Participant-Related Costs for DFOs Principle Reconciliation

AESO Principles	FortisAlberta Principles	DCG Principles
Overarching principle Tariff design and implementation facilitates a fair, efficient and openly competitive market (FEOC) • Fosters competition and encourages new market entry • Efficiency • Avoidance of undue discrimination • Fairness	4. Clear, transparent and timely administration of tariff(s) to DCG a) While SSF has been around for 20 years, AESO has not applied to DFOs/DCG until recently • Evolving and varying application of ISO tariff SSF/CCDs b) AESO's AMP • Mechanics of grandfathering, establishment of STS levels, etc. c) In Distribution tariffs, DFOs can establish corresponding STS levels in DCG interconnection agreements that mirror system access service (SAS) Agreements with AESO d) AESO should develop an ID to make its CCD timing and contracting practices and rules more clear, consistent and transparent for DFOs/DCG	Economic principles: A. Creates investor certainty B. Avoids unmitigable market participant risk C. Fosters competition and encourages new market entry Bonbright's ratemaking principles: 2. Efficiency 7. Fairness 8. Simplicity 9. Rate stability

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AESO Principles	FortisAlberta Principles	DCG Principles
1. Parity between transmission interconnection costs calculation for transmission connected customers and distribution connected customers • Fairness • Effective price signals	3. Open, non-discriminatory system access for both T and D connected generation a) Level playing field and parity between T and D connected generation b) AESO's substation fraction (SSF) method and practice was designed for the allocation of DTS and STS costs to a single T-connected participant; not suited for application to DFOs/DCG in its present form c) AESO's metering Information Document (ID) raises AESO concerns with respect to same (transmission price signal to DCG, Option M) d) Adjusted Metering Practice (AMP) (as approved) requires feeder metering for DCG, different from T-connected generation	Bonbright's ratemaking principles: 2. Efficiency 5. Avoidance of undue discrimination 6. Avoidance of cross-subsidies 7. Fairness
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	1. Reflect cost causation a) Transmission interconnection costs for DCG b) STS-related costs (as determined by ISO tariff) are supply (generation) driven transmission costs which are the cost responsibility of DCG c) DCG should not be responsible for costs properly attributed to load (DTS)	Bonbright's ratemaking principles: 1. Cost causation 2. Efficiency 3. Avoidance of intergenerational inequity 4. Avoidance of rate shock 5. Avoidance of undue discrimination 6. Avoidance of cross-subsidies 7. Fairness 9. Rate stability

AESO Principles	FortisAlberta Principles	DCG Principles
3. Costs should not be allocated to a DCG customer after the DCG has energized, if the DCG is not directly causing those costs • Certainty of future costs • Stability	2. Provide effective and timely price signals to DCG a) Contribution price signal can only be effective when the DCG proponent is aware of the costs it would be subject to, prior to proceeding with its project, and/or the TFO/DFOs and DCG being required to deploy of capital b) DCG should not be allocated additional STS contribution costs after connection, unless STS levels (related to their project) change at POD c) Timing of CCDs/STS Contribution(s) to DFO/DCG should be coordinated with: generating unit owner's contribution (GUOC), establishment of STS contract level, STS losses factor, T&D interconnection costs for each DCG? – to enable DCG cost certainty before DCG project proceeding	Economic principles: A. Creates investor certainty B. Avoids unmitigable market participant risk Bonbright's ratemaking principles: 4. Avoidance of rate shock
4. DFOs should be provided with reasonable certainty re: cost treatment/recovery • Certainty of future costs • Stability	1. Reflect cost causation d) All transmission costs are a distribution tariff flow through item • Must accord with Transmission Regulation – section 47(a) and approved tariffs • DFO "discretion" implies DFO interfering with AESO cost allocation signal to STS	Bonbright's ratemaking principles: 10. Effectiveness of yielding the total revenue requirement