Stakeholder Comment Matrix – June 25, 2020

Participant-Related Costs for DFOs (Substation Fraction) and DFO Cost Flow-Through
Technical Session 3

Period of Comment:	June 25, 2020 through July 17, 2020	**Contact:**	[redacted]
Comments From:	The DCG Consortium is comprised of the following members: BluEarth Renewables Inc, Elemental Energy Renewables Inc, Irricana Power Generation, and RWE Renewables Canada Holdings Inc. (formerly Innogy Renewables Canada Inc.), and Siemens Energy Canada Limited. This submission represents the consensus view of the group and is submitted on behalf of the group by Power Advisory LLC. Individual member companies may also make independent submissions.	**Phone:**	[redacted]
Date:	2020-07-17	**Email:**	[redacted]

Instructions:

1. Please fill out the section above as indicated.
2. Please respond to the questions below and provide your specific comments.
3. **Please submit one completed evaluation per organization.**
4. Email your completed comment matrix to tariffdesign@aeso.ca by **July 17, 2020**.

The AESO is seeking comments from Stakeholders with regard to the following matters:

	Questions	Stakeholder Comments
1.	Please comment on Technical Session 3 hosted on June 25, 2020. Was the session valuable? Was there something the AESO could have done to make the session more helpful?	

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2.	Please comment on your level of support for the AESO's revised proposal and the level to which AESO's revised proposal supports the principles (as developed through this stakeholder engagement). Please be as specific as possible.	**<u>Set substation fraction = 1 for DFO substations</u>** The DCG Consortium supports a change to the tariff so that the substation fraction is set to one at all DFO substations. The DCG Consortium proposed this change as part of its presentation in Session 2A and continues to view it as the most effective way to solve the unbounded future liability issue in accordance with AESO Principle 3. **<u>No shared costs for new projects going forward</u>** The DCG Consortium supports this aspect of the revised proposal and agrees that it meets AESO Principles 3, 4 and 5. **<u>Overall AESO revised proposal</u>** The revised proposal meets the DCG Consortium's objective of investor certainty in the short term by removing the unbounded future liability issue and ensuring certainty of connection costs at the time of final investment decision. The DCG Consortium prefers a proposal, such as this, that does not allocate shared facilities costs to DCGs. The DCG Consortium suggests that local interconnection costs should be defined as incremental costs to connect to the transmission system (i.e. to add or upgrade infrastructure such that the power generated can make it to the substation) and that everything beyond this should be paid for by load customers. This is consistent with the AESO's session 3 proposal. As noted on Slides 5 and 6 of the DCG Consortium's presentation in Session 2A (May 14, 2020), the DCG Consortium proposed a methodology for allocating shared facilities costs in an attempt to reach a mutually agreeable solution that is amenable to the AESO and other stakeholders, if possible, and which can progress through an expedited process before the Commission. **<u>DFO tariff proposal</u>** On slide 27, the AESO states "No DCG charge to be included in the ISO tariff. A mechanism may, however, be required to be implemented, as part of DFO tariffs to charge DCGs for the use of existing interconnection facilities." The suggestion of a DFO tariff mechanism to determine costs for shared facilities is referred to several times in the slides that follow; however, it was not previously discussed in Sessions 1, 2A or 2B. This suggestion is at odds with the objective of investor certainty and several AESO principles. If the Commission approves the AESO proposal, investors will have certainty to move forward with their DCG projects as they will have an understanding as to the magnitude of their connection costs. However, this certainty is short-term in nature as investors will need to be wary of future changes to DFO tariffs that could introduce new connection costs at any time for projects under development. The DCG Consortium suggest the AESO remove any reference to a possible DFO tariff mechanism in the AESO proposal inclusion of such comments creates additional risk and uncertainty in the market.

		Recalculating CCDs to set the STS allocation to $0 On slide 31, the AESO states “Applicability of the substation fraction = 1 for DFOs to be made retroactive; AESO initial review appears to roll back to effective date of Rate STS of December 1, 2015.” The DCG Consortium members do not have any STS contracts with effective dates prior to December 1, 2015. Accordingly, this proposal is acceptable. The DCG Consortium expects this will result in the recalculation of all CCDs on the basis of a substation fraction equal to one (i.e. setting the STS allocation to $0) related to the projects of its members. The DCG Consortium does not consider this application to be retroactive. In fact, this issue was not made clear until September 2018 when Fortis issued its letters to customers (example at Exhibit 22942-X0508) outlining that it had received recalculated CCDs and would be passing along costs. This issue was presented to the Commission in Proceeding 22942 regarding the 2018 ISO tariff. Regulatory lag has delayed any finding on this issue; however, when the issue is resolved, that resolution should apply in a manner that protects those receiving recalculated CCDs during this time spend in consideration of the issue and the solution. This position is consistent with the AESO’s proposal to correct the issue to STS contracts with an effective date of December 1, 2015.
3.	Please comment on any outstanding risks or issues you see with the AESO’s revised proposal. Please be as specific as possible.	See above response to question 2.

4.	Please provide any further comments you may have on next steps regarding regulatory process and implementation. Please be as specific as possible.	**Interim Decision** The DCG Consortium would like clarification that the AESO intends to seek an interim decision as was noted in the AESO presentation for Session 2B. In that presentation, the AESO noted that "With support from stakeholders, the AESO's application could request an interim decision from the AUC to issue DFO CCDs with supply-related amounts = zero"; however, the AESO presentation for Session 3 was silent on this point. The DCG Consortium would support such an interim approval. **Application Timing** The DCG Consortium understands that the AESO will file an update in the two R&V proceedings and then later file an application for the AESO's proposal outlined in the slides. The DCG Consortium would like to see the AESO file its application with the Commission within the next month. A decision on this matter is vital to restoring investor confidence in Alberta and allowing DCG projects to move forward. Given the release of the Commissions letter (Exhibit 25101-X0039), the DCG Consortium would like to particularly stress this point. The DCG Consortium is opposed to including this issue in Phase 2 of the 2020 tariff application. Given the delays in the consultation of Phase 1, the DCG Consortium expects that the Phase 2 tariff application will not be filed until Q2 of 2021. Further, including numerous other topics along with this one will delay the regulatory process and, accordingly, the decision. There are investments in Alberta that are unable to move forward without resolution on this issue. At a minimum, setting the substation fraction to one to remove the unbounded further liability needs to be approved by the Commission as quickly as possible. However, as noted above, this solution alone will not solve long-term investor certainty and, accordingly, the DCG Consortium would like to see the full application before the Commission and resolved as quickly as possible. **Combination with Adjusted Metering Practice** In the Commission's letter (Exhibit 25101-X0039), the Commission noted: 30. In consideration of the Commission's view that the current AESO proposals presented within the substation fraction technical meeting process are not consistent with findings of the Commission in respect of the AESO's adjusted metering practice in Decision 22942-D02-2019, the Commission considers that changes to the ISO tariff terms and conditions set out in subsections 3.6(2), 3.6(3), 3.6(4) should not be approved as part of the Commission's decision in respect of the AESO's compliance filing application. In the event that the Commission wants to reconsider the adjusted metering practice, the DCG Consortium would want to see the regulatory proceeding, that assesses both the adjusted metering practice and the proposed substation fractioning methodology, initiated within the next month. Again, these issues need to be resolved as soon as possible in order to restore investor certainty and allow project development to move forward in Alberta.

Thank you for your input. Please email your comments to: tariffdesign@aeso.ca.