

AESO 2022 Budget Review Process

Generator Input

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This presentation was developed with input from ENMAX, Capital Power, Greengate, Heartland Generation, and TransAlta. It represents a summary of parties' common recommendations for the benefit of the AESO Board. This presentation does not supplant individual generator comments within the BRP process. We appreciate the opportunity to share our views.



Key Themes



BRP Observations and Recommendations



Cost Control



Areas for improved Collaboration



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Observations on AESO 2022 BRP

1) Long List of Initiatives Proposed for 2022

- Tariff, Grid Resilience and Grid Optimization are widely supported priorities, along with studies on Revenue Sufficiency and System Flexibility.
- Stakeholders recommended that other initiatives– like OR review – be deferred

2) Rebuffed Stakeholder Input

- Stakeholders asked about the purpose of the OR review during BRP consultation and suggested it be deferred, yet the AESO just announced the review will proceed.
- Stakeholders sought quantitative detail on what red tape reductions (RTR) have been made and have sought a commitment to transparency into plans for future work. Stakeholders await a response.



Recommendations on AESO 2022 BRP

1) Define Cost and Benefits of Each Initiative

- Cost would include FTEs/person hours/capital spend/consultants, etc.
- Multi-year initiatives should be defined and tracked.
- Costs would help stakeholders to: i) understand initiatives' relative importance, and therefore inform stakeholders' input, and ii) enable stakeholders to align their own resources accordingly.

2) Define 'Problem Statements' for Initiatives

- Initiatives need to include clear 'Problem Statements', e.g. what does OR review, distribution coordination or grid resiliency intend on achieving? Where possible, these should be measurable.

3) Collaborate on Initiatives and Problem Statements Earlier in Process

- This will help get stakeholders and the AESO on the same page



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Importance of Cost Control

1) Red Tape Reduction

- We support this being 'cultural'.
- Reductions should not come at the cost of requisite transparency or oversight as doing so can shift undue risks to stakeholder and ratepayers leading to potentially higher costs.
- RTR should not simply off-load work to stakeholders, but should be red-tape focused.
- Items for review/reduction can and should be done collaboratively with stakeholders.
- We look forward to seeing the details/quantification of the AESO's RTRs to date, and its plan for further reductions.

2) Benchmarking

- Consistent with normal 'good governance', generators recommend that the AESO benchmark its own costs with other ISOs.



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Future Collaboration

IPPSA members want the AESO to succeed. We're keen to partner & collaborate

- 1) The AESO could partner with stakeholders on defining priorities earlier in the BRP process
- 2) Budgets, problem statements and collaboration will greatly improve stakeholder input and buy-in to the AESO's priorities.
- 3) A stakeholder standing committee could meet twice annually to discuss priorities including ISO Rule amendments/ proposals for example.
- 4) Reliability Standards may be an area where industry/agency efforts can make Reliability Standards more simple to implement and comply with.

As the AESO's Board appreciates, what the AESO does is critical to stakeholders in that the AESO advances the market, and drives stakeholder resource allocation and therefore industry costs.

