Stakeholder Comment Matrix – March 14, 2019

Tariff Design for Capacity Market and Bulk and Regional Transmission Cost Allocation – Industry Update (March 13, 2019)

Period of Comment:	March 14, 2019	through	April 10, 2019	**Contact:**	Surendra Singh
Comments From:	Alberta Newsprint Company			**Phone:**	780-778-1537
Date:	2019/04/08			**Email:**	surendras@albertanewsprint.com

Please provide comments relating to the topics listed below in the corresponding box. For convenience, references to slides from the March 13 Industry Update where each topic was discussed are included in the table below. Please include any views about whether the content presented sufficiently addressed the topic, and provide any proposed alternative or additional approaches that should be considered.

Slides	Topic	Stakeholder comments
Tariff Design Consultation Process		
5-11	AESO tariff design consultation approach, scope, and process.	Tariff Design Advisory Group (TDAG) membership does not meet the test of "who pays the bills". For example, over two third of power cost is paid by industrials but have only 30% representation in TDAG as there are only 6 (2- Industrial consumers, 2-demand response and 2-combined load/generation) representing industrial out of a total of 18.
Capacity Market Cost Allocation Tariff Development Update		
15-20	Requirements of *Capacity Market Regulation*	Slide 16; The pie chart confirms that a very small percent (1.4%) constitutes the portion of export services compared to demand services (95.2%). Therefore, export services should not have undue influence on capacity cost allocation as talked about in the presentation as one of the considerations.
21-22	Resource adequacy model and unserved energy	
22	Distribution of expected unserved energy throughout the obligation period	
23-27	Bookend scenario analysis	ANC supports the bookend scenarios investigated by AESO and working group for on-peak hours.
25	Observations on bookend analysis results	ANC recognizes the limitation of resource adequacy model (RAM) for its use for determination of capacity cost allocation. However, it does confirm various underlying fundamentals such higher probability of unserved energy on on-peak compared to off-peak and weekends. RAM

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		also confirms that narrow bookend of on-peak reduces the gross procurement volume and also reduces the occurrences of unserved energy.
26	Objectives for cost allocation rate design	Agreed with most of the objectives. Reducing the procurement volume and cost to all consumers with a strong price signal for enabling demand response is the key for long term basis.
28-30	Development of 400-hr on-peak time block	Agreed. ANC confirm that even 400 hours are on high end of curtailment without affecting the production capability and operational efficiency.
31-32	Considerations for weights of time blocks	Slide 31 shows theoretical calculation of unserved energy from Resources Adequacy Model in various time blocks and provide the book ends for weights at 4:1:0 for on-peak, mid-peak and off-peak. Slide 32 is based on actual data of price response load behavior in Alberta and shows that pool price ratio is 14:1 for on-peak and off-peak. Therefore, the ration of weights for on-peak and off-peak should be around 14:1.
33-34	Potential rate ranges	ANC supports the range of 12:1:0 to 16:1:0 as working group has focused and recommended to AESO. As mentioned in slide 31, the price need to be around $250/MWh for enabling the response from load.
34	Appropriate range of weight ratios to consider	Based on discussion on slides 31 to 34, the appropriate weights will be 14:1:0
35-38	Additional considerations for rates	Rates need to be high enough for on-peak to generate a response for reducing future capacity requirement. Since export services is only 1.4%, it should be given very minimum if any consideration for determining weights for capacity cost allocation. The EUE per hour of 0.003% during off-peak hour is extremely small, hence, there should be no cost allocation. Based on industry feedback to their technical paper, Department of Energy in regulations has allowed up to 4800 hours of zero cost allocation. More ever, putting a small cost on off-peak hours will not make much difference to cost on mid-peak hours. Three time blocks are ideal. Adding un-necessary additional blocks will just make it difficult for industrials to manage. While bubble graph on slide 37 closely adheres to the cost causation principle, the graph on slide 38 is far away from such principle. Cost allocation should follow the “cost causation” principles as much as possible within weighted energy method chosen by DOE.
39-43	Terms and conditions considerations	ANC supports the AESO position that capacity market costs can be allocated at different point that point of delivery (POD) used for transmission settlement of system access services.
40	Regulation does not permit penalties or incentives	ANC supports the AESO position that penalties or incentives cannot be applied to loads at self-supply sites or the subsets of the classes of system access service.
42	“Gross up” of POD metered volumes to adjust for distributed generation	
43	Preferred approach for deferral account true-up	ANC supports AESO approach for deferral account true-up.

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44	Allocation of capacity market costs to transmission losses	Minimizing load during on-peak hours by higher weights for capacity cost will reduce the line losses which is good for the system efficiency and power generators.
45	Capacity market cost allocation remaining work	It is logical to consider the aggregate impact of prices from energy, capacity and transmission. However, we need to be cognizant that these prices are independent of each other in real time in a given hour.
Update on Bulk and Regional Transmission Cost Allocation		
48-51	Bulk and regional transmission cost allocation current work, future work, and next steps	
Additional Comments		
—	Please add any additional comments related to tariff design for allocating capacity market and bulk and regional transmission costs should be considered.	