Stakeholder Proposal Evaluation – May 4, 2020

Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through Technical Session 2A

Period of Comment:	May 4, 2020	through May 20, 2020	**Contact:** [redacted]
Comments From:	Lionstooth Energy Inc.		**Phone:**
Date:	2020/05/20		**Email**: [redacted]

Document purpose

The purpose of this document is to provide a structured and consistent guide to workshop participants to evaluate each of the proposals.

Instructions

1. Please fill out the section above as indicated.
2. Please complete an evaluation on each of the proposals using the tables below (Tables 2-7). Please provide your reason(s) as to why you think the proposal does/does not meet each of the evaluation criteria.
3. Once you have completed an evaluation on each of the proposals, please choose your preferred proposal with an explanation as to why in Table 1: Overall evaluation.
4. **Please submit one completed evaluation per organization.**
5. Email your completed evaluation to tariffdesign@aeso.ca by **May 20, 2020**.

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Table 1: Overall evaluation

Questions	Stakeholder Evaluation
1. Which proposal did you prefer? Please explain why.	We prefer the proposal that was presented by Lionstooth Energy. We feel this proposal is the most consistent with the policy directives of the Transmission Development Policy (TDP) and the Transmission Regulation (TReg), allocating costs caused by Distribution Connected Generator (DCG) to the generator – without impacting existing rate base investment, while providing locational signals to generators and protecting load customers from energy market distortions. In evaluating the proposals, Lionstooth notes there has not yet been confirmed consensus on the principles presented by the AESO to be used in the evaluation of these proposals. We have therefore added an additional "Principle 0 – Alignment with Government Policy" that we will use to evaluate all proposals.
2. What are the challenges or unresolved questions with your preferred proposal?	None, at this time.
3. What aspects from the other proposals would you like to see applied to your preferred proposal?	We look forward to the comments from other proponents and other stakeholders for areas where our proposal can improve.
4. Additional comments	**Areas of Consensus / Areas for Further Discussion** Lionstooth believes it is important to recognize that consensus has already been achieved on a number of items as part of this discussion. This includes: • The use of the substation fraction allocation methodology for DCGs is not appropriate and should be replaced; • Interconnection costs for DCGs should be allocated and due at a single point in time, early in the DCG development / connection process; • DCGs should not be exposed to unfettered future wires connection cost risk, unless physical DCG changes (i.e. increase in capacity) cause further interconnection costs; • DCGs should continue to pay for their costs of interconnection, including; GUOC (red / Z), DFO local interconnection costs (purple B), TFO protection & controls (green / C), and DCG project costs (green / D); and,

Questions	Stakeholder Evaluation
	• Time is of the essence and continued collaborative effort towards a workable resolution should be sought. The following areas are places where general alignment exists, and should be confirmed: • Confirmation that energy flows from one distribution feeder to another should be encouraged; • Confirmation that the STS level should be set on the Tx line; • Confirmation that the substation fraction allocation methodology continues to be an effective tool for dual-use connections, at Day 0; and, • The recall of existing CCDs and invoices issued to DCGs as a result of the use of the substation fraction allocation methodology. The following is where the only real area of divergence exists. In considering the sequencing of events (DCGs are connecting behind existing PODs) and the policy and legislative direction from the government, are there “shared facility costs” that should be allocated to generators? • If yes, what is the appropriate sharing mechanism? • If maybe, should additional clarity be sought from the government? • If no, what incremental costs do DCGs cause at the Tx level that should be allocated to DCGs? **Time is of the Essence** As outlined above, all stakeholders are aligned that time is of the essence, to ensure primarily that appropriate price signals are sent to DCGs and investor certainty is restored. Lionstooth very much supports resolving this issue as quickly as possible. Having said this, we do not believe that a comprise for a quicker solution will achieve resolution significantly faster than pursing the right solution. Lionstooth notes that even the majority of proponents supporting some form of historical cost sharing acknowledge that this is not the right solution, and are merely proposing

Questions	Stakeholder Evaluation
	this based on a view that historical cost sharing is the only path to resolution. Given the importance of this issue, Lionstooth proposes a two step process: 1. **Recall CCDs:** Request the Commission issue an interim decision, ceasing the use of the substation fraction allocation methodology for DCG (to be replaced with the outcome of these discussions) and directing the AESO / TFOs / DFOs to recall any issued CCDs or invoices reflecting the substation fraction allocation method. This will restore short-term investor confidence, and provide the opportunity to highlight the high degree of alignment above. While this does not fully elevate investor concerns over interconnection costs, it does provide bookend costs that can be included in project development economics. 2. **Proposals and Proceeding:** In parallel with Step 1, continue the fulsome Proceeding on the replacement for the substation fraction allocation methodology. However, by completing Step 1, we have the freedom to develop the correct solution without perceived time constraints. It is important to recognize that interconnection costs are not the only risk to DCG investment and that project developers must balance a number of risks as projects advance, including those awaiting subsequent processes based on the outcome of the Distribution System Inquiry (DSI). By correcting the recent use of the substation fraction allocation methodology on projects today, the most significant short-term issue can be resolved, alleviating the pressure on an expedited decision for the whole process. This then allows for the right outcome to be achieved, instead of seeking a compromise for the sake of expediency.

Table 2: Evaluation of Proposal: Canadian Solar Solutions Inc.

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	**Support Ranking: 9** This proposal accurately reflects the intent of legislators in both the TDP and the TReg, that wires costs should be borne by load customers, and that generators should be sent a locational signal to locate near load.
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	The proposal is unbiased in that it is a pure reflection of the policies set by government. The proposal factually lays out the history surrounding the development of government policy (TDP) and regulation (TReg), noting that the TDP is effectively an interpretation guide for the TReg. This review includes the circumstances under which sharing of wires system costs with generators was "expressly overruled" by the government. The proposal also raised concerns over costs being "rolled out" of rate base and if policy and regulations allow for this. The analysis presented through the scenarios was unbiased and evenly weighted, demonstrating that "flow-through to a DCG while a GUOC is in place essentially constitutes double counting."[1] This was also the only proposal to deep dive into sequencing / timing considerations, highlighting that a DCG connecting to an existing POD, is always connecting to infrastructure that was initially a load driven investment. "One party should not cause a cost that is allocated to another."[2] Dual-use and new POS examples, demonstrate how policies and principles of cost causation apply in these circumstances.

[1] Canadian Solar DCG Flow-Through Proposal, slide 13.

[2] *Ibid*, Slide 19.

Questions	Stakeholder Evaluation
3. Is the proposal feasible?	Yes, the proposal is feasible. There is no “substation fractioning” required, and DCG pays any Tx system costs directly caused by the DCG (noted as “Limited Transmission Upgrades”). This concept reflects policy and regulation while being fair, transparent, and simple.
4. Which stakeholders are best served by this proposal? Why?	All stakeholders are well served by this proposal: • **Load Customers** are indifferent. Wires system costs are not “rolled out” of the regulated utility rate base and recovered (at a higher rate of return) through the energy market. Load customers should see no change to their wire’s costs and without energy market distortions should achieve the lowest possible bill, • **DFOs** are kept whole as costs remain in rate base, with greater certainty as to interconnection costs that are chargeable to their DCG customers. • **TFOs** are kept whole, with greater clarity and certainty over what costs are attributable to which Market Participants. • **Generators** (DCG/TCG) have greater clarity and certainty that they pay for costs they directly cause and recognize that benefits of their wires connection extends beyond the components they paid for.
5. Which stakeholders are least served by this proposal? Why?	As indicated above, all stakeholders have been accommodated by this proposal.
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	The objective of this proposal is to align with government policy and regulation. To that end it is fair and reasonable. All stakeholders have been accommodated by

Questions	Stakeholder Evaluation
	the proposal, which notes "fairness cannot be added as an act of kindness to circumvent"[3] policy and regulation.
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of "Ease of understanding and implementation (simplicity)"? This additional principle was added based on stakeholder feedback. If not, are you supportive of the principles that are used in the development of the proposal?	**Principle 0 – Policy Alignment:** This proposal is aligned with policy. **Principle 1 – TCG vs DCG Parity:** This proposal is aligned. Both TCG and DCG pay for their costs directly caused to connect to the AIES. **Principle 2 – Cost Causation:** This proposal is aligned. Direct cost causation is a key feature of this proposal **Principle 3 – DCG Cost Certainty:** This proposal is aligned. Costs are known up front in this proposal. **Principle 4 – DFO Recovery Certainty:** This proposal is aligned. Both TFOs and DFOs have revenue requirement certainty in this proposal. **Principle 5 – Ease of Understanding:** This proposal is aligned. As costs payable by DCG are based on costs directly caused, at both the Tx and Dx level, this proposal is one of the simplest to understand and implement.
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	We would appreciate further comment on the following concepts: • Does this proposal allow for locational signals to be sent to DCGs? • Does this proposal provide adequate signals, early enough, to allow for the DCG to consider "right-sizing"? • How does this proposal manage potential for double counting of interconnection costs?

[3] *Ibid,* slide 7.

Questions	Stakeholder Evaluation
	• What is a realistic timeline to implement this proposal?
9. Additional comments	None.

Table 3: Evaluation of Proposal: DCG Consortium

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	**Support Ranking: 3** While this proposal is a well thought out approach to allocating "shared facility costs,"[4] it acknowledged that it is a "second-best solution" seeking an expedient resolution to avoid a potentially prolonged process that would, ultimately, best serve all stakeholders.
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	The proposal is not an unbiased solution as it proposes essentially a compromise to cost allocation, where the costs caused by one party (load) are allocated to another (DCG). The proposal acknowledges this issue (see "Acknowledging the Constraints"),[5] and then continues on to propose essentially a workaround, rather than a permanent solution. The proposal specifically looks to avoid substation based locational signals, which is counter to the direction provided in the TDP and TReg and removes an important "siting" element for DCGs. Wouldn't all parties benefit from locational signals directing DCG to site at certain substations? The analysis presented in this proposal is evenly weighted, taking into consideration the cost components that would influence the $/MW fee. We note that establishing this fee will requires significant upfront effort as some cost elements do differ from the FortisAlberta proposal and raises concerns over double counting.

[4] DCG Consortium Proposal to AESO, slide 46.

[5] *Ibid,* slides 5 – 6.

Questions	Stakeholder Evaluation
3. Is the proposal feasible?	Yes, the proposal is feasible, but executing this proposal will not be simple, with significant upfront effort required.
4. Which stakeholders are best served by this proposal? Why?	Few stakeholders are best served by this proposal: • **Select DCGs** may benefit from this proposal, as a fixed "$/MW" fee could be less than a potential larger locational signal, for example due to transmission upgrades caused by the DCG. • **Select DCGs** advocating for a speedy resolution to this issue may also benefit from this proposal, although it is unclear if this initial AUC ruling or the final updates to the tariff are the milestone that achieves the expedited decision.
5. Which stakeholders are least served by this proposal? Why?	More stakeholders are least served by this proposal: • **Load customers** will pay more for the delivered cost of electricity, as wires costs distort the energy market. • **DFOs / TFOs** will also see investment claw backs which will lower their returns on investment initially caused by load. • **Select DCGs** will no longer receive locational signals through interconnection costs to assist in siting projects and may be over-burdened with connection costs, including the potential risks around double counting.
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	This proposal aims for an expedited resolution of the issue and appears to move away from principles of parity and cost causation as a result.
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of "Ease of understanding and implementation (simplicity)"? This additional principle was added based on stakeholder feedback. If not, are you supportive of the principles that are used in	**Principle 0 – Policy Alignment:** This proposal is not aligned with government policy. Not only does this principle assign costs caused by load to generators, by using a fixed $/MW, Alberta-wide fee, this proposal departs from the two policy directives; load pays and generators are sent a signal to locate close to load. **Principle 1 – TCG vs DCG Parity:** This proposal is not aligned. This proposal acknowledges that "true parity would suggest that DCGs should not pay for

Questions	Stakeholder Evaluation
the development of the proposal?	systemized costs that have already been added to the TFO or DFO rate base."[6] It is important to recognize that through this process, we do not over-correct or over-burden DCGs with costs that do not occur at the TCG level. The fixed fee component of this proposal is also not aligned in that TCG pays for costs directly caused at the Tx level, where DCG pays a fixed fee regardless of location. **Principle 2 – Cost Causation:** This proposal is not aligned as direct cost causation is not the driving force behind any incremental interconnection costs. **Principle 3 – DCG Cost Certainty:** This proposal is aligned. Costs are known up front in this proposal. **Principle 4 – DFO Recovery Certainty:** This proposal is aligned. Both TFOs and DFOs have revenue requirement certainty in this proposal. **Principle 5 – Ease of Understanding:** This proposal is not aligned. While this proposal represents a simpler process that the substation fraction allocation methodology and CCD process, this proposal will require a significant amount of effort upfront by the AESO, DFO and stakeholders to both develop the $/MW fee and amend the ISO tariff, with regular updates to the underlying cost data every rate hearing.
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	We would appreciate further comment on the following concepts: • Part of the issue with the fixed fee, is that it potentially results in "right-sized" or "right-located" DCG, that is sized and located appropriately for the local load, paying similar or same costs as DCG that cause transmission upgrades. This concept has not been addressed, and could result in DCGs intervening in each other's applications going forward. How

[6] *Ibid,* slide 10.

Questions	Stakeholder Evaluation
	does the proponent feel this would be handled? • Does this proposal allow for locational signals to be sent to DCGs? • Does this proposal provide adequate signals, early enough, to allow for the DCG to consider “right-sizing”? • How does this proposal manage potential for double counting of interconnection costs? • What is a realistic timeline to implement this proposal?
9. Additional comments	None.

Table 4: Evaluation of Proposal: FortisAlberta Inc.

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	**Support Ranking: 4** This proposal is not consistent with the intent of the TDP or the TReg, in that it tries to remove cost from rate base, initially established to serve load, and assign it to generators. Further, although the calculation proposed considers elements of cost causation and provides a partial locational signal, it does so in a very complex way. This proposal has the potential to both extend DCG development timelines and the tariff regulatory process
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	This proposal is biased as it looks to remove cost from rate base and assign this cost to generators, disregarding the impact to load customers through energy market distortions. At the same time, this proposal introduces a POD specific credit that over-complicates tariffs and offers a credit to load, which may now be doubly benefiting from this proposal in the form of lower rate base and a POD credit. The proposal is not evenly weighted as it does not touch on any concerns the DFOs / TFOs may have as a result of investment claw backs. While a case-by-case technical analysis is proposed, this locational assessment is watered down by the application of a province wide rate. The process flow demonstrates an effort to consider the connection process, however, may extend DCG development timelines.
3. Is the proposal feasible?	Yes, the proposal is feasible, but it is very complex, involving a large number of calculations by the DFO, TFO, and the AESO, and relying on “qualitative” concepts like “capacity factor” defined during the design phase, which could create friction between the DCG and the DFO. In addition, the implementation of an additional rider, at the POD level, adds another layer of complexity for the AESO.
4. Which stakeholders are best served by this proposal?	Few stakeholders are best served by this proposal:

Questions	Stakeholder Evaluation
Why?	• **DFOs** benefit from becoming the enablers of DCG interconnections, and the local credit proposal allows DFOs to demonstrate savings to their customers, that were not caused by DFO investment, but rather DCG investment. In addition, by having DCG pay 100% of the cost of Tx upgrades, without a mechanism for refunds to the DCG, the DFOs benefit through the increased load capacity created by that DCG investment.
5. Which stakeholders are least served by this proposal? Why?	More stakeholders are least served by this proposal: • **Load customers** will see increased delivered electricity costs as removing investment from rate base and assigning to DCG will result in increased costs through energy market distortions. • **TFOs** will see investment claw backs which will lower their returns on investment initially caused by load while at the same time have an increase in administrative burden, assisting with connection cost calculations and tariff design. • **DCGs** are not served very well by this proposal. Although this proposal provides short-term investor certainty and more of a locational signal, it is a more complex process than other proposals, resulting in the connection process taking longer. In addition, it assesses both historical substation costs and direct costs against DCG, contrary to the initial driver for investment, which is load.
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	The proposal appears focused on FEOC and parity. As such, the proposal is able to avoid policy and regulated direction, that load pays and generators should be sent locational signals, and instead can accommodate removing cost from regulated utility rate base, and creating energy market distortions. Again, it is important to recognize that through this process, we should not over-correct or over-burden DCGs with costs that do not occur at the TCG level.
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of "Ease of understanding	**Principle 0 – Policy Alignment:** This proposal is not aligned with government policy. While it does send a partial locational signal to generators, it does so by removing cost from rate base, which undermines the policy of Tx cost recovery

Questions	Stakeholder Evaluation
and implementation (simplicity)"? This additional principle was added based on stakeholder feedback. If not, are you supportive of the principles that are used in the development of the proposal?	from load customers through utility tariffs. **Principle 1 – TCG vs DCG Parity:** This proposal is not aligned. TCG pays for costs directly caused at the Tx level, where DCG pays both costs directly caused, AND an allocation of historical costs caused by another party (load). **Principle 2 – Cost Causation:** This proposal attempts to allocate cost based on "usage," but fails to consider the benefits that DCG provides at their cost to DFOs. **Principle 3 – DCG Cost Certainty:** This proposal is aligned. Costs are known up front in this proposal. **Principle 4 – DFO Recovery Certainty:** This proposal is aligned. Both TFOs and DFOs have revenue requirement certainty in this proposal. **Principle 5 – Ease of Understanding:** This proposal is not aligned and will require a significant amount of upfront effort to both define concepts like load factors, as well as the appropriate Tx assets to include in the calculation. It also increases the time necessary to study and apply the calculation, increasing "red tape" for DCG developers and adds billing complexity for the AESO by introducing POD-specific riders.
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	We would appreciate further comment on the following concepts: • Why should costs be rolled out of rate base and assigned to the energy market, when this is in violation of the intent of government policy? • Please explain the rationale behind proposing DCG pay for a portion of historical costs incurred for load's benefit, while proposing that DCG also pay 100% of Tx upgrade costs that load will also benefit from? • If a DCG pays for 100% of the local interconnection cost to connect to the Dx system, as well as paying for 100% of any Tx upgrades it causes, does this not create parity with TCG with respect to capital cost? • If parity between DCG and TCG is a valid principle, as a DFO, what is your view on providing DCG with unconstrained access to the AIES (ie, unconstrained Dx to create parity of access)?

Questions	Stakeholder Evaluation
	• Does this proposal allow for locational signals to be sent to DCGs? • Does this proposal provide adequate signals, early enough, to allow for the DCG to consider “right-sizing”? • How does this proposal manage potential for double counting of interconnection costs? • What is a realistic timeline to implement this proposal?
9. Additional comments	None.

Table 5: Evaluation of Proposal: Lionstooth Energy

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	
3. Is the proposal feasible?	
4. Which stakeholders are best served by this proposal? Why?	
5. Which stakeholders are least served by this proposal? Why?	
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of "Ease of understanding and implementation (simplicity)"? This additional principle was added based on stakeholder feedback. If not, are you supportive of the principles that are used in the development of the proposal?	
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	
9. Additional comments	

Table 6: Evaluation of Proposal: Solar Krafte

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	**Support Ranking: 6** This proposal supports locational signals for DCG, allowing these projects to "go where the load growth is, and bring with it the tangible benefits that DCG brings to the AIES"[7] and reflect consistent treatment between TCG and DCGs, in that only the incremental costs to connect are allocated to the generator.
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	The proposal is somewhat biased towards DCGs as it highlight the benefits DCGs bring to the system. However, the proposal is unbiased as it aligns with the TDP and TReg and the commentary on practices in other jurisdictions provides an evenly weighted analysis. This proposal includes comparisons to TCG connection costs. While the magnitude of costs may differ between TCG and DCG, this proposal outlines how DCGs may be over-burdened with connection costs.
3. Is the proposal feasible?	Yes. The proposal is very simple, in that it suggests that DCG should only pay the cost to connect to the Dx system. This would be a relatively fast, simple and transparent resolution to the issue. One area of concern is the reliance on "AESO discretion," as this concept leaves room for the future change and uncertainty.
4. Which stakeholders are best served by this proposal? Why?	Most stakeholders are best served by this proposal: • **Load customers** are well served by this proposal, in that it leaves wires cost inside regulated utility rate base. Load customers are relatively

[7] Solar Kratte, Participant-Related Costs for DFOs & DFO Flow-Through Proposal, slide 5.

Questions	Stakeholder Evaluation
	indifferent and should be able to enjoy the benefits of DCG as outlined in the proposal. • **DFOs/ TFOs** are kept whole as costs remain in rate base, with greater certainty as to interconnection costs. • **DCGs** have greater clarity and certainty on the costs for their interconnection.
5. Which stakeholders are least served by this proposal? Why?	Some stakeholders may be least served by this proposal: • **Load customers** have some potential risk as DCG in this proposal do not have a locational signal to avoid Tx costs. • **DCGs** may have long-term concerns over the "discretion" component of this proposal. This could be addressed through some additional language within the ISO Tariff.
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	This proposal focuses on consistent and fair treatment while encouraging DCG. Consequently, it is also aligned with the TDP and TReg policies of load pays and generators are sent a locational signal. The key policy that is upheld in this proposal is seeking to have the majority of Tx costs recovered through utility tariffs by load customers, rather than through the energy market. This is aligned with policy and the fairest cost allocation methodology for load customers.
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of "Ease of understanding and implementation (simplicity)"? This additional principle was added based on stakeholder feedback. If not, are you supportive of the principles that are used in the development of the proposal?	**Principle 0 – Policy Alignment:** This proposal is aligned with government policy, by seeking to have load pay for wires costs. It also retains a locational signal by having generators pay to connect to the Dx system. It potentially loses a portion of the locational signal by avoiding having DCG pay for upgrades to the Tx system directly caused by the DCG. **Principle 1 – TCG vs DCG Parity:** This proposal is aligned. The proposal seeks to provide equal access to the AIES for both TCG and DCG and confirm that DCGs are not being over-burdened by interconnection costs. **Principle 2 – Cost Causation:** This proposal is not aligned with principles of cost causation. Direct cost caused by the DCG at the Tx level appears to be

Questions	Stakeholder Evaluation
	overlooked by this proposal. **Principle 3 – DCG Cost Certainty:** This proposal is aligned. Costs are known up front in this proposal. **Principle 4 – DFO Recovery Certainty:** This proposal is aligned. Both TFOs and DFOs have revenue requirement certainty in this proposal **Principle 5 – Ease of Understanding:** This proposal is aligned and is incredibly simple to implement.
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	We would appreciate further comment on the following concepts: • Can you confirm our understanding that if upgrades to the Tx system are caused by the connection of a DCG to the Dx system, that the DCG would not pay those costs under this proposal? • Does this proposal allow for locational signals to be sent to DCGs? • Does this proposal provide adequate signals, early enough, to allow for the DCG to consider "right-sizing"? • How does this proposal manage potential for double counting of interconnection costs? • What is a realistic timeline to implement this proposal?
9. Additional comments	None.

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Table 7: Evaluation of Proposal: URICA

Questions	Stakeholder Evaluation
1. Please rate your support of this proposal on a 1-10 basis, with 10 being completely supportive and 1 being not at all supportive. Please provide your rationale.	**Support Ranking: 3** This proposal does not take into consideration the direction provided through the TDP and the TReg. Load pays and generators are incented to locate close to load. As outlined in the proposal summary the focus is to "achieve cost certainty to support continued investment in DCG … but also assign equitable costs for connection to the system."[8]
2. Is the proposal an unbiased solution and evenly weighted in its analysis?	The proposal is not an unbiased solution as it proposes essentially a compromise to cost allocation, where the costs caused by one party (load) are allocated to another (DCG). This proposal looks to diminish substation based locational signals, which is counter to the direction provided in the TDP and TReg and removes an important "siting" element for DCGs. This proposal also focuses on an expedited resolution, suggesting that again a compromise will benefit all stakeholders, when really this would not be the best long term solution.
3. Is the proposal feasible?	Yes, the proposal is feasible, but executing this proposal requires additional detail into the "System Contribution Charge" proposed.
4. Which stakeholders are best served by this proposal?	Few stakeholders are best served by this proposal:

[8] URICA Proposal to the AESO, slide 4.

Questions	Stakeholder Evaluation
Why?	• **Select DCGs** may benefit from this proposal, as a fixed "System Contribution Charge" could be less than a potential larger locational signal, for example due to transmission upgrades caused by the DCG. • **Select DCGs** advocating for a speedy resolution to this issue may also benefit from this proposal, although it is unclear if this initial AUC ruling or the final updates to the tariff are the milestone that achieves the expedited decision.
5. Which stakeholders are least served by this proposal? Why?	More stakeholders are least served by this proposal: • **Load customers** will pay more for the delivered cost of electricity, as wires costs distort the energy market. • **DFOs / TFOs** will also see investment claw backs which will lower their returns on investment initially caused by load. • **Select DCGs** will no longer receive locational signals through interconnection costs to assist in siting projects and may be over-burdened with connection costs, including the potential risks around double counting.
6. Do the objectives/principles outlined in the proposal seem fair and reasonable?	This proposal aims for an expedited resolution of the issue and appears to move away from principles of parity and cost causation as a result.
7. Does the proposal align with the consolidated principles (see Appendix A) presented in Technical Session 1 as well as the additional principle of "Ease of understanding and implementation (simplicity)"? This additional principle was added based on stakeholder feedback. If not, are you supportive of the principles that are used in the development of the proposal?	**Principle 0 – Policy Alignment:** This proposal is not aligned with government policy and departs from the two policy directives; load pays and generators are sent a signal to locate close to load. **Principle 1 – TCG vs DCG Parity:** This proposal is not aligned. The fixed fee component of this proposal is not aligned in that TCG pays for costs directly caused at the Tx level, where DCG pays a fixed fee regardless of location. **Principle 2 – Cost Causation:** This proposal is not aligned as direct cost causation is not the driving force behind any incremental interconnection costs. **Principle 3 – DCG Cost Certainty:** This proposal is aligned. Costs are known up

Questions	Stakeholder Evaluation
	front in this proposal. **Principle 4 – DFO Recovery Certainty:** This proposal is aligned. Both TFOs and DFOs have revenue requirement certainty in this proposal. **Principle 5 – Ease of Understanding:** This proposal is not aligned. This proposal likely requires a significant amount of effort upfront to both develop the "System Contribution Charge" fee and amend the ISO tariff, with regular updates to the underlying cost data every rate hearing.
8. What are the unresolved questions or challenges you would want to see answered in this proposal?	We would appreciate further comment on the following concepts: • Does this proposal allow for locational signals to be sent to DCGs? • Does this proposal provide adequate signals, early enough, to allow for the DCG to consider "right-sizing"? • How does this proposal manage potential for double counting of interconnection costs? • What is a realistic timeline to implement this proposal?
9. Additional comments	None.

Appendix A

Principle	Description
Overarching	Tariff design and implementation facilities a fair, efficient and openly competitive market (FEOC) • Fosters competition and encourages new market entry • Efficiency • Avoidance of undue discrimination • Fairness
Principle 1	Parity between transmission interconnection costs calculation for transmission connected customers and distribution connected customers while enabling effective price signals to ensure to optimal use of existing distribution and transmission facilities • Fairness • Effective price signals
Principle 2	Market participants should be responsible for an appropriate share of the costs of transmission facilities that are required to provide them with access to the transmission system (may include paying a contribution towards facilities paid for by other customers and refund to the customer that paid) • Fairness • Cost Causation
Principle 3	DCG participants should have cost certainty when making their final investment decision (FID) • Certainty of future costs • Stability
Principle 4	DFOs should be provided with reasonable certainty re: cost treatment/recovery • Certainty of future costs • Stability
Principle 5 (added)	Ease of understanding and implementation • Simplicity • Stability