

Nicole LeBlanc
Alberta Electric System Operator (AESO)
Transmitted electronically to: tariffdesign@aeso.ca and nicole.leblanc@aeso.ca

December 6, 2019

Dear Ms. LeBlanc,

Re: Membership and Scope of the Tariff Design Advisory Group (TDAG) – Substation fractioning methodology

CanSIA is a not-for-profit, membership-based national trade association for the solar energy industry throughout Canada. CanSIA's mandate includes engaging in policy development and regulatory affairs activities in Alberta in order to support a growing role for solar energy in the province's electricity supply.¹ Many CanSIA members have been making significant investments of time and resources in the development of distribution-connected renewable electricity generation facilities in Alberta. We understand that the advancement of Community Generation remains a policy objective in Alberta, and an area where policy and regulatory progress continues to be made.

CanSIA participated, through the Community Generation Working Group, in the 2018 ISO Tariff Proceeding. In that proceeding, we outlined our concern with the existing substation fractioning methodology, which is primarily the fact that the methodology continues to allocate costs for all future upgrades to the substations. This creates an unbounded liability that makes it effectively impossible for companies to invest in distribution connected generation (DCG). This was outlined by our representative at the hearing:

“Under the environment created by this policy, it's going to be extremely difficult for investors to move forward with DC projects. The risk of future liability will likely be enough to put a halt to a number of these projects.”²

The AESO also noted this concern at the recent stakeholder session on the behind-the-fence connection process, held on November 26, 2019. CanSIA wants to help the AESO to solve this problem and enable further DCG development in Alberta. DCG projects will greatly benefit the province, by increasing the resilience of the energy system, advancing decarbonization of Alberta electricity, and driving economic growth and high-quality local jobs.

CanSIA therefore submits that review of the substation fractioning methodology should be included in the scope of the TDAG with the goal that the AESO develop an alternative methodology for filing with the Alberta Utilities Commission as part of its 2021 ISO Tariff application. CanSIA also requests to be added to the TDAG membership so that it can take part in this important conversation going forward.

Best regards,

Wes Johnston
President & CEO
CanSIA

¹ Visit www.cansia.ca for further information.

² Testimony of Christine Runge (Power Advisory LLC) on behalf of CanSIA - Proceeding 22942

December 5, 2019

Nicole LeBlanc

Director of Markets and Tariff

Alberta Electric System Operator (AESO)

Transmitted electronically to: tariffdesign@aeso.ca and nicole.leblanc@aeso.ca

Dear Ms. LeBlanc,

Re: Membership and Scope of the Tariff Design Working Group

BluEarth is a private independent renewable power producer, headquartered in Calgary, focused on the acquisition, development, construction and operation of wind, hydro, solar and storage projects. Since our inception in 2010, we have acquired or developed \$1.8 billion of wind, hydro and solar projects with the majority focused in Canada. With both operational and development renewable projects in Alberta, we are actively engaged in policy and regulatory discussions related to renewables in the Province.

BluEarth is the owner of Bull Creek, which is a 29.5 MW distribution connected generation (DCG) wind project in Fortis Alberta's service territory connected to the Hayter 277S Substation in the MD of Provost. This project has been operational since December 2015. The current AESO customer contribution documents (CCDs) via the substation fractioning methodology allocate costs to the project associated with upgrades not caused by the project, years after connection. BluEarth further notes that the AESO will continue to allocate demand driven costs to the STS contract at the Hayter 277S Substation for as long as the substation fraction methodology continues to be applied using a maximum investment approach. While BluEarth has been at the forefront of the issues, the approach leaves all operating distribution connected generators exposed to unbounded future liability on their assets.

In addition to Bull Creek, BluEarth is also currently in the late stages of development on the Yellow Lake project and the Burdett project, two distribution solar projects. These projects will benefit Alberta through jobs, investment, and the production of green energy. BluEarth is also aware of more than 1000MW of interest in DCG in Alberta in 2019, however, it is difficult or even impossible to move forward with these projects under an allocation approach that will result in unbounded future. In addition to the unacceptable level of risk that this would place on BluEarth and other DCG, it is difficult or even impossible to attain financing for a project with an unbounded liability of this nature.

BluEarth submits that the substation fractioning methodology should be reviewed as a part of the consultation work being done by the Tariff Design Working Group (TDAG), i.e. that this important issue



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be added to the scope of the TDAG, and that the AESO should develop an alternative methodology for filing with the Alberta Utilities Commission as part of its 2021 ISO Tariff application.

BluEarth wants to continue to invest in Alberta. To that end, we would like to be a part of the conversation to help the AESO to solve this problem and allow DCG projects to continue to develop in Alberta. As a Calgary based company with a rich Alberta history with a variety of operating and development assets (wind, solar, hydro and storage) both distribution and transmission connected, we have a unique voice to lend to the TDAG. We note that there is precedent to have both individual companies and Associations as part of the TDAG and we respectfully request to be added to the TDAG membership so that we are able to contribute to this important conversation.

Respectfully,

A handwritten signature in blue ink that reads "Laura Dahlke".

Laura Dahlke, P.Eng

Senior Engineer

CC. Roslyn McMann, Director Market Development

CC. Grant Arnold, CEO