

Capacity cost allocation analysis work group (CCAA WG) update

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- Data and analysis update
 - Data release
 - Updated capacity cost rate estimator tool
 - Analysis and next steps
- Terms and conditions
 - Work group assignment
 - Work group discussion
 - Recommendations regarding clarification and structure of work group

Data and analysis update

Data request related to capacity cost allocation analysis

- Previously discussed at the Tariff Design Advisory Group (TDAG) and the Data Requirements Work Group
 - See the materials associated with the TDAG meetings on October 4 and November 8
 - Data requests related to transmission analysis are being considered by related working group(s)
- Some of the data are already public in one form or another
 - A summary document and initial data will be shared by December 7
 - Remaining data, which DTS data, is expected to be released by mid-December

Capacity cost rate estimator tool

- Updated version of tool
 - Additional data
 - Years 2013 to 2017
 - Load / consumer profiles
 - Calculation of average capacity price (in \$/MWh) for consumers with various profiles
 - Mechanics of the tool are relatively similar to the review given in the November TDAG meeting (not reviewed again here)
- Work group discussed adding more granularity to the tool, e.g., weekly allocation and differentiation by day-of-week
 - AESO is evaluating this in light of the methodology used to determine procurement in the capacity market

- Purpose of the tool, among other reasons, is to support the discussion of bookend scenarios and methodologies for defining time periods, allocating specific hours to each time period, and determining time period weights
- Work group is currently engaged in this discussion
 - Selection of bookend scenarios
 - Incorporation of demand price responsiveness
- CCAA WG expected to have specific updates at January TDAG meeting

Terms and conditions

Assignment from TDAG at November meeting

- The AG directed the existing CCAAWG to take on the identification of terms and conditions, with the following scope:
 - Identify the principles and elements for the terms and conditions of capacity cost allocation; consider other jurisdictions
 - Refer to the following questions:
 - Are provisions required to address the situations where consumers take energy over and above what was expected in a specific time block?
 - Gross vs net metering and alignment with Capacity Market procurement provisions? How should this align with transmission cost allocation?
 - Is there a need to assign consumption amounts during time blocks to consumers? If so how would these be defined; estimated or contractual or other? Would this be applicable to all time blocks?

- A lack of clarity about what the terms and conditions discussion is intended to achieve, e.g.,
 - Is the concern that there is insufficient incentive for self-suppliers to avoid / reduce / limit / not increase consumption during specified periods?
 - How do terms and conditions interact with the Weighted Energy Method of capacity cost allocation?
- With this as context, a number of options were discussed but these are dependent on the nature of the issue to be resolved
- There was no discussion about approaches in other jurisdictions

Recommendation regarding terms and conditions and next steps

- At the November TDAG meeting, consideration of terms and conditions was assigned to the CCAA WG
- Recommendation to the TDAG
 - Additional clarity regarding the intent and scope of the terms and conditions analysis be agreed to and provided to the work group
- The work group discussed whether the CCAA WG was the best forum for the discussion of terms and conditions
 - There was not an agreed view
 - TDAG should consider what structure will best achieve the broader objectives of this process

Thank you