

Tariff Design Advisory Group

Session 4 - Summary



November 8, 2018, 9:00 am to 3:00 pm, AESO Offices

Pre-Meeting Materials

Prior to the meeting, the following materials were available on the AESO website:

- Meeting Agenda
- Meeting Notes from October 4, 2018
- Issues List (on-going)
- Presentation from AESO on Self-Supply
- Presentation from Data Requirements Working Group (from October 4 meeting)
- Presentation from AESO on DOE Policy Direction
- Presentation from Capacity Cost Allocation Analysis Working Group
- Email from AESO with proposal for forming Working Groups and proposal for Transmission Tariff Design Working Group

Attendees

Representative	Company or Organization	Present?	Alternate	Present?
Demand rate payer representation				
Residential, farm and commercial consumers				
Richard Stout	UCA	Yes	Nola Ruzycki	
Mark McGillivray	Enmax	No	David Lenz	
Raj Retnanandan	CCA	Yes	Dustin Madsen	Telecon
Dan Levson	AFREA	Yes	Dave Butler	Telecon
Industrial Consumers				
Vittoria Bellissimo	IPCAA	Yes	Richard Penn	
Grant Pellegrin	Cenovus	Yes	Horst Klinkenberg	
Demand Response				
Colette Chekerda	ADC	Yes	Christian Lenci	
Surendra Singh	Alberta News Print	Yes	Christian Lenci	
Combined Load and Generation				
Dale Hildebrand	Dual Use Customers	Yes	Myles Fox	
Kris Aksomitis	Cogeneration Working Group	Yes	Travis Tuchscherer	
Distribution Facility Owners				
Janene Taylor	ENMAX Corporation	Yes	Tony Martino	
Leland Jernberg	FortisAlberta	Yes	Gerald Zurek	Telecon
Representatives-at-large				
Ed de Palezieux	Devon Energy	Yes	Rick Cowburn	Telecon
Bryan Krawchyshyn	TransCanada Pipelines	Yes	Mark Thompson	
Other interested parties				
Transmission Facility Owners				
Hao Liu	AltaLink	Yes	Rob Senko	Telecon
Generators (includes renewables)				

Representative	Company or Organization	Present?	Alternate	Present?
Colin Robb	Capital Power	Yes	Akira Yamamoto	
Energy Storage				
Jan van Egteren	Energy Storage Canada	Yes	Steven Oldale	Telecon
Representative-at-large				
Tory Whiteside	Distributed Generation Working Group	Yes	Leonard Olien	
AESO				
Doyle Sullivan	AESO	Yes		
Derek Olmstead	AESO	Yes		
Matt Gray	AESO	Yes		
Facilitator				
Karla Reesor	Moving Forward	Yes		

Guests:

Steve Waller - AESO

Agenda

Time	# min	Agenda Items	Presenter
9:00 am	5 min	Session introduction - Welcome new member and roundtable	Karla Reesor, Facilitator
9:05 am	20 min	Information item: Self-Supply (includes Q&A) (attachment)	Steve Waller
9:25 am	10 min	1. Update on Action items from last session 2. Review Issues List (incl. CanSIA letter) 3. Review and approval of October 4 meeting notes	Karla Reesor, Matt Gray
9:35 am	5 min	Information item: Work plan update (attachment)	Doyle Sullivan
9:40 am	10 min	Discussion item: AESO proposal for determining working group membership (attachment)	Doyle Sullivan
9:50 am	45 min	Discussion item: Current DoE policy direction (attachment) <i>Desired outcome: AG alignment on interpretation of DoE direction</i>	Doyle Sullivan
10:35 am	10 min	BREAK	

Time	# min	Agenda Items	Presenter
10:45 am	60 min	<p>Discussion item: Capacity Cost Allocation Analysis WG Recommendations (attachment)</p> <p>Desired outcome: AG alignment on methodology and analysis outstanding</p>	Derek Olmstead, AESO, on behalf of Capacity Cost Allocation Working Group
11:45 am	30 min	Lunch (provided)	
12:15 pm	30 min	<p>Discussion item: AESO proposal to strike working group to determine terms and conditions (T's and C's) for capacity cost allocation (attachment)</p> <p>Desired outcome: AG alignment on:</p> <ul style="list-style-type: none"> - WG membership - Principles and elements for T's and C's - WG deliverables for December 5 meeting 	Doyle Sullivan
12:45 pm	45 min	<p>Discussion item: Data Requirements Working Group Recommendations (attachment)</p> <p>Desired outcome: AG alignment on data requirements</p>	Hao Liu, AltaLink on behalf of DRWG
1:30 pm	15 min	Break	
1:45 pm	45 min	<p>Discussion item: AESO proposal to strike working group to begin work on transmission tariff design</p> <p>Desired outcome: AG alignment on:</p> <ul style="list-style-type: none"> - WG membership - Scope of design parameters and data and analysis required - WG deliverables for December 5 meeting 	Doyle Sullivan
2:30 pm	30 min	Review of conclusions, action items and next steps	Karla Reesor
3:00 pm		Session adjourned	

Meeting Notes

Time	Item
9:00 am	<p>1. Welcome</p> <ul style="list-style-type: none"> • A revised agenda was provided and accepted by the group.
9:05 am	<p>2. Tutorial – Self Supply</p> <ul style="list-style-type: none"> • Steve Waller from the AESO provided an overview of the treatment of self-supply and the results of Capacity Market Working Group discussions.

Time	Item
9:50 am	<p>3. Introductory Matters</p> <ul style="list-style-type: none"> • Jan van Egteren, President of Rocky Mountain Power, has replaced Chris Best as the representative for the Energy Storage sector. • Matt Gray reviewed the outstanding action items • A full day meeting will be scheduled for December: a request was made that the meeting occur on December 5 as planned; an updated meeting appointment will be sent shortly along with meeting appointments for 2019. • Letter from CANSIA – no feedback received from Advisory Group (AG); group decided to log the issue raised in the letter in the AG Issues List. (note: the issue of “flow through” raised in the letter is already documented in the issues list and will remain on AG Issues List) • Action 5 from October 4 – it is not practical for DFOs to provide a standard timeline for transitioning to a new tariff; will need 6-8 months to make minimal system changes and 12+ months for regulatory change; timing will need to be considered in work plans; AESO will do more work internally to identify a possible range for the tariff options. • October 4, 2018 Meeting Summary and Issues List were approved without changes.
10:10 am	<p>4. Work Plan Update</p> <ul style="list-style-type: none"> • Doyle Sullivan reviewed the work plans and indicated that the work is on track for Capacity Market Allocation, Transmission Cost Allocation is behind schedule.
10:15 am	<p>5. Proposal to Determine Working Group Membership</p> <ul style="list-style-type: none"> • The group supported the proposal put forward by AESO on establishing Working Group membership and indicated that significant relevant experience and balance among sectors will be important criteria in identifying working group members. • Working Group (WG) members will be solicited from the AG by show of hands. If the number of Members interested in serving on a WG exceeds six (five advisory group members plus one AESO) a brief, facilitated discussion will occur concerning membership. If resolution is not possible, then the interested members (not including the AESO member) will be asked to leave the room and the remaining AG members will decide on the membership for the WG. If the AG fails to achieve a consensus on membership, the AESO will make a final decision, either in the room or within two business days.

Time	Item
10:45 am	<p>6. Current DoE Policy Direction</p> <ul style="list-style-type: none"> • Doyle Sullivan provided an overview of aspects of the recent stakeholder consultation discussion paper from Department of Energy (DoE); he spoke to the elements relevant to Capacity Cost Allocation Analysis https://www.energy.alberta.ca/AU/electricity/AboutElec/Documents/ResultsConversationUpdate.pdf • The Capacity Cost Allocation Analysis Working Group will identify and assess options that will align with the WEM criteria set by DoE. • There was broad and varied discussion on whether the DOE policy document limited analysis in regards to cost allocation to only the RAM model. The group ultimately agreed that, based on the current wording in the policy document the analysis to be done may be broader than the RAM. • Based on the current policy and legislative parameters, the AG will not consider an interruptible tariff as an option for capacity cost allocation; interruptible is an option for transmission. <ul style="list-style-type: none"> – The group noted that interruptible options could provide important price signals for capacity and that not considering an interruptible tariff may result in a sub-optimal tariff. • AESO will seek clarity from DoE on interruptible options and also on retrospective versus prospective timing.
11:30 am	<p>7. Capacity Cost Allocation Analysis Working Group (CCAAWG) Recommendations</p> <ul style="list-style-type: none"> • Derek Olmstead provided a summary of CCAAWG discussions and recommendations. • A Capacity Cost Rate Estimator Tool is being developed and will be used by the CCAAWG to assess options. • In November, the CCAAWG will determine how to set bins and will bring analysis and options to the AG December meeting. • It was noted that outages (risk of outages) should also be considered in establishing approaches for each time period. • AESO will look into the possibility of using load curves instead of the RAM model as DOE policy document appears to not exclude this option.
12:50 pm	<p>8. Data Requirements Working Group Recommendations</p> <ul style="list-style-type: none"> • Hao Liu presented the recommendations on behalf of the DRWG. • Analysis Recommendations B, C, D and E should be considered collectively to assist with transmission rate design. • Establishing guiding principles for the DRWG, e.g. rate shock, etc., might make it possible for the group to come to resolution; the group agreed that the overall goal is to send price signals to reduce future build and then allocate costs fairly.

Time	Item
2:00 pm	<p data-bbox="391 323 1177 354">9. New Working Group for Transmission Tariff Design Scope</p> <ul data-bbox="451 373 1430 1031" style="list-style-type: none"> <li data-bbox="451 373 1349 432">• Doyle Sullivan proposed that a new working group be formed to establish transmission tariff design scope. <li data-bbox="451 443 1425 501">• The group indicated that there is a need to be clear about cost causation before defining tariff. <li data-bbox="451 512 1052 543">• The current cost of service study could be used. <li data-bbox="451 554 1430 674">• The AESO will offer a tutorial on the cost causation study and evolution of the tariff on Nov 30. The session will be lead by Raj Sharma and John Martin. A request was made that the tutorial includes information on how different parts of the system are planned. <li data-bbox="451 684 1430 961">• The group decided to establish the Cost Causation Working Group: <ul data-bbox="500 737 1430 961" style="list-style-type: none"> <li data-bbox="500 737 1386 798">– Scope – Conduct a gap analysis of the current cost of service study and identify how to fill the gaps (data and analysis). <li data-bbox="500 808 1430 961">– Members – Richard Stout, Dale Hildebrand, Hao Liu, Leland Jernberg, Rick Cowburn and an AESO representative. Dale Hildebrand will take the role of Chair, and the group will have access to AESO planners as needed. (Note: following the session Doyle Sullivan confirmed that Derek Olmstead and Raj Sharma will be the AESO representatives on this Working Group) <li data-bbox="451 972 1419 1031">• The Cost Causation Working Group will provide recommendations to the AG at the December meeting.
2:30 pm	<p data-bbox="391 1058 1224 1089">10. Capacity Cost Allocation Terms and Conditions (T's and C'sc)</p> <ul data-bbox="451 1108 1451 1709" style="list-style-type: none"> <li data-bbox="451 1108 1425 1167">• Doyle Sullivan provided a proposal to strike a working group to determine terms and conditions for capacity cost allocation. <li data-bbox="451 1178 1430 1598">• The AG directed the existing CCAAWG to take on the identification of terms and conditions, with the following scope: <ul data-bbox="500 1241 1430 1598" style="list-style-type: none"> <li data-bbox="500 1241 1425 1299">– Identify the principles and elements for the terms and conditions of capacity cost allocation; consider other jurisdictions. <li data-bbox="500 1310 1430 1598">– Refer to the following questions: <ul data-bbox="537 1346 1430 1598" style="list-style-type: none"> <li data-bbox="537 1346 1430 1404">▪ Are provisions required to address the situations where consumers take energy over and above what was expected in a specific time block? <li data-bbox="537 1415 1430 1474">▪ Gross vs net metering and alignment with Capacity Market procurement provisions? How should this align with transmission cost allocation? <li data-bbox="537 1484 1430 1598">▪ 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? <li data-bbox="451 1608 1349 1667">• Any AG members with requests for the CCAAWG will send the request to ISOTariffnotice@aeso.ca. <li data-bbox="451 1677 1451 1709">• The CCAAWG will provide recommendations to the AG at the December meeting.

Time	Item
2:45 pm	<p>11. Review of action items and next steps</p> <ul style="list-style-type: none"> • Karla Reesor reviewed action items for meeting. The topics for the next meeting on December 5 will include: <ul style="list-style-type: none"> - Capacity Cost Analysis Working Group – analysis and options for setting bins, and recommendations on principles and elements for terms and conditions. - Cost Causation Working Group – recommendations on data and analysis needed to fill gaps for cost of service study.
2:50 pm	Meeting adjourned

Action Items

Session (date)	#	AG Action Items	Action by	Due Date	Status
S3 Oct 4	1	<i>Provide feedback to ISOTariffnotice@aeso.ca on how or whether to incorporate issue raised in CanSIA letter dated October 2, 2018</i>	All AG members	Oct 18	Complete. No feedback received.
	2	<i>Provide feedback on Data Working Group recommendations</i>	All AG members	Oct 11	Complete. No feedback received.
	3	<i>AESO and DFOs develop timelines for data and provide information to Data Working Group</i>	AESO (Derek) and DFOs	Oct 11	Refer to Action Item S3 #5
	4	<i>Establish membership of new Capacity Cost Allocation Analysis Working Group (CCAAWG), not to exceed 6 members, plus one AESO rep (Derek). AG members interested in WG to advise AESO on final membership. AESO to decide if member cannot reach consensus.</i>	Tory, Hao, Ed, Richard Penn, Collette, Kris, Richard Stout	Oct10 (9 am)	Complete.

Session (date)	#	AG Action Items	Action by	Due Date	Status
	5	<i>Report back to AG on level of effort that could be involved in DFO transitioning to different tariff design and the anticipated impact on timelines.</i>	Janine and Leland	Nov 8	It is not practical for DFOs to provide a standard timeline for transitioning to a new tariff; will need 6-8 months to make minimal system changes and 12+ months for regulatory change; timing will need to be considered in work plans; AESO will do more work internally to identify a possible range for the tariff options.
S4 Nov 9	1	Send a revised meeting appointment for December 5, and meeting appointments for 2019.	AESO	Nov 19	
	2	Identify a possible range for tariff options so that DFOs can provide a time estimate for transitioning to new tariffs.	AESO	Nov 19	
	3	Seek clarity from DoE on interruptible options, use of load curves and also on retrospective versus prospective timing.	AESO	Nov 19	
	4	Any AG members with requests for the CCAAWG will send the request to <i>ISOtarriffnotice@aeso.ca</i> .	All AG members	Nov 19	

Key Decisions Items

Session (S# + date)	(#)	AG Decision Items
August 17		<i>Advisory Group established</i>
S1- August 23	1	<i>Advisory Group approved Terms of Reference with changes</i>
S2 – September 6	1	<i>Advisory Group approved work plans with changes</i>