utilization of all of the CTI projects with a comparison to what was expected at the time of project design and approval with a fulsome explanation for any differences. For example, the Heartland line was designed for 500 kV, is it still operating at 240 kV? Will it ever need to be used at its design rating? Had the line been designed at 240kV, how much investment would have been avoided?</p> <p>Consumers have a right to full transparency in order to understand the benefit of the billions of investment in transmission that has happened over the past 10 years.</p>
AESO Response	<p>The AESO acknowledges significant investment has progressed through a combination of regulatory review processes and legislative CTI requirements. The AESO will consider how best to address ADCs concerns on transmission utilization.</p>
ENMAX Corporation (“ENMAX”)	<p>Please see other comments below.</p>
AESO Response	<p>Noted.</p>
Heartland Generation Ltd. (“Heartland”)	<p>n/a</p>
AESO Response	<p>n/a</p>
Independent Power Producers Society of Alberta (“IPPSA”)	<p>n/a</p>
AESO Response	<p>n/a</p>

Industrial Power Consumers Association of Alberta (“IPCAA”)	<p>IPCAA is very concerned with the current level of wires costs in Alberta. The AESO should work with the TFOs to make every effort to reduce the existing revenue requirement. In addition, the AESO should publish the utilization of transmission lines, and the CTI projects in particular. These should be compared with what was expected when then projects were proposed. Key differences should be explained to consumers.</p>
AESO Response	<p>The AESO acknowledges significant investment has progressed through a combination of regulatory review processes and legislative CTI requirements. The AESO will consider how best to address ADCs concerns on transmission utilization.</p>
The Office of The Utilities Consumer Advocate (“UCA”)	<p>The UCA would like to understand the need for increased utilization of LSSi due to higher import demand and changes made to the LSSi arming table, resulting in an increase in costs (\$20.6M-\$32.6M, or 58.3%) from the 2020 BRP and the 2021 Forecast, all while the pool price between the two projections is expected to drop (\$57.81-\$53.93, or -7.2%).</p> <p>Why is the AESO anticipating an increase in import volumes in 2021 when operating reserve volumes and subsequently AS Costs are expected to drop?</p>
AESO Response	<p>The 2020 projected and 2021 forecast LSSi costs incorporate changes to the LSSi arming table that occurred in June 2020 resulting from the June 7, 2020 Trip event. The changes to the LSSi arming table require increased LSSi arming volumes and reduced contingency reserve volumes for the corresponding volume of imports, during times of high utilization along the BC/MATL interconnection. The 2021 forecasted LSSi and Operating Reserve (OR) costs materially align with the 2020 projected full year forecast.</p>
TransAlta Corporation (“TransAlta”)	<p>No comments at this time.</p>
AESO Response	<p>Noted.</p>

V. AESO Own Cost Preliminary Budget for 2021	
Do stakeholders have any comments on the 2021 Preliminary General and Administrative Budget information presented?	
Alberta Direct Connect Consumers Association (“ADC”)	No Comment
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	Please see other comments below.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	Heartland Generation supports the AESO’s efforts to reduce its General and Administrative Budget. Heartland Generation is interested in the AESO further breaking down its consulting fees by initiative. Given the economic environment, Heartland Generation believes that consultant services should be paired down to how the AESO used consultants in 2016-2017 unless there are well defined projects where external expertise is required.
AESO Response	<p>In response to similar inquiries in previous years, the AESO presented the contractor and consultant costs which were directly related to business initiatives on slide 46 of the October 1, 2020 Preliminary Forecast and Budget Session stakeholder meeting. Within this slide it was noted that \$0.3 million would be utilized toward the Tariff Modernization and General Tariff Application; \$0.3 million would be required for Technology Integration; \$0.1 million towards the settlement audit and \$0.1 million towards Market Sustainability Evolution I, II and the Operating Reserve Market Competitive Enhancement. The remainder of consulting services are required to maintain and ensure the ongoing operations of the AIES and IT systems, as well as contract audit services, CIP audit and advisory services and for other internal operational support. The amount also includes budgeted external legal costs, which are required to obtain specialized legal resources for commercial matters.</p> <p>The AESO notes that actual contract services and consultants’ costs in 2017 and 2016 were \$13.9 and \$9.0 million, respectively. The 2021 budget of \$5.4 million is \$8.5 and \$3.6 million lower than 2017 and 2016, respectively. The ASEO has made significant efforts to secure and grow required technical expertise internally to mitigate the higher cost of consultants. Careful consideration was made of the minimum contractor and consultant costs required to minimize costs, which management feels is reflected in the 2021 budget.</p>

Independent Power Producers Society of Alberta (“IPPSA”)	IPPSA appreciates the AESO’s efforts to manage its own costs and to reduce the trading charge.
AESO Response	Noted.
Industrial Power Consumers Association of Alberta (“IPCAA”)	As we will present at the AESO Board, the Alberta ISO continues to be one of the most expensive ISOs in North America. While we appreciate that AESO costs have fallen by 5.6% from the 2017 proposed G and A budget (that was the last pre-Capacity Market) and forecasted load will have gone up 1.4% from 2017, IPCAA still believes the AESO has a long way to go compared to its peers.
AESO Response	<p>Noted. The AESO has undertaken significant efforts to keep costs low as we have echoed this messaging in our strategic focus for the 2021 budget on cost management. Tremendous effort is made to mitigate costs and to manage any price increases that also impact the AESO. Careful consideration is made of all resource requirements both internally and externally to ensure the continued operations of the AESO including the safety and reliability of the AIES. It should be noted that AESO budgeted costs have decreased by \$16.9 million compared to 2018 actual costs. The AESO also believes that it is critical to continue to advance its strategic plan to create value for stakeholders and the province as a whole. The strategic plan provides a path to delivery that will allow the AESO and the industry to be well positioned to manage the transformative change environment that the power industry is undergoing. Shifting generation technologies, distributed resources, changing consumer preferences and optionality expectations are driving this fundamental change. The AESO must be positioned to ensure that new technologies and consumer requirements are reliably integrated into the power system, and that there are opportunities to progress, develop or invest. The AESO feels the 2021 initiatives are generally aligned with stakeholder priorities.</p> <p>The AESO believes that the current 2021 budgeted costs are appropriate to meet its mandate and pursue these initiatives.</p>
The Office of The Utilities Consumer Advocate (“UCA”)	n/a
AESO Response	n/a
TransAlta Corporation (“TransAlta”)	See our comment to section I above.
AESO Response	Noted.

<i>Do stakeholders have any comments on the 2021 Preliminary Capital Budget information presented?</i>	
Alberta Direct Connect Consumers Association (“ADC”)	No Comment
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	Please see other comments below.
AESO Response	Noted.
Heartland Generation Ltd. (“Heartland”)	n/a
AESO Response	n/a
Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	It is unclear what the difference is between \$7.3M for EMS Sustainment and Life Cycle Funding. What has caused the EMS Sustainment to rise by \$3.4M from 2020 levels? Can the AESO please clarify.
AESO Response	The 2021 Budget for EMS Sustainment has been revised to \$6.3 million from \$7.3 million. The 2020 projected amount from the October 1, 2020 presentation was \$3.9 million as costs have been deferred from 2020 to 2021.
The Office of The Utilities Consumer Advocate (“UCA”)	The UCA would like to understand what the extra capital (87% higher relative to 2020 projected costs) in the EMS Sustainment line item will be used for, considering ongoing sustainment activities were only scheduled from 2018-2020.

<p style="text-align: center;">AESO Response</p>	<p>There are two primary reasons for the 2021 budget increase compared to 2020 projected costs. The first is due to some EMS sustainment work moving into 2021 as a result of pandemic impacts on project execution. The second is requirements beyond sustaining the EMS but required for reliable control center operations and reliability coordinator obligations have been included within this line item for 2021.</p>
<p>TransAlta Corporation ("TransAlta")</p>	<p>See our comment to section I above.</p>
<p style="text-align: center;">AESO Response</p>	<p>Noted.</p>

VI. Other Comments	
Do stakeholders have any other comments to offer at this time?	
Alberta Direct Connect Consumers Association (“ADC”)	The ADC appreciates the opportunity to provide feedback.
AESO Response	Noted.
ENMAX Corporation (“ENMAX”)	<p>Transparency of the total cost and scope details for each initiative (i.e., AESO and participant costs) will be key in order to determine whether an initiative should move forward. It would also be helpful to understand what the expectations are for participants to allocate time and resources towards each initiative.</p> <p>ENMAX appreciates the AESO’s efforts to reduce its own costs. Going forward, it will be important for the AESO to continue to prioritize its initiatives to avoid introducing unnecessary requirements or increased costs to the market.</p>
AESO Response	<p>Noted. The AESO will continue to engage with stakeholders as initiatives are advanced, in accordance with the AESO’s <i>Stakeholder Engagement Framework</i>. In some cases, discussions on the various proposed initiatives for 2021 have already occurred with stakeholders, and in other cases these discussions are forthcoming and may include information on AESO and participant costs depending on the initiative (e.g. shorter settlement). As the AESO engages with stakeholders on the initiatives, the expectations of stakeholders from a time and resource perspective will become clearer.</p> <p>Beyond solely looking at the costs of the initiative to each of the AESO and stakeholders, it will also be important to consider the contribution of the initiative to market sustainability, technology integration and system flexibility. In many cases quantifying the magnitude of such contribution is highly challenging. Given the AESO’s role, it has sought to strike an appropriate balance between the introduction of change and maintenance of the long-term effectiveness of the framework.</p>
Heartland Generation Ltd. (“Heartland”)	n/a
AESO Response	n/a

Independent Power Producers Society of Alberta (“IPPSA”)	n/a
AESO Response	n/a
Industrial Power Consumers Association of Alberta (“IPCAA”)	Thank you for the opportunity to provide input into this process.
AESO Response	Noted
The Office of The Utilities Consumer Advocate (“UCA”)	The UCA cautions the AESO to carefully consider its forecasts as they are subject to economic fluctuations and volatility. The AESO is encouraged to constantly monitor them and adapt the budget accordingly, with the latest economic inputs available given market volatility, as there is no assurance that the economic recovery and employment growth will occur in the manner that is being anticipated.
AESO Response	We appreciate your concern and are dedicated to continuous monitoring and prioritization. We understand the current economic impacts and carefully consider changes to our assumptions. The AESO performs an in-depth evaluation of its strategic plan and initiatives each year, taking drivers in current economic, social, environmental and technological impacts into consideration. Changes to the drivers identified are carefully considered throughout the year in consideration of the fluctuations and volatility. We also monitor and evaluate forecasts against budgeted and strategic expectations throughout the year with specific focus on prioritizing work and initiatives.
TransAlta Corporation (“TransAlta”)	No comments at this time.
AESO Response	Noted