

Session 6B – June 24, 2021 Comments

Stakeholder comments on Session 6B [Posted July 14, 2021]

1. Alberta Direct Consumers Association (ADC)
2. AltaLink Management Ltd.
3. Canada West Ski Areas Association (CWSAA)
4. Canadian Renewable Energy Association (CanREA)
5. Capital Power Corporation
6. ConocoPhillips Canada
7. Consumers Coalition of Alberta (CCA)
8. DCG Consortium
9. Energy Storage Canada (ESC)
10. ENMAX Corporation
11. EPCOR Distribution and Transmission Inc. (EDTI)
12. Greengate Power Corporation
13. Heartland Generation Ltd.
14. Industrial Power Consumers Association of Alberta (IPCAA)
15. MATL Canada & MATL LLP (MATL)
16. Suncor Energy Inc.
17. TransAlta Corporation
18. TransCanada Energy Corp. (TCE)
19. Turning Point Generation (TPG)
20. Utilities Consumer Advocate (UCA)
21. West Fraser Mills Ltd.

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021	Contact: Colette Chekerda
Comments From: Alberta Direct Connect Consumer Association	Phone: 780-920-9399
Date: 2021-07-09	Email: colette@carmal.ca

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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

Questions	Stakeholder Comments
<p>1. (i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>The ADC did not find the session valuable. The AESO should have spent time providing the detailed cost of service study and supporting in depth analysis on the tariff proposal. Support for the 2014 tariff application had a comprehensive cost of service study with supporting cost tables prepared by London Economics. The study included different options for cost recovery and rationale supporting the recommendations.</p> <p>The AESO has provided nothing by way of comprehensive material to support the preferred rate design or the modernized DOS recommendation.</p> <p>Further the mitigation options are not workable for energy intensive trade exposed companies that wish to remain competitive in Alberta for the long term.</p>
<p>2. Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p>The AESO has clearly set it's mind to their preferred tariff proposal and seem unwilling to examine any areas of misalignment with a goal of achieving a collaborative approach that can both recover costs in a fair manner while at the same time not force high load factor and price responsive customers to exit the grid.</p>

Questions	Stakeholder Comments
<p>3. How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>The ADC could support in principle a modernized DOS, but does not support the AESO recommendation.</p>
<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>The main concern about the modernized DOS recommendation is that it provides no long term assurance that a customer can receive power at their site, even where those customers have been on the system for decades. A company cannot invest capital in a manufacturing facility where they have no certainty of long term supply. Price responsive loads can interrupt for several hundred hours per year, but ultimately without some level of power supply they cannot make their product. Further the 20% load factor number essentially makes this product not work for any manufacturing facility unless they have on site generation.</p> <p>There needs to be a different option – somewhere in between the DOS proposal and the firm DTS service where energy intensive and trade exposed industry can receive reliable, but interruptible power from the transmission system.</p>
<p>5. Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>No.</p>

6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>The ADC is not supportive of the targeted mitigation outcomes. The AESO options for mitigation are only run to failure options. The choices put forward to the impacted parties are do you want to exit the grid in year 1 or have 5 years to plan your exit. This outcome does not serve the impacted parties or the public interest.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>The AESO consultation process on the tariff design has been extremely disappointing for ADC members. ADC has contributed significant time and effort in working with the AESO since 2018. To get to a point where our members options to stay viable in Alberta are to pursue on-site generation or exit the province is in our view a failure of the AESO process.</p>
8.	<p>Additional comments</p>	<p>Alberta has significant and material issues to tackle in our electricity system. Addressing carbon policy, integration of renewables, volatility and reliability are all significant challenges that need urgent attention. Implementing this rate change at this time, where it will clearly need to change again as an outcome of a needed policy update, is unnecessarily disruptive with the added negative impact of freezing industry investment in Alberta. The AESO should approach Government to say a pause is necessary while these other matters are addressed.</p>

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

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Period of Comment: June 17, 2021 through July 9, 2021	Contact: Hao Liu / Rob Senko
Comments From: AltaLink Management Ltd.	Phone: 403-710-1247 / 403-874-6762
Date: 2021/07/09	Email: Hao.liu@altalink.ca / rob.senko@altalink.ca

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	Questions	Stakeholder Comments
1.	<p>(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>The session held on June 24, 2021 was of assistance in that the AESO provided their implementation considerations.</p>
2.	<p>Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p>AltaLink disagrees that there is stakeholder alignment regarding “Transmission charges should reflect the costs of providing transmission services” (slide 71). Transmission charges should reflect both the costs and benefits of providing transmission service.</p> <p>As this was the last stakeholder session for the AESO’s rate design process it would have been useful for the AESO to summarize all topics that have been raised throughout the stakeholder engagement process not just was captured in the Session 6B presentation.</p>

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	c) Undecided
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	Nothing more than what AltaLink provided in the May 28, 2021 comment matrix.
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	No.
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	c) Undecided
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	Not at this time.
8.	<p>Additional comments</p>	None.

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

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Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: CWSAA – Vidya Knowledge Systems Date: 2021-07-09	Contact: Rick Cowburn Phone: (403) 397-8785 Email: rcowburn@vidya.ca
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Questions	Stakeholder Comments
1. (i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>Thanks to the AESO for its ongoing pursuit of stakeholder understanding and alignment.</p> <p>As least the parties should be relatively clear as to what the AESO is proposing -- subject to concerns identified below.</p>
2. Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	

Questions	Stakeholder Comments
<p>3. How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Not supportive.</p> <p>The industry has been down this path before (in the 1980's), providing discounted rates in a time of surplus, which only shifts costs and saves nothing. The bulk system has been built, and generation (not load) is forecast to drive future expansions.</p> <p>Without clear and rigorous admission criteria, the DOS rate will be flooded by applicants whose risk of physical interruption may well be minimal.</p> <p>The proposed solution is a customer representation that “use of Rate DOS will enable consumption that would be uneconomic and would not otherwise occur under Rate DTS.” No business case or other standard documentation is proposed, leaving DOS users uncertain as to the case they would have to meet in the event of an AESO audit.</p> <p>A customer ‘thrown off’ DOS would have every reason to litigate the AESO’s decision, which would be difficult indeed if there was no clear, quantitative definition of ‘uneconomic consumption’.</p> <p>Alternatively, the AESO could avoid the issue by never making a finding re: ‘uneconomic consumption’. No one outside of the AESO will know whether the business case was solid, liquid or gas. Problem solved...</p> <p>No doubt the AESO would try to do the right thing, as it does; but this sloppy approach is just setting the AESO up for failure, and creating yet another program that, like 12CP, will predictably grow to become a massive, locked-in subsidy that cannot be removed without severely disrupting the businesses that will have come to depend on it. Can we not learn from past mistakes?</p>
<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>This is not “tariff modernization” – this is essentially a “Non-firm interruptible rate class not accepted by AESO as a feasible alternative.” Using this a part of a mitigation plan would add enormous complexity to an already difficult situation.</p>
<p>5. Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>Unfortunately not. Opening up DOS in a system surplus situation is a bad idea for customers unable to play the game, and would lock in yet another unjustifiable subsidy that will be painful to remove when its folly grows too obvious.</p>

<p>6. How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Supportive of a clearly defined, limited time bill credit approach, subject to implementation clarifications (see below).</p> <p>The AESO proposed the following formula (slide 6B-22)</p> <p>Credit on Energy Charge =</p> $\frac{((\text{Annual Transmission Costs [under 2019 ISO tariff rates]} \times 110\%) - (\text{Annual Transmission Costs [under AUC approved design]}))}{(\text{Energy [2019 Site Actual Energy]} \times \text{Energy Charge [under AUC approved design]})}$ <p>The Credit is expressed as \$ / MWh</p> <p>(see slide 6B-26 “Average Year 1 Credit of \$3.30/MWh (Declining annually)”)</p> <p>A. OBSERVATIONS re: CREDIT FORMULA</p> <p>The basic equation is clear:</p> <ul style="list-style-type: none"> [i] Reprice current period consumption under the 2019 tariff, multiply result X 110% [ii] Calculate current period transmission costs under AUC approved design [iii] Dollar Credit = ([i] – [ii]) (declining annually) <p>The calculation is presumably done after the fact, based on actual electricity use in the period.</p> <p>It is not clear why it is necessary to convert this into a \$ / MWh rate, particularly considering that this rate will be different for each mitigated site. If the purpose is to avoid the appearance of a subsidy, a legal opinion would be essential; it is hard to believe that such a superficial subterfuge would actually be legally effective.</p> <p>The purpose of the “Energy Charge [under AUC approved design]” is unclear. The units of the result, the ‘Credit on Energy Charge’, are \$ / MWh, so one would expect a numerator in units of \$, and a denominator in units of MWh. A denominator of Energy (MWh) times Energy Charge (\$/MWh) would have units of</p> $\$ \times (\text{MWh}/\text{MWh}) = \$, \text{ which makes no sense.}$
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B. USE OF 2019 ISO TARIFF FOR MITIGATION CALCULATIONS:

The ISO tariff will likely increase by some amount every year. Calculating mitigation based on the 2019 tariff would materially increase the mitigation amounts paid and eliminate rate volatility.

Assessing the magnitude of this additional mitigation amount would be important in assessing the fairness of the calculation. While it maybe reasonable to shield certain PODs from tariff structure changes, changes in tariff levels should equally impact all parties (as flowed through the standard tariff).

A reasonable alternative would be to annually recalculate a 'reference tariff' to be used in this calculation, updating only the cost information but retaining the current allocation process.

C. CAPPING CURRENT PERIOD CONSUMPTION DATA

The policy objective of mitigation is to reduce the impacts of a change in the transmission tariff structure on current customers. The policy is intended to be discriminatory, effectively penalizing new loads compared to otherwise identical existing loads.

It would not be reasonable to provide this credit to any new loads, whether or not they are on an existing site. (The alternative of providing this credit to all new loads appears infeasible.)

One way of implementing this would be to set a cap on the 'current period consumption data' used in the mitigation calculation, such that peak demand used in that calculation cannot exceed past historic levels (say from 2017 to 2019).

D. SCOPE OF MITIGATION CALCULATION – UNDUE DISCRIMINATION

Most customers receive transmission charges through a distribution utility; only a limited number of PODs / customers happen to be directly invoiced by the AESO (EUA 101(2)). These PODs / customers are visible to the AESO. The AESO is understood to be proposing to allocate the costs of this mitigation across all other transmission system users (although the specific mechanism for this back-allocation of credits does not appear to have been provided as yet.)

Other customers deal with the local distribution utility, but receive a flow-through of the AESO tariff (e.g. FortisAlberta's Rate 65, ATCO Electric's Rate T31, ENMAX Power's Rate D700, EPCOR Distribution & Transmission's Rate SAS-DC).

It is not clear that these PODs / customers are included in the AESO's mitigation calculations, as they do not deal directly with the AESO.

If these 'flow-through' sites **are not** included in the mitigation program, there is arguably undue discrimination compared to AESO direct connect sites, in that physically identical customer supply situations may be treated quite differently.

		<p>If these distribution ‘flow-through’ sites <u>are</u> included in the mitigation calculation, then the AESO needs to know the specifics of the distribution utility’s arrangements at each POD. If a single customer is served by a POD, then it receives mitigation payments; if two or more customers are served by a POD, then there are no mitigation payments.</p> <p>From the AESO’s perspective, this certainly looks like undue discrimination. The AESO serves Points Of Delivery. Customers would have every reason to be upset that their competitor down the road receives mitigation payments, but because they share a POD their otherwise identical load does not generate any mitigation payments that could be flowed through to them by the distribution utility.</p> <p>A reasonable solution that respects the industry’s legal structure might be for the AESO to implement the mitigation program at the POD level, without discriminating as to how that POD bill is paid for. If the POD serves a distribution utility, its treatment will be considered in the appropriate distribution utility proceeding; if a POD serves a non-utility, that party determines what should be done.</p>
7.	Do you have any further implementation considerations the AESO should consider?	<p>It would be helpful for all if the AESO provided numeric examples of its proposed resolution of the calculation details of its mitigation program.</p> <p>How does the AESO have the authority to negotiate a “Memorandum Of Understanding” that is in any way binding on the Commission, particularly when it was arrived at without broad stakeholder involvement? The purpose of creating and parties ‘signing off’ on such a document is unclear indeed.</p>
8.	Additional comments	Best wishes to all in this difficult process.

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: CanREA Date: July 9, 2021	Contact: Leonard Olien Phone: 587-971-0049 Email: lolien@renewablesassociation.ca
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2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>In general, CanREA is supportive of the revised DOS modernization recommendation. Specific concerns are addressed in Q4.</p>

<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>CanREA is concerned by certain comments made during the meeting relating to the use of modernized DOS and participation in Ancillary Services markets. The current DTS treatment of energy storage is an economic barrier to AS and energy market participation, and therefore, the use of a DOS contract should not affect the ability of a resource to participate in the AS market. Rather it is the responsibility of the market participant to ensure that the resource is prepared to respond to any AS obligations. Any provision from AESO on energy storage regarding participation in the A/S market would be discriminatory as fuel supply certainty is not a qualification for other energy sources</p> <p>CanREA understands that the 20% capacity factor limit is in place to minimize the risk of migration from DTS to DOS. The 20% limit is likely to be a restriction on long duration energy storage which ultimately results in unfair treatment. CanREA maintains that a higher limit would continue impede migration to DOS from DTS while removing the unfair barrier to long-term energy storage participation in the market.</p> <p>CanREA supports the change from requiring a participant to submit a business case to requiring a simple representation. CanREA maintains that a statement such as “The asset is an energy storage facility” should:</p> <ul style="list-style-type: none"> a) Be a sufficient assertion for any given energy storage resource to qualify for the modernized DOS b) Preclude any need for further evaluation of the resource operational behaviour beyond calculating the capacity factor c) Remove the risk that the storage resource would lose access to DOS except for repeated failure to follow dispatch instructions to curtail withdrawals from the grid.
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5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>CanREA would like the AESO to prepare some examples of how the must-bid provision of the modernized DOS would interact with the recommended market rules for the participation of energy storage and hybrid resources in the energy and AS markets.</p> <p>CanREA would like clarification that the use of a DOS contract does not preclude a storage resource from participation in the AS markets.</p> <p>CanREA would like to see modelling to justify a capacity factor value that is based on future behaviour and includes consideration of long-duration storage.</p> <p>CanREA would like to know the smallest DTS volume that can be contracted for. The number 0.1 MW was mentioned verbally.</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>CanREA understands that the AESO will file for the modernized DOS with the AUC along with the revised Bulk and Regional Tariff which will lead to expected implementation date in 2024. Given the exceptional growth in energy storage deployment in other jurisdictions, CanREA is concerned about the time lag in implementing the modernized DOS and the negative impact on potential investment. CanREA looks forward to further discussions with the AESO to identify regulatory efficiencies that can lead to an earlier implementation for the modernized DOS.</p>
8.	<p>Additional comments</p>	

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Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: Capital Power Date: 2021/07/09	Contact: Matthew Davis Phone: 403.540.6087 Email: mdavis@capitalpower.com
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	Questions	Stakeholder Comments
		<p>Capital Power did find the session particularly useful in hearing additional details on the AESO’s DOS modernization proposal. Capital Power re-iterates that the pace of this development over the past few months could have supported additional engagement.</p> <p>Capital Power appreciates the AESO’s update on the mitigation options and the efforts to provide insight into the process.</p>
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	Capital Power believes that the AESO has adequately articulated the areas of alignment and misalignment for the bulk and regional tariff design. The AESO has not though provided as much qualification as to the degree of which participants are misaligned with the AESO’s preferred design.
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>While Capital Power is supportive of general framework the AESO is proposing for DOS modernization, it is less supportive of certain details, and in some cases not supportive of it at all. Specific concerns are highlighted below.</p> <p>Capital Power is somewhat supportive of the qualification process for DOS occurring as part of the connection process. The AESO’s comments in the session that it could occur around stage 2 of the process is positive as Capital Power believes that having clarity on the tariff treatment early in that process is essential for project development. While Capital Power understand that is subject to further determination, it appreciates this opportunity to indicate where in the interconnection process it should occur.</p> <p>As outlined in Capital Power’s previous comments (session 5B), it is not supportive of the load factor limitation for energy storage as it creates level playing field concerns.</p> <p>Capital Power would note that the AESO’s representation requirements, while an improvement over the business case, does not necessarily reduce the effort required by market participants. Further, the AESO’s monitoring actions as drafted, create risk to project developers should DOS be revoked.</p>

	Questions	Stakeholder Comments
4.	Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.	Please see Capital Power's response to 3 above.
5.	Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?	<p>Capital Power would appreciate the AESO following up on its question from the stakeholder session. Specifically:</p> <p><i>On slide 26, the AESO indicated transition DOS over the 20% LF would cost \$17M for 5 years. Is it possible to share what the maximum load factor the AESO calculated was required for this mitigation option and result?</i></p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>At this time, Capital Power is undecided on its support for the targeted mitigation approach being taken by the AESO. While Capital Power does view modernization of DOS as a potential mitigating rate design, the temporary nature of the allowances may be less than ideal. Capital Power remains supportive of rate design measures, which DOS could be construed as, over billing adjustments, which is the AESO's other alternative.</p>
7.	Do you have any further implementation considerations the AESO should consider?	Capital Power has no further comments at this time.
8.	Additional comments	Capital Power has no further comments at this time.

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Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: ConocoPhillips Canada Date: 2021/07/09	Contact: Blair Wood Phone: 403 532 3575 Email: Blair.Wood@conocophillips.com
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2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	NA

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3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	NA
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	NA
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	NA
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	b)
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>The AESO is using a 10% bill impact on transmission as a qualifying measure for mitigation. Conoco would recommend changing the mitigation such that a market participant would only qualify if a bill impact for transmission and energy combined is greater than 10%, as per the normal AUC practice.</p>
8.	<p>Additional comments</p>	NA

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Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: Consumers CoalITion Of Alberta Date: [2021/07/09]	Contact: Raj Retnanandan Phone: Contact Phone Number Email:
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Instructions:

1. Please fill out the section above as indicated.
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The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	Please refer to 3 below.
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	Please refer to 3 below.

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>CCA is not supportive of the proposed DOS rate as it does not require a business case that would demonstrate the economic rationale for a customer choosing the DOS rate. CCA is concerned that the AESO's DOS proposal could result in erosion of firm service billing determinants, potentially resulting in higher rates to residential customers.</p>
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>CCA submits the proposed DOS rate is fundamentally flawed as it appears to violate the cardinal principle that the DOS rate should be for temporary use of energy transactions that would not otherwise occur.</p>
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>None</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Not supportive. CCA does not support the targeted mitigation engagement because the DOS rate that is the centrepiece of this effort is fundamentally flawed and could result in erosion of firm billing determinants.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>Not applicable</p>
8.	<p>Additional comments</p>	<p>None</p>

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Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



<p>Period of Comment: June 17, 2021 through July 9, 2021</p> <p>Comments From: DCG Consortium</p> <p>The DCG Consortium is comprised of the following members: BluEarth Renewables Inc., Canadian Solar Solutions Inc., Elemental Energy Renewables Inc., RWE Renewables Canada Holding 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</p> <p>Date: 2021-07-09</p>	<p>Contact: Christine Runge (Power Advisory)</p> <p>Phone: 403-613-7624</p> <p>Email: crunge@poweradvisoryllc.com</p>
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	Questions	Stakeholder Comments
1.	<p>(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	
2.	<p>Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	

8.	Additional comments	<p>The DCG Consortium notes that its concerns about the five-year average 12CP calculation were recorded on slide 64, however, these concerns were not addressed or responded to. The DCG Consortium would like to reiterate that it is important the questions and comments raised are responded to in the AESO's filed application in order to avoid the additional regulatory burden of the DCG Consortium asking the same questions in IRs and filing the same mathematical comments in evidence.</p> <p>For our complete comments on these matters, please see the DCG Consortium comment matrices in response to Session 5 and Session 6A.</p>
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Thank you for your input. Please email your comments to: tariffdesign@aeso.ca.

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021	Contact: Justin Rangooni
Comments From: Energy Storage Canada	Phone: 647-627-1815
Date: 2021/07/09	Email: jrangooni@energystoragecanada.org

Instructions:

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2. Please respond to the questions below and provide your specific comments.
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	Questions	Stakeholder Comments
1.	<p>(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>Energy Storage Canada (ESC) found Session 6B valuable. The AESO provided further details on the proposed Modernization of Demand Opportunity Service (DOS) rate design and how energy storage would be incorporated. Further, the AESO provided time to answers clarifying questions for ESC members and ESC.</p> <p>ESC did receive additional clarity on both a & b; ESC has limited interest in c.</p>
2.	<p>Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p>An area of misalignment that has not been listed for energy storage is that DOS rate design should be technology agnostic. As noted in areas of alignment, energy storage is unique. Requiring a technology agnostic rate design for both energy storage and price sensitive load customers does not recognize and support the uniqueness of energy storage. The AESO should explore additional adjustments to the modernized DOS to support energy storage. In particular, if the AESO is going to pursue modernizing the DOS as the preferred treatment for energy storage; the AESO should include specific treatment for energy storage in the DOS rate design that reflects the uniqueness of energy storage.</p>

Questions	Stakeholder Comments
<p>3. How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Undecided. The modernized DOS rate framework provides a support in many key areas for energy storage resources including recognition that energy storage's use of the transmission system is opportunistic. On the other hand, the access to an opportunity rate based on the AESO's sole judgement of project economics is inappropriate and does not reflect the multiple areas where energy storage is unique (e.g., storage consumption does not lead to transmission network build-out, storage participates as a generator in the wholesale energy market, etc.).</p>
<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>ESC has concerns with the DOS modernization recommendations. First, the maximum load factor proposed by the AESO may not be supportive of long duration energy storage resources. The AESO should consider a slightly higher maximum load factor. Second, the AESO has stated that integrating energy storage into the bulk & regional tariff design is a priority. The eligibility requirements for the modernized DOS rate proposed by the AESO based on project economics is short-term and does not provide a permanent solution to energy storage needs. Energy storage does not need firm capacity and must be offered a permanent option for an opportunity service similar to the XOS rate. Finally, the proposed approach of customer representation followed by detailed audit to seek out misrepresentation is not appropriate and should be removed from the modernized DOS rate.</p>
<p>5. Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>The AESO has stated that customers can select their DTS amounts that is required to receive DOS rate. Will storage be allowed to select their DTS amount without quantification or approval by the AESO?</p> <p>For energy bidding; can the AESO provide an example for hybrid facilities (e.g., storage + solar)? It is unclear how a DOS recall that may occur due to a regional transmission system constraint may impact the market operation of hybrid projects.</p>

6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>No comment from ESC</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>AESO should re-consider capability maps for DOS availability. System capability heat maps are produced by Alberta Distribution Facility Owners (DFOs) that provide guidance for connection capability without significant investment in resources. A similar approach during the Long-Term Outlook (LTO) or other system planning processes should be considered by the AESO. For example, the AESO has published a Transmission Capability Assessment for renewable generation over the past few years, a similar document could be developed for DOS capacity. Guidance on where in the transmission system excess capacity is greatest provides market participants with valuable input in assessing risks and rewards in siting resources.</p>
8.	<p>Additional comments</p>	<p>ESC continues to have questions understanding the volatility of the preferred rate design. Can the AESO provide example calculations of the Functionalization Ratio for 2015 to 2020 and into the future based on the LTO 2021?</p> <p>ESC has expressed interest in understanding how the XOS rate will change with the preferred rate design. Can the AESO describe if any eligibility criteria will change as part of the Bulk & Regional tariff design?</p>

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: ENMAX Corporation Date: 2021/07/08	Contact: Mark McGillivray Phone: Email: MMcGillivray@enmax.com
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	Questions	Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	The session was helpful. ENMAX looks forward to viewing the AESO Tariff application.
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	No comment.

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Undecided. Further details would be required on how the market rules would work. A new purpose-built rate for all types and sizes of storage is preferred compared to retrofitting an existing mechanism.</p>
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>Requiring DOS load to bid into the energy market and comply with ISO rules 24x7 may inadvertently be a barrier for smaller energy storage projects to participate.</p>
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>See response to Question 3.</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>ENMAX has had limited visibility of the AESO's targeted mitigation engagement and outcomes, but overall, supports efforts to reduce impacts to those customers facing a large rate shock increase. A gradual introduction of the new rates should be considered for all customers to reduce the rate shock.</p> <p>It is important to note that mitigation actions and outcomes should not significantly shift costs on to other participants, and it is unclear at this point if this will be the case in the AESO proposals.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>Further clarity would be required on the timing of implementation for the proposed DOS modernization and how this would align with the AESO's energy storage roadmap and upcoming consultation process to amend various ISO rules.</p>

8. Additional comments	On slide 64 of the AESO's presentation, the AESO indicated that there was a concern about the impact on DCG credits as a result of phasing in the five-year average and that the DFO calculation of DCG credits will need to recognize the transition of these credits. ENMAX requests more information on this particular comment and the impacts to a DFO's calculation as DCG credits are phased out.
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Thank you for your input. Please email your comments to: tariffdesign@aeso.ca.

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: EPCOR Distribution & Transmission Inc Date: 2021/06/30	Contact: Gerald Zurek Phone: 780-686-1186 Email: gzurek@epcor.com
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Instructions:

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Questions		Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	EDTI found the session valuable to help understand the DOS rate. Yes Yes Yes
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	None that EDTI is aware of.

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	Undecided
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	None that EDTI is aware of.
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	No
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	Undecided
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	No
8.	<p>Additional comments</p>	EDTI has no additional comments.

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Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: Greengate Power Date: 2021/07/09	Contact: Jordan Balaban Phone: 403 930 1300 Email: jordan@greengatepower.com
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	Questions	Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	i) It was a valuable session to understand the AESO’s intended design for its upcoming tariff. It would have been useful to participants, as the AESO’s filing date gets closer, to have more details on the implementation features of DOS. ii) a) Yes. b) Yes. c) Yes.
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	NA

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>b) Somewhat supportive. Greengate is supportive of using DOS for energy storage assets. Greengate remains concerned over the level of the proposed DOS rates and seeks further clarity on the required declaration.</p>

<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>Concerns. Greengate has ongoing concerns with the following aspects of the DOS modernization recommendation:</p> <p>1. Variable Energy Charge. Since the basis of the proposed DOS rate includes all energy charges, the DOS rate has increased substantially with the AESO’s proposed rate design. It is not clear how the AESO has drawn a cost causation link between the impact of a DOS asset connecting and the proposed variable energy charge since the variable energy charge is derived from costs that are fixed. Greengate recommends revising the preferred rate design to mitigate or eliminate the artificial variable energy charge, such that DOS rate does not include a charge that it does not cause.</p> <p>2. Back-Charge Risk. The AESO will not require a business case submission (i.e., proof that DTS is not economic) to qualify for DOS. However, market participants can be left with substantial risk in choosing to apply for DOS since at a later date, the AESO may reassess the application and back-charge DOS customers with DTS rates. The AESO should clarify this issue by specifying the calculation details regarding the economics on the DTS evaluation.</p> <p>3. Declaration to Qualify. Similarly, it is not clear what commitment will be made when executing the declaration to qualify. It is also not clear what period the declaration should be intended to cover. These details must be clear prior to the AESO’s filing its proposed tariff.</p> <p>Support. Greengate generally supports the AESO’s recommendation to allow customers to determine their DTS contract level. During Tariff Session 5B, numerous stakeholders opposed the AESO’s position that energy storage assets must include a portion of the charging volume under the asset’s Rate DTS contract. It is understood and accepted that an energy storage facility will have a DTS contract for the auxiliary loads required to operate an asset, which is common practice for generating facilities interconnecting into the AIES. Regarding DTS rate and DOS rate contract levels, Greengate supports the AESO’s revised recommendation</p>
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		that “the customer will determine the appropriate contract capacities and assume the risks of such contract levels” as relates to recall risk.
5.	Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?	<p>How does the AESO justify that a DOS asset should be charged the high variable energy charge from a cost causation principle perspective?</p> <p>How will market participants that intend to declare an asset as eligible for DOS properly support their AESO declaration?</p> <p>What details will be included in the DOS declaration? What is the specific wording of the declaration?</p> <p>What period will the declaration be binding?</p> <p>How will the AESO determine the accuracy and eligibility for DOS based on the declaration?</p> <p>How will the AESO determine compliance to DOS eligibility requirements on an ongoing basis after an asset qualifies?</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	NA
7.	Do you have any further implementation considerations the AESO should consider?	NA
8.	Additional comments	NA

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Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021	Contact: Kurtis Glasier
Comments From: Heartland Generation Ltd. (“Heartland Generation”)	Phone: (587) 228-9617
Date: [2021/07/09]	Email: Kurtis.Glasier@heartlandgeneration.com

Instructions:

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Questions	Stakeholder Comments
<p>1. (i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>Heartland Generation found Session 6B, hosted on June 24, 2021, to be valuable.</p> <p>Session 6B provided additional clarity, specifically on the proposed targeted mitigation engagement. The mitigation options have been less transparent up to this point for those not directly engaged.</p>
<p>2. Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p>Heartland Generation disagrees with the AESO's characterization of alignment with the point, "Energy Storage is unique in that it is not the producer or the end consumer of electric energy, nor is it the transmitter." Heartland Generation does not view Energy Storage as unique, from the perspective of Tariff treatment. Energy Storage would likely benefit from an opportunity service rate structure, as its characteristics resemble that level of service; however, this should not be a unique rate for energy storage specifically, and should be available to other tariff customers that qualify.</p> <p>The AESO could better encapsulate this misalignment by stating that some participants view storage as neither the originator nor end consumer of electric energy, while other participants view energy storage as <i>both</i> the consumer (especially given process losses of storage) and producer of energy during a different time period. As both a producer and consumer of electric energy, energy storage should be eligible to participate in all sectors of the electricity market for which they meet the technical qualifications.</p>

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Heartland Generation is somewhat supportive of DOS modernization. The proposed DOS modernization is an improvement over the existing rate DOS.</p>
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>The proposed changes do not seem to adequately address customers desire for an interruptible service or opportunity service rate. Heartland Generation has detailed a description of how an efficient DOS rate could be defined and developed in its response to Session 5B (specifically, Question #3 in the previous comment matrix).</p>
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>Heartland Generation understands the DOS modernization recommendation. However, it seems to have limited use cases for specific customers. It would be helpful if the AESO could provide the types/categories of customers they anticipate using rate DOS in the future and how this rate better meets their needs; this is especially relevant given the very low utilization of the current rate DOS.</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Undecided. Heartland Generation is not sure what the benefit to the Memorandum of Agreement (MOA) for a select number of chosen participants will be. The mitigation options discussed seem to all imply that the costs of the mitigation is not revenue neutral; this means that customers not signatory to the MOA will be responsible in part for funding the mitigation options.</p>

7.	Do you have any further implementation considerations the AESO should consider?	<p>The AESO published new rate estimates on July 7, 2021, which includes projections for rate XOS/XOM. This spreadsheet shows rate XOS/XOM almost doubling from the current \$8.28/MWh to ~\$15/MWh. This is a significant increase to a single rate class that has not been included in the current consultation or targeted mitigation discussions. In the same way that the AESO proposed to modernize rate DOS, the AESO should examine and consult on whether or not the methodology to calculate rate XOS/XOM should likewise be updated/improved.</p>
8.	Additional comments	<p>Heartland Generation remains concerned about the broader context of a significant tariff redesign at this time, with so many uncertain policy issues (e.g., the forthcoming <i>Transmission Regulation</i> expiry and possible fulsome review, the outstanding policy direction and/or legislative changes regarding self-supply and export, the alignment of transmission and distribution interconnections/tariffs, and the distributed generation credits methodology). There is a massive confluence of related and impactful changes in the electricity industry, and the timing due to operational/commercial pressures from COVID-19 could not be worse.</p> <p>The AESO should seriously consider whether a tariff design overhaul should be tabled until more of these policy/regulatory issues have been settled. As things are, it may be within the public's best interest to maintain the current bulk and regional tariff design.</p>

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Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: Industrial Power Consumers Association of Alberta (IPCAA) Date: 2021/07/09	Contact: Vittoria Bellissimo Phone: 403 966 2700 Email: Vittoria.Bellissimo@IPCAA.ca
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2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	The AESO has covered the areas of alignment and misalignment at a high level.

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>d) Somewhat not supportive.</p> <p>This will likely work for energy storage projects; however, the 20% load factor requirement continues to be a concern for load customers. Given this requirement, it is clear that DOS is strictly targeted at energy storage projects, not at Alberta industrial loads. Ultimately, the solution to Alberta's high transmission costs is load growth and this proposal does nothing to encourage or enhance load growth.</p>
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>As stated previously, the 20% load factor requirement continues to be a concern for load customers. The AESO did not provide any analysis on the selection of the 20% restriction nor the rationale besides a qualitative statement. It would be helpful for customers to see the analysis that contributed to this recommendation.</p> <p>IPCAA is concerned with the availability of DOS service over a longer time period. For example, when load grows in an area and transmission capacity becomes constrained, making DOS unavailable. This risk and the lack of information about this risk may make the DOS option much less appealing for customers – which is especially problematic for customers who cannot afford the proposed increases in Rate DTS. Customers do not have any visibility as to when the system is anticipating stress in the area (unless they complete a routine system study which could be expensive).</p>
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>Please see above. No additional questions at this time.</p>

6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>e) Not supportive.</p> <p>It is difficult to understand why a company would sign this MOA. IPCAA is concerned that these mitigation options only offer a run-to-failure option for some of these customers.</p> <p>As stated previously, our long-term goal should be increasing load in Alberta. How does this help us achieve this goal?</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>N/A</p>
8.	<p>Additional comments</p>	<p>As stated previously, the AESO should be exploring tariff options from other jurisdictions that could potentially grow load in Alberta.</p>

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: MATL Canada / MATL LLP Date: 2021/07/09	Contact: Sharmen Andrew Phone: 403-818-0058 Email: sharmen.andrew@bhe-canada.ca
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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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

Questions		Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	Session 6B was helpful, and provided further clarity on agenda items.
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	Further consultation may be required to understand the areas of alignment and misalignment relative to export opportunity services.

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Not supportive. There are unanswered questions about the impact of DOS modernization and the preferred rate design on energy exports. There is a concern that the net increase in export costs could be unfair and disproportionate to the net increase in DOS costs.</p>
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>The Estimated Rate Calculations Toll v0.2 published on July 7, 2021 by the AESO confirms that XOM/XOS costs will increase by more than the 10% threshold set by the AESO, and it does not appear that there has been consultation with stakeholders that predominantly utilize XOM/XOS services. There is a concern that DOS may be treated preferentially to XOM and XOS, specifically during the transition period. MATL is unaware of any mitigations being proposed for stakeholders that are impacted by rate changes to XOM/XOS services.</p>

<p>5. Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>1) MATL understands that the new tariff redesign will increase the cost of exporting energy from Alberta (i.e., through higher XOM/XOS charges, or additional charges beyond XOM/XOS). MATL has the following questions that need to be answered::</p> <ul style="list-style-type: none"> a) How will the AESO determine the new XOM/XOS rate, and/or other charges? The AESO has provided a calculator on July 7, 2021. Please provide an example calculation in an excel spreadsheet(with all formulas available) with the current AESO Tariff and under the proposed AESO Tariff. Please demonstrate all potential impacts to XOM/XOS within the calculator and explain how it may impact MATL and its customers. b) Will the cost increase be higher or lower when compared to services that are recalled after XOM/XOS such as DOS? Please provide an example calculation in an excel spreadsheet (with all formulas available) with the current AESO Tariff and under the proposed AESO Tariff, including proposed mitigations. c) The AESO has assumed in its rate calculator that the export volumes will be 130,000MWh in the future. Please explain the basis for this amount and how the AESO assessed the amount of export volumes that will result from higher XOM/XOS rates? Please demonstrate the reduced exports that will result from an increase in the XOM/XOS rates. Please provide an example calculation in an excel spreadsheet(with all formulas available) with the current AESO Tariff and under the proposed AESO Tariff. d) Is the AESO expecting an overall reduction in offsets from export opportunity service revenue? If so, by how much? e) Please list and fully explain all mitigations that will be put in place by the AESO for stakeholders impacted by the increase in XOM/XOS charges? Please also list and fully explain all mitigation that will not be put in place by the AESO and the reason for them not being considered? f) Non-firm interruptible rate class was not accepted by the AESO for DOS mitigations as described in the Session 6B on June 24, 2021. Given that XOM/XOS is already a non-firm interruptible rate class, please explain if revisiting the method for calculating XOM/XOS charge would avoid adverse impacts to exports?
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		<p>Please explain the impact if the AESO tariff were to provide firm transmission service for XOM/XOS services.</p> <p>2) Will the new tariff redesign increase the cost of importing energy into Alberta (i.e., through higher IOS charges, or additional charges beyond IOS)? If yes:</p> <p>a) How will the AESO determine the new IOS rate, and/or other charges? Please provide an example calculation in an excel spreadsheet(with all formulas available) with the current AESO Tariff and under the proposed AESO Tariff.</p> <p>b) How has the AESO assessed the reduced import volumes that will result from higher IOS rates?</p> <p>c) With respect to the AESO's existing and future practices of operating international cross border interties, has the AESO considered compliance to the United States-Mexico-Canada Agreement (USMCA)?</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <p>a) Supportive</p> <p>b) Somewhat supportive</p> <p>c) Undecided</p> <p>d) Somewhat not supportive</p> <p>e) Not supportive</p>	<p>Not supportive. There are unanswered questions about the impact of DOS modernization and the preferred rate design on energy exports. There is a concern that the net increase in export costs could be unfair and disproportionate to the net increase in DOS costs.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>The AESO should consider mitigations for XOM/XOS as has with DOS. There are unanswered questions about the impact of DOS modernization and the preferred rate design on energy exports. There is a concern that the net increase in export costs could be unfair and disproportionate to the net increase in DOS costs.</p>
8.	<p>Additional comments</p>	<p>MATL Canada / MATL LLP requests that the AESO consult with MATL and its customers on the proposed changes to XOM/XOS rates, as it appears that they will be materially impacted beyond the 10% threshold set by the AESO.</p>

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021	Contact: Horst Klinkenberg
Comments From: Suncor Energy Inc.	Phone: (403) 819-7125
Date: 2021/07/09	Email: Horst.klinkenberg@suncor.com

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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

Questions	Stakeholder Comments
<p>1. (i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>(i) The June 24th session was not valuable to Suncor. There are disconnects between stakeholders and the AESO that cannot be rectified by an information session.</p> <p>(ii)</p> <ul style="list-style-type: none"> a. Suncor understands what the AESO considers areas of (mis-)alignment. Suncor has concerns with the stated points of alignment regarding energy storage. See 2. b. Suncor understands the proposed revised DOS recommendation. c. Suncor understands the proposed mitigation options.
<p>2. Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p>Suncor disagrees with the first two stated points of alignment for energy storage. The remaining points seem to be actual points of alignment. Given the fundamental differences in perspectives regarding the tariff design, the items of misalignment are likely only a subset of actual misalignments.</p> <p>Regarding energy storage:</p> <p>Energy storage is as of yet not clearly defined. From a tariff perspective, the important characteristic is that energy storage is both a producer and a consumer of electricity.</p> <p>Energy storage should be eligible to participate in all aspects of the markets according to their capabilities. This may include the listed aspects and potentially additional aspects.</p>

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Supportive/Not supportive</p> <p>The revised DOS modernization is a clear improvement over existing DOS. However, neither the current DOS nor the revised DOS is the opportunity/interruptible service that consumers need or want.</p>
4.	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>Suncor has previously stated it's concern about the AESO's DOS design in response to Session 5B. See also 8.</p>
5.	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>Suncor understands the recommendation.</p>
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Not supportive.</p> <p>The mitigation proposals do not address the fundamental issues with the tariff design. See 8.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>As previously stated in response to Session 6A, the AESO should not implement a new design and should instead file a tariff based on the existing design. This would create time to receive policy clarity and allow stakeholders to fully evaluate the appropriateness of this novel design.</p>

<p>8. Additional comments</p>	<p>Alberta requires a tariff design that properly reflects the impact of load diversity and (non-)coincidence. According to the AESO, load shapes are a core element when planning for load on the system and when creating transmission system planning studies (https://www.aeso.ca/assets/Uploads/Session-5B-DOS-Presentation2-v2.pdf, slide 38). However, they are not adequately reflected in the tariff. Once this is rectified, a proper opportunity/interruptible service can be developed that fills the gaps. It is not inherently clear that at that point any form of targeted mitigation would be required.</p>
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Thank you for your input. Please email your comments to: tariffdesign@aeso.ca.

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



<p>Period of Comment: June 17, 2021 through July 9, 2021</p> <p>Comments From: TransAlta Corporation</p> <p>Date: 2021/07/09</p>	<p>Contact: Luis Pando</p> <p>Phone: (403) 267-3627</p> <p>Email: Luis_Pando@transalta.com</p>
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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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

Questions	Stakeholder Comments
<p>1. (i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p><i>TransAlta welcomes the additional clarity provided around DOS modernization but still has concerns about some elements of the proposal.</i></p> <p>We appreciate the additional details provided about the modernized DOS rate and also understand that the AESO has developed this recommendation in a short period of time without much input from stakeholders. We are concerned about certain aspects of the modernized DOS rate and believe that the rate should be redesigned to address these issues, which we explain further in our response to question 3 below. While we understand that it is the intent of the AESO to work out the details and explain the detailed mechanics of the modernized DOS rate and process in a future Information Document (ID), we are concerned that capturing this important detailed information in a non-authoritative document is not affording stakeholders a fair opportunity to fully understand the AESO proposal.</p> <p><i>TransAlta was expecting the AESO to address all concerns raised by stakeholders before closing the consultation.</i></p> <p>It would have been more efficient and valuable to address all outstanding questions and explain assumptions that have been contested by stakeholders during the consultation instead of deferring this until the filing of the tariff application. There are cost savings and efficiency benefit in providing these answers within the stakeholder process where the AESO can explain its answers in a two-way dialogue with market participants rather than in a regulatory proceeding in formal, written submissions. We encourage the AESO to consider these cost and efficiency benefits before it unilaterally determines that it would prefer to answer stakeholder questions in the regulatory proceeding rather than the consultation process.</p> <p>TransAlta supports the implementation of targeted mitigation mechanisms. We believe that it is important to allow load customers to adjust to this new design and avoid undue rate shock. We also understand that different customers may have different preferences on mitigation mechanism. For these reasons, we encourage the AESO to be accommodative and pursue meaningful mitigation measures rather than selecting the approach that is just easiest to implement.</p>

<p>2. Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p><i>The session only confirmed areas of alignment and misalignment that were already evident and did not provide any answers to comments.</i></p> <p>The AESO confirmed what parties have already expressed throughout the consultation by identifying areas of alignment and misalignment. While we appreciate that this effort assists in issue identification for the future Alberta Utilities Commission (AUC) ISO Tariff regulatory proceeding, it does little to address when misalignments are due to lack of information. The AESO has not answered many important questions about its preferred rate design nor has it justified or presented that factual analysis that underpins the assumptions used to develop its rate design. The AESO has only stated that it intends to answer some of the concerns raised by stakeholders in its tariff application. As stated above, we disagree that the regulatory process is an efficient forum to first present this information to stakeholders and recommend that the AESO consider a stakeholder session when it has more fully developed its proposal and prior to making its regulatory filing in October.</p> <p>We expect the AESO to test the potential impacts of the preferred-rate design and demonstrate this unrealistic scenario of limited self-supply and exports. For this purpose, the AESO should review its Delivered Cost of Electricity study using its proposed tariff and present the results as part of the consultation.</p> <p>TransAlta considers that the AESO has not fully explained the following points that are the basis of its proposal:</p> <ul style="list-style-type: none"> • How the preferred-rate design achieves the principle of efficient price signals, incentives load growth and avoids inefficient self-supply decisions? • The rationale behind classifying costs between demand and energy before the functionalization step. • How does the allocation of more costs to energy complies with the principle of cost causation and reflect the time of use of transmission? • How the concepts of “minimum” versus “actual” system and the use of a regional delineation and AESO’s planning areas explains drivers for transmission costs and the proposed allocation between demand and
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	<p>energy? Are these static concepts or do they change as generation and load change?</p> <ul style="list-style-type: none">• Why did NERA's report did not consider co-generation and other forms of renewable generation in its estimation of self-supply under the preferred rate design?• How does the tariff deals with the issue of abundance of existing transmission?• The rationale behind using variable charges to recover fixed transmission costs.• What is the justification for using the proposed 5-year coincident peak average and not 1-2-3-4-year averages and why should months outside summer and winter should be considered?
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Questions	Stakeholder Comments
<p>3. How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p><i>TransAlta is somewhat supportive of the changes the AESO is proposing for a modernized DOS but still requires more information on the details to fully support the recommendation.</i></p> <p>As stated in our comments to Session 5B, we do not agree that the AESO should have a role in reviewing a business case under a modernized design and welcome the removal of this unnecessary requirement as it is administratively burdensome. TransAlta is somewhat supportive of the replacement of the business case with a representation but has concerns that the requirements of the latter will not entail a big difference from the current economic test nor achieve a significant red tape reduction.</p> <p><i>The AESO's proposal to monitor the use of DOS should be explained more clearly as this increases the risk for DOS being revoked.</i></p> <p>We also need more information about the AESO's monitoring of DOS misuse and how the criteria will trigger an automatic presumption of DOS misuse. Even though the AESO explained that the dispute resolution process in the ISO rules would apply, we still require information about the requirements and the reasons for a possible investigation or penalty.</p> <p><i>The use of historical data does not reflect the current market conditions or broader application of DOS going forward.</i></p> <p>We struggle with historical data being useful or reliable enough to determine a maximum load factor, particularly for energy storage. We do not have enough information to support the AESO's proposed maximum load factor or how it will be applied. As stated during the session, the assessment of the 20 per cent maximum load factor needs to consider market opportunities that may occur during the year and that will entail surpassing the maximum load factor limit, and allow market participants to explain their conduct.</p>
<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>See our responses to 3 above.</p>
<p>5. Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>See our response to 3 above.</p>

6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p><i>TransAlta is “somewhat supportive” with respect to its support to the targeted mitigation strategy.</i></p> <p>Many impacted parties have expressed concerns with the options presented by the AESO, particularly over the use of bill credits as they could be construed as a subsidy. It is also unclear whether any of these parties will choose any of the alternatives and sign a Memorandum of Agreement with the AESO as part of the application. Therefore, we recommend the AESO to continue to explore alternatives such as interruptible/opportunity rates.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p><i>TransAlta would like clarity around the possibility for energy storage projects to qualify for modernized DOS in the future.</i></p> <p>TransAlta is concerned that the modernized DOS rate will, at earliest, be implement in January 2024. We believe that achieving certainty this late will negatively impact energy storage development. We ask the AESO to consider another approach such as splitting off energy storage rates so as to avoid having those rates being held up until the approval of full bulk and regional tariff redesign package.</p>
8.	<p>Additional comments</p>	<p>No additional comments at this time.</p>

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: TC Energy Corp. (TCE) Date: 2021/07/09	Contact: Mark Thompson Phone: 403-589-7193 Email: markj_thompson@tcenergy.com
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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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	TCE appreciates all opportunities for stakeholder consultation. The presentation of more details regarding the AESO’s DOS modernization recommendation and the mitigation options were helpful. It would have been helpful for the AESO to present the analysis to substantiate its concerns regarding Rate DTS cannibalization. TCE appreciates that the AESO revised its Estimating Rate Calculations Tool to include Rate XOS.
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>Overall, TCE supports the implementation of a demand opportunity service for the charging needs of energy storage facilities. While TCE supports certain elements of the AESO's proposed DOS modernization recommendation, we do not support other elements of the recommendation.</p>

<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p><u>Business Case/Customer Representation</u></p> <p>The replacement of the business case with the customer representation does not address TCE's primary concern that only those energy storage assets where Rate DTS would be uneconomic can qualify for this rate. As such, TCE's FEOC and discrimination concerns remain.</p> <p><u>DTS Contract Level</u></p> <p>TCE supports the AESO's proposal to allow the customer to choose the appropriate DTS level for its project. TCE however is concerned by the AESO's statement that this choice may impact a project's ancillary service qualification. This would be inconsistent with the treatment of other generators in Alberta that are not required to maintain a specific level of firm fuel supply.</p> <p><u>20% Maximum Load Factor</u></p> <p>TCE continues to have concerns regarding this qualification requirement.</p> <p><u>DOS Monitoring</u></p> <p>TCE is further concerned that the AESO would consider revoking Rate DOS service from a customer that exceeded this threshold on the grounds that Rate DTS would have been economic. Such a conclusion cannot be made on the basis that a customer chose to operate after exceeding the 20% load factor threshold knowing that in doing so they would be charged at a Rate DTS level because it ignores sunk costs. These sunk costs could have made a project uneconomic under Rate DTS. Revoking Rate DOS service on this basis would be inefficient as it would hinder investment.</p>
<p>5. Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>TCE has no further questions at this time.</p>

6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>TCE's concerns regarding the targeted mitigation remain.</p>
7.	<p>Do you have any further implementation considerations the AESO should consider?</p>	<p>TCE has no further comments at this time.</p>
8.	<p>Additional comments</p>	<p>TCE has no further comments at this time.</p>

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021 Comments From: Turning Point Generation Date: July 8, 2021	Contact: Kipp Horton Phone: (403) 233-2259 Email: Kipp.horton@windriver.ca
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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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful? (ii) Did you come out of Session 6B with additional clarity and a better understanding of the: <ol style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	Turning Point Generation (TPG) found the session valuable in order to further understand the AESO’s proposed DOS modernization recommendation. TPG is focused upon AESO’s proposed tariff treatment of energy storage including related aspects of the preferred rate design. TPG is not focused on the mitigation options and therefore has not comments on the mitigation options.
2.	Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.	Yes, TPG believes there is significant misalignment on the technology agnostic treatment of energy storage. The AESO has repeatedly stated that this principle is to stand and be maintained. We believe that applying the maximum load factor to energy storage under the modernized DOS proposal is not consistent with the technology agnostic principle.

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>c) Undecided</p>

<p>4. Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>Yes, TPG has two major concerns with the revised DOS modernization as it relates to treatment of energy storage.</p> <ol style="list-style-type: none"> 1. <u>Max Load Factor</u> – TPG believes that applying a maximum load factor to energy storage applications is inappropriate and does not achieve the guiding principle of technology agnostic treatment. Specifically, the 20% maximum load factor will significantly constrain the operations of long-duration storage assets. This constraint will likely limit the responsiveness and flexibility that are inherent in these storage technologies; at the expense of increased grid reliability. If a maximum load factor is required, higher capped limits may work to mitigate these undesirable outcomes. In this regard, the AESO should recognize that energy storage and price-sensitive loads require different treatment even if both are receiving the same modernized DOS rate. 2. <u>Energy Storage Representation for DOS Qualification</u> – TPG understands the AESO’s concerns regarding the potential defection of customers from DTS to a modernized DOS rate. Customer representations make sense for price-sensitive loads that may be trying to avoid DTS to lower costs versus seeking opportunity in available transmission system capacity to sell services to the Alberta electricity grid like energy storage. Energy storage resources participate as a generator in the wholesale energy market unlike price-sensitive loads. The AESO should recognize that energy storage and price-sensitive loads require different treatment even if both are receiving the same modernized DOS rate. Energy storage participants should not be required to provide the proposed customer representation.
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5.	Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?	None.
6.	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	No comment.
7.	Do you have any further implementation considerations the AESO should consider?	None.
8.	Additional comments	None. TPG appreciates the AESO's continued consultation on these important topics.

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

Stakeholder Comment Matrix – June 17, 2021

Bulk and Regional Tariff Design Stakeholder Engagement Session 6B



Period of Comment: June 17, 2021 through July 9, 2021	Contact: Megan Gill
Comments From: The Office of the Utilities Consumer Advocate	Phone: 403 476 4998
Date: [2021/06/28]	Email: Megan.Gill@gov.ab.ca

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 9, 2021**.

The AESO is seeking comments from Stakeholders on Session 6B. Please be as specific as possible with your responses. Thank you.

	Questions	Stakeholder Comments
1.	<p>(i) Please comment on Session 6B hosted on June 24, 2021. Was the session valuable? Was there something the AESO could have done to make the session more helpful?</p> <p>(ii) Did you come out of Session 6B with additional clarity and a better understanding of the:</p> <ul style="list-style-type: none"> a. Preferred rate design areas of alignment and misalignment? b. Revised DOS modernization recommendation? c. Mitigation options? 	<p>i) Yes the session was helpful.</p> <p>ii) a) Yes b) Yes c) Yes</p>
2.	<p>Do you think the areas of alignment and/or areas of misalignment need to include any additional elements? Please be specific.</p>	<p>In determining the preferred tariff design the AESO considered and modeled various alternatives. In the upcoming proceeding, the UCA would like the AESO to share the assessment criteria used when analyzing the other models and designs it considered inferior to the preferred design. This will allow the UCA to better understand how the AESO determined that the preferred rate design was the optimal choice, given the current legislative framework and cost causation principles.</p>

	Questions	Stakeholder Comments
3.	<p>How would you describe your level of support for the revised DOS modernization recommendation?</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>The UCA is not supportive of the revised DOS modernization recommendation. The UCA's concerns stem from the elimination of the requirement for market participants looking to procure energy at the DOS rate from needing to provide a business case clearly demonstrating the poor economics of their operations under the DTS rate. Omitting this vital screening process combined with the ability to reduce DTS contract levels opens the door to significant cannibalization of DTS revenues.</p> <p>While the UCA sympathizes with the need for the AESO to eliminate red tape in line with government's direction, it is important to acknowledge that this alternative proposal (i.e customer representation) will require greater AESO oversight over more market participants to ensure that DOS is being used as intended. Audits and clawbacks are all backwards looking mechanisms and not having real-time oversight of the market could potentially carry stability risk with regards to the efficiency of the wholesale market.</p>

<p>4.</p>	<p>Are there other elements of the revised DOS modernization recommendation design you support or have concerns with? Please be specific.</p>	<p>Combining DOS in a bid/offer process for bilateral transfers complicates administration and audit, making it difficult to ensure that the foundational economic opportunity thresholds are met in practice. It is expected that administrative costs would increase along with this increased complexity.</p> <p>If the AESO wishes to offer a rate that encourages the development of energy storage facilities, then a new energy storage specific rate would be more efficient and effective in avoiding cannibalization risks than the modified DOS.</p> <p>DOS was intended to function as an opportunity service accommodating only marginally economic business opportunities with secure protection against transactions that could otherwise have proceeded on rate DTS..</p> <p>DOS was not intended to provide mitigation for increases in the cost of DTS by changing the balance of DOS/DTS consumption. Mitigation of DTS rate increases requires a direct mitigation mechanism that does not interfere with the effective application and management of DOS.</p>
<p>5.</p>	<p>Do you have additional clarifying questions that need to be answered to support your understanding of the revised DOS modernization recommendation?</p>	<p>It is not clear why the AESO decided to modify DOS given the revenue cannibalization risk. What function is the modified DOS intended to perform that could not be met by the original version of DOS?</p>
<p>6.</p>	<p>How would you describe your level of support for the targeted mitigation engagement outcomes? Please describe why or why not.</p> <ul style="list-style-type: none"> a) Supportive b) Somewhat supportive c) Undecided d) Somewhat not supportive e) Not supportive 	<p>The UCA is supportive of the targeted mitigation engagement outcomes.</p>

7.	Do you have any further implementation considerations the AESO should consider?	
8.	Additional comments	

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



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July 6th, 2021

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Attention: Michael Law	President and CEO, AESO
Miranda K. Erickson	Vice President, Markets, AESO
Karl Johannson	Board Chair, AESO

Re: West Fraser concerns with AESO tariff redesign and mitigation process

Dear Mr. Law, Ms. Erickson and Mr. Johannson,

We at West Fraser Mills Ltd. (WF) are writing to you regarding the ongoing rate restructuring efforts conducted at Alberta Electric System Operator (AESO). WF has participated in the AESO tariff and mitigation sessions between April and June 2021 and has invested a cumulative time equivalent of 8 working days for mid-senior level attendees in meetings and engagement sessions alone.

The new rate redesign proposed by AESO will lead to a 10 - 40% increase in transmission costs at the three divisions identified by the AESO as Highly Impacted parties. The AESO tariff presents a disruptive, run to failure option for our operations in Slave Lake, Whitecourt, and Blue Ridge. WF operates 15 divisions across Alberta – located in 11 resource-based rural communities where operational stability has a direct impact on the overall health of the community and local economy.

As requested at the last session, the Memorandum of Agreement has been marked up by WF. The information marked as Notice to draft (NTD) has been added based on our understanding and the interpretation of proposed tariffs, and the impacts that rate restructuring and proposed mitigation will have on our divisions.

WF has been a corporate leader at taking action to improve energy efficiency at our energy intensive and trade exposed operations. We have also invested in multi-million-dollar projects to increase production of bioenergy. Our flexible loads have consistently responded to peak demand, and high-power pool price, have provided ancillary services and operate as high efficiency, high load factor customers. Despite these efforts, we have seen our transmission rates more than triple over the past 10 years.

The high-power pool price resulting from economic withholding of power in the province puts WF operations at a further disadvantage – the viability and sustainability of our energy intensive operations is threatened by the delivered cost of power.

The impact on these operations is reduced production volumes, limitations to the variety of products we make, and impacts to profitability. Interrupting operations to control costs leads to more downtime and in turn, less revenue for the AESO.

We are naturally concerned with the proposed rate redesign and the lack of reasonable approaches to mitigation. The current mitigation in our opinion is a deferral for 3 years – following which operations are left with unfair and unsustainable choices. Current paths of action include either disconnecting from the grid, or a difficult analysis of the viability of operations in Alberta. Neither option provides an efficient outcome for WF or for the grid.

The current proposed tariff essentially has high load factor customers like Pulp and Paper mills subsidizing low load factor customers like oil and gas sites with cogeneration. Referring to the AESO materials and bill impact calculators – high load factor customers will see a bill impact of greater than 30% by year 5. In some cases, this may even be higher. We need more detailed conversations on the plans to mitigate impacts. The deferral of impacts should not be labeled as mitigation. The AESO team has not presented any rate classes or instruments that would allow high load factor industrial consumers to adapt in the future.

During our engagement sessions – we have repeatedly requested the economic and technical study materials that formed the basis of the tariff redesign. These requests were made to the AESO team but with no response. This new rate design is unconventional, unproven and the implications on industry, grid economics and the Alberta socio-economy must be closely studied. In the absence of these materials, we are unable to fully understand the fundamentals employed by AESO in redesigning the tariff.

The ongoing engagement session did not provide any sensitivity analysis towards the social, governance and business risks involved because of these rate redesigns. The proposed tariffs clearly create an unfavorable economic impact on large consumers that are price responsive, high efficiency, high load factor and diversified industrial customers in province of Alberta.

WF requests that the AESO executive strongly examine the possibility of giving due consideration to customers that provide a benefit to the grid of being energy efficient and price sensitive. This can be achieved through permanent mitigation rate classes included in the new tariff. We look forward to more detailed conversations in this matter.

We look forward to your response.

Yours truly,



Keith Carter
Vice President
Pulp and Energy Operations
West Fraser Mills Ltd.



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