

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 Comments From: TransAlta Corporation Date: 2020/07/17	Contact: [REDACTED] Phone: [REDACTED] Email: [REDACTED]
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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?	No comment at this time.
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.	<p><i>The proposal fails to achieve the objectives of the stakeholder consultation</i></p> <p>TransAlta is concerned that the AESO’s proposal to revise the assign an substation fraction of 1 to DFOs on substation that have both supply and demand-related costs only achieves simplicity and stability for the AESO at the expense of fairness, effective price signals and cost causation. This proposal fails to achieve the objectives of the consultation that the AESO requested the Commission leave to pursue in that:</p> <ul style="list-style-type: none"> • The purpose and application of substation fraction formula has no application to Distribution Connected Generators (DCGs); • The financial impacts associated with the substation fraction and how those associated costs are flowed through to DCGs and DFOs are left to be dealt with in DFO tariff proceedings; and • The high-level principles that were identified in the consultation are not

		<p>achieved or satisfied by the proposal.</p> <p>While we appreciate that the issues are complex and that the AUC has ultimate decision-making authority to approve regulatory treatment, we view pushing these issues from the stakeholder forum into future regulatory proceedings as an inefficient outcome that undermines simplicity and stability for market participants.</p>
3.	<p>Please comment on any outstanding risks or issues you see with the AESO's revised proposal. Please be as specific as possible.</p>	<p><i>The AESO has a role to ensure fairness and efficiency</i></p> <p>The AESO's proposal appears to abandon the concerns it raised about "tariff shopping", fairness and efficiency in the 2018 ISO Tariff application. We view the DFO's ability to propose regulatory treatments that may be inconsistent between distribution service territories and the transmission system including cross-subsidizing DCG development through the use of DCG transmission credit mechanisms as factors that contribute to the concerns raised by the AESO. We supported the leadership shown by the AESO in the 2018 ISO Tariff application for raising these issues. The AESO, as a not-for-profit regulatory agency, is in a position to objectively consider these issues and propose solutions that balance the view with the public interest in mind and are consistent with legislative requirements such as postage stamp transmission rates.</p> <p><i>DFOs are conflicted</i></p> <p>Our concern is that DFOs have no commercial interest in ensuring that there is consistency or fairness between transmission or distribution connected customers or generators or between different distribution service territories. In fact, AltaLink's request of a distribution planning criteria inquiry (Proceeding 25188) which raised concerns about the efficient development of the transmission and distribution system and FortisAlberta's planning practice that encourages building new distribution facilities that are duplicative of existing transmission facilities. Rather than ensure fairness and consistency in price signals (tariff signals), DFOs could exercise their discretion as distribution planners and regulated service providers to favour their own corporate interest at the expense of other interconnected customers that do not receive service from that DFO.</p> <p><i>Coordinated tariff signals are part of coordinated system planning and design</i></p> <p>The AESO is responsible for transmission planning and setting transmission rates. The AESO, unlike the DFOs, has a public interest mandate and should determine how transmission costs should be allocated to DCG with regard to how it affects the fairness, efficiency and open competition in Alberta's energy market. In this regard, AESO leadership in the tariff designs would further encourage consistency between</p>

		<p>DFOs to create a framework that minimizes tariff shopping between the transmission and distribution system and even between distribution service territories. Indeed, we believe that this scope is beyond what the AUC can adjudicate in that the AESO performs system planning which necessitates greater coordination and ensuring consistency over the long term whereas matters before the AUC are more narrowly scoped (to a tariff or rate for a test period).</p>
4.	<p>Please provide any further comments you may have on next steps regarding regulatory process and implementation. Please be as specific as possible.</p>	<p><i>Continue to pursue quantification of the interconnection costs of DCG</i></p> <p>We ask the AESO to reconsider its proposal and continue the work being done in the working groups to estimate the incremental cost of connecting DCG and the contribution to shared facility costs to develop a \$/MW charge as a potential alternative to the substation fraction approach.</p>
5.	<p>Additional comments</p>	<p>No additional comments at this time.</p>

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