

Doyle Sullivan, Director, Tariff Design
Alberta Electric System Operator (AESO)

Transmitted electronically to: ISOtariffnotice@aeso.ca

October 2, 2018

Dear Mr. Sullivan,

Re: Consultation on ISO Tariff Cost Allocation

CanSIA is the national trade association that represents the solar energy industry throughout Canada. Given the selection process for the Tariff Design Advisory Group, CanSIA was unable to attain membership on the committee. Accordingly, and in response to the AESO Stakeholder Newsletter (dated August 21, 2018)'s request for stakeholders who are not participating on the Advisory Group to submit their issues and concerns related to tariff design for the Advisory Group's consideration, CanSIA would like to take this opportunity to provide initial thoughts on scoping for this consultation process.

This consultation has been opened primarily to discuss cost allocation between bulk and regional systems and the billing determinants used within the bulk and regional classes. The consultation is expected to last 21 months and will involve many conversations about rate design principles targeting a final AESO application that considers important matters such as sending the best price signals, avoiding cross-subsidization, and avoiding rate shock.

Unfortunately, all this work only has a direct impact on a small portion of the province. This is because most consumers of electricity do not pay the transmission tariff but rather have their transmission charges flowed through their distribution utility. Through this process, the distribution utility reallocates costs using a different cost allocation methodology and different billing determinants. The next opportunity to change the cost allocation of distribution rates is in the Phase II performance-based regulation applications which are due to be filed with the Alberta Utilities Commission (AUC) by all four distribution utilities in the near future. The alignment of this timing allows the AESO to bring this issue into the scope of its consultation discussions.

In order to ensure that the hard work of the next 21 months has the impact it should, the transmission rates need to be properly flowed through the distribution utilities in a manner that

replicates, to the extent possible, the transmission cost allocation methodology. The AESO should discuss this issue in its consultation sessions and have the working group dedicate time and resources towards developing a recommendation on this important issue.

If this issue is not managed within the consultation sessions, then it will need to be addressed throughout four separate Phase II applications. This will be less effective as it will be deliberated in front of the Commission rather than discussed in an open forum during the consultation. Further, the four applications will have different timing and process schedules, and possibly different panels. While CanSIA recognizes that the distribution utilities will eventually be the parties responsible for adopting or not adopting the recommendations of the tariff advisory committee, CanSIA recommends that the industry will benefit from the AESO committing time for this discussion during the upcoming consultation process. CanSIA further notes that both Fortis and ENMAX have seats on the advisory committee and will be able to have a strong voice during the conversation regarding what is possible and what isn't.

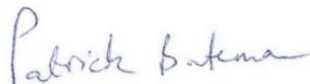
In summary, CanSIA proposes that the issue of distribution flow through of the transmission tariff be an issue discussed by the advisory committee and sub-working groups with the goal of developing a consensus recommendation.

CanSIA further recommends that this issue be addressed early in the consultation process so that distribution utilities are able to adopt, in whole or in part, the advisory committee's recommendation in forming their next Phase II applications which should be filed with the Commission in 2019.

Thank you for your consideration.

Best regards,

Patrick Bateman



Director of Policy & Market Development

Canadian Solar Industries Association (CanSIA)