

January 9, 2019

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Sent via email to: tariffdesign@aeso.ca

RE: Retailer Views to the Capacity Market Cost Allocation/Tariff Design Advisory Group

As the AESO continues consultations regarding capacity market cost allocation, the reality of how this will impact everyday consumers must remain top of mind. It is this customer group, and the voting public, who will see the charges on their utility bills and will be the most vocal in the media. This group is also likely to be the least informed about the capacity market and least equipped to shift their consumption to avoid future capacity related charges.

Alberta electricity retailers provide the following collective viewpoints to inform and guide the AESO Advisory group and AESO Management team when considering the future of cost allocation to consumers. Our group of retailers supply over 80% of all Albertans who are also electricity customers. We service residential, condominium corporations, farms, small business and large industry across the province. We represent both competitive and regulated retailer views and offer our collective experience in managing billing systems and customer relationships.

Alberta electricity retailer key points are:

Simple Implementation

In order to ensure a timely and cost effective rollout of any charges to consumers, the method that is selected needs to be anchored around the concept of simplicity. Not all retailers are equal and some will have significant IT programming costs to make changes to consumer bills. We should learn from the Carbon Levy implementation process where a new line item for natural gas related consumption was required. In that scenario, the tariff bill file (TBF) was used to enable changes on consumer bills. We recommend this model be repeated to ensure the simple implementation of a capacity related charge for all retailers to use when passing on costs to consumers.

Easy to Understand for Consumers

When implementing a change to a consumer bill, we stress the need to be transparent and clear on how the charge was developed. Masking or imbedding a new charge in other line items does not go unnoticed and will not create confidence in the AESO or the government. Retailers strongly urge that a new line item be used to clearly itemize the capacity cost charge. Confusion drives more consumer calls to retailers, the AESO, the Alberta Utilities Commission (“AUC”), the Utilities Consumer Advocate and ultimately, elected officials. An easy to understand bill is a necessity for consumer confidence in the capacity market.

Clear Communications Plan

When communicating any changes on a bill, there is never too much that can be done. The AESO and the Government of Alberta should be prepared to develop a comprehensive communications plan with online and media communications available to answer all potential consumer questions. Learning from the Carbon Levy, the proactive consumer outreach is necessary to ease consumer backlash and fully explain the new charge. This will minimize the amount of media attention and reduce unnecessary complaints to the AESO, the Consumer Advocate and to elected officials. Retailers will not be able to do any of their own individual communications due to cost constraints and trust that the AESO and Government of Alberta will fully fund the communications leading up to a new capacity market charge. That said, with our names on the top of every bill, we fully expect to be involved in the development of communications and the planned roll out for proactive messages to consumers.

Timing and Planning

We encourage communications and implementation planning to begin as soon as possible to ensure a well-planned roll out for consumer costs. Each retailer has a unique billing system and require different information in order to execute changes. This will require lead time and learning from the Carbon Levy, may take 6-12 months to coordinate among the various wire services. For retailers, changes to bills can even include changes to the bill print format or the approved definitions that are included as part of the bill. Depending on the envisioned extent of the bill change, it may require a change to the billing regulation and direction from the AUC prior to regulated retailers incurring significant capital costs.

In summary, Alberta electricity retailers are committed to working collaboratively with your team to ensure a successful execution of the Department of Energy's Capacity market policy in a practical manner that provides positive outcomes for consumers. Achieving a smooth transition while influencing proper efficient behaviours in a cost sensitive manner should remain a primary focus for the AESO.

Sincerely,

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Representing Alberta Electricity Retailers: ATCOenergy, Direct Energy, Direct Energy Regulated Services, ENMAX Energy Corporation, EPCOR Energy Alberta GP, Inc., Encor by EPCOR, UTILITYnet & Partners Inc.