

Notice of variance of decision

June 3, 2021

Variance of Decision 26215-D01-2021

Please be advised that the Alberta Utilities Commission's Decision 26215-D01-2021 has been varied with the release of Decision 26215-D02-2021.

Decision 26215-D01-2021 should be read together with Decision 26215-D02-2021 for completeness.

Alberta Utilities Commission



Alberta Electric System Operator

Compliance with Decision 25848-D01-2020

April 29, 2021

Alberta Utilities Commission

Decision 26215-D01-2021

Alberta Electric System Operator

Compliance with Decision 25848-D01-2020

Proceeding 26215

April 29, 2021

Published by the:

Alberta Utilities Commission

Eau Claire Tower

1400, 600 Third Avenue S.W.

Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282 in Alberta)

1-833-511-4AUC (1-833-511-4282 outside Alberta)

Email: info@auc.ab.ca

Website: www.auc.ab.ca

The Commission may, within 30 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

Contents

- 1 Decision summary..... 1**
- 2 Process steps and background..... 1**
- 3 Compliance filing directions 3**
 - 3.1 Direction 1 – Tariff amendments for implementation of substation fraction of one 3**
 - 3.2 Directions 8, 9, and 10 – Revised tariff language for implementation of adjusted metering practice..... 4**
 - 3.3 Directions 4 and 5 - Recalculation of construction contribution decisions and reporting of disputes 9**
 - 3.4 Effect of SSF=1 approach on historical Rate DTS POD charges..... 10**
 - 3.5 Direction 7 – Fortis update on response to BluEarth complaint..... 11**
- 4 Effective date of approved ISO tariff changes 12**
- 5 Direction 11 – AMP implementation plan and timing of AMP changes 12**
- 6 Order..... 14**
- Appendix 1 – Proceeding participants 15**
- Appendix 2 – Summary of Commission directions..... 16**
- Appendix 3 – Summary of approved AESO terms and conditions changes 17**

1 Decision summary

1. This decision approves an application filed by the Alberta Electric System Operator (AESO) requesting approval of its compliance filing to Decision 25848-D01-2020, the Stage 2 review and variance of the 2018 Independent System Operator (ISO) tariff for the adjusted metering practice and substation fraction methodology.¹ Specifically, the scope of the application is the necessary tariff amendments to implement the substation fraction equal to one proposal, as well as the implementation of the adjusted metering practice without grandfathering.² The Alberta Utilities Commission finds that the AESO has complied with applicable compliance directions from the decision.

2. This decision also addresses matters related to the compliance of FortisAlberta Inc. to one Commission direction from Decision 25848-D01-2020, and provides an additional set of directions related to recalculating construction contribution decisions, with additional reporting requirements for all four regulated distribution facility owners (DFOs).

2 Process steps and background

3. Decision 25848-D01-2020 reflected the Commission's determinations regarding a Stage 2 review and variance (R&V) of certain aspects of Decision 22942-D02-2019,³ the AESO's 2018 ISO tariff. In Proceeding 25848, the Stage 2 panel considered submissions received from a number of parties in respect of the application of the AESO's substation fraction methodology, which was unchanged in the 2018 ISO tariff application, as well as a new proposal of the AESO to implement an adjusted metering practice (AMP) that had been approved in Decision 22942-D02-2019.

4. In Decision 25848-D01-2020, the Stage 2 panel's findings included the following:

- Approval of an AESO proposal to set the substation fraction equal to one on a prospective basis (the SSF=1 proposal).
- Direction to the AESO to recalculate construction contribution decisions (CCDs) back to December 1, 2015, in accordance with the findings in that decision.

¹ Decision 25848-D01-2020: Alberta Electric System Operator, Stage 2 Review and Variance of Decision 22942-D02-2019: Adjusted Metering Practice and Substation Fraction Methodology, Proceeding 25848, December 23, 2020.

² Decision 25848-D01-2020, paragraphs 28 and 44.

³ Decision 22942-D02-2019: Alberta Electric System Operator, 2018 Independent System Operator Tariff, Proceeding 22942, September 22, 2019.

- Support of the principle of only flowing through to distribution-connected generation (DCG) those incremental costs which result from the connection of the DCG to the distribution or transmission system or an alteration of connection facilities.
- Directions to DFOs to file reports by March 31, 2021, setting out the details of both resolutions and outstanding disputes pertaining to DCG flow-through matters.
- Finding that grandfathering of the AESO's adjusted metering practice was not necessary, and an associated direction to the AESO to proceed with its implementation in accordance with its findings.
- Confirmation of certain findings made by the Commission panel for Decision 22942-D02-2019 in respect of the interpretations of sections 28 and 47 of the *Transmission Regulation* set out in that decision.

5. As part of its findings, the Stage 2 panel directed the AESO to file a compliance filing to the decision by January 11, 2021, with the necessary tariff amendments to implement the SSF=1 proposal. The Stage 2 panel indicated that it expected the compliance proceeding would be largely administrative in nature, such that no further participation by parties, or a substantial process, would be required.⁴

6. The Commission issued notice of the AESO's compliance filing pursuant to Decision 25848-D01-2020 on January 13, 2021.⁵

7. On January 20, 2021, the Commission received two statements of intent to participate (SIPs) by the Canadian Renewable Energy Association (CanREA) on behalf of the Community Generation Working Group (CGWG),⁶ as well as from the Consumers' Coalition of Alberta (CCA).⁷

8. Despite the anticipated process for the compliance proceeding to be *notice-only*, on January 29, 2021, the Commission communicated to parties that Commission staff, Commission counsel, AESO staff and AESO counsel met via phone call on January 28, 2021, to clarify aspects of the application, and furthermore, that the Commission had determined that information requests (IRs) were required in the compliance proceeding. Additionally, a schedule was established for Commission-only information requests to the AESO. The AESO responded to the Commission's information requests and revised appendixes A and B to its application on February 11, 2021.

⁴ Decision 25848-D01-2020, paragraph 28.

⁵ Exhibit 26215-X0008, Notice of application.

⁶ The CGWG is comprised of three not-for-profit entities (Canadian Renewable Energy Association, First Nations Power Authority, and the Alberta Community and Co-operative Association) whose mandates in Alberta had substantial interest in the subject matter considered in the AESO's 2018 ISO tariff (Proceeding 22942), its compliance filing (Proceeding 25175), as well the topics discussed in the review proceeding (Proceeding 25101) and in the variance proceeding (Proceeding 25848).

⁷ Exhibit 26215-X0009, Statement of intent to participate – CGWG, and Exhibit 26215-X0010, Statement of intent to participate – CCA.

9. On February 16 and February 17, 2021, the Commission received SIPs on behalf of the Dual Use Customers (DUC),⁸ Alberta Direct Connect Consumers Association (ADC)⁹ and Industrial Power Consumers Association of Alberta (IPCAA).¹⁰ The DUC, ADC and IPCAA (collectively, the industrial customers) indicated that they had filed their SIPs for the purposes of advancing issues related to the totalized billing of industrial complexes, as addressed in paragraphs 856 through 874 of Decision 22942-D02-2019.

10. On February 24, 2021, the Commission issued a letter which permitted the late participation by the industrial customers¹¹ and also established a schedule for submissions related to the industrial customers' concerns. The submissions were received on March 5, 2021, and as such, the Commission considers the record for Proceeding 26215 to have closed on March 5, 2021.

3 Compliance filing directions

3.1 Direction 1 – Tariff amendments for implementation of substation fraction of one

11. In Section 3.3 of Decision 25848-D01-2020, the Commission addressed concerns from interested parties about the application of the substation fraction formula under the existing ISO tariff to new DCG projects. In its findings in that section, the Stage 2 panel determined that the Rate Supply Transmission Service (STS) portion of the construction contribution applied to connection projects initiated by DFOs serving new DCG projects would be set to zero, rather than on the basis of the substation fraction formula as currently defined in the AESO's *Consolidated Authoritative Document Glossary* (Glossary).

12. As part of its findings in that section, the Stage 2 panel made the following direction to the AESO:

28. The Stage 2 panel directs the AESO to file its compliance filing to this decision by January 11, 2021, with the necessary tariff amendments to implement the SSF=1 proposal.¹²

13. In response to this direction, the AESO prepared a revision to its definition of substation fraction as an update to its Glossary. A proposed extract of the AESO's Glossary setting out a revised definition of the term substation fraction was provided in Appendix C to the application. In addition, the AESO proposed revisions to subsection 4.5(5) of its ISO tariff terms and conditions (T&Cs). The AESO's proposed revisions to subsection 4.5(5) is provided below, with the original language in black and language added as a result of the current application in red:¹³

4.5(5) The **ISO** must deem costs allocated to a **market participant** taking service under Rate STS to be:

⁸ Exhibit 26215-X0017, Statement of intent to participate – DUC, February 16, 2021.

⁹ Exhibit 26215-X0018, Statement of intent to participate – ADC, February 16, 2021.

¹⁰ Exhibit 26215-X0019, Statement of intent to participate – IPCAA, February 17, 2021.

¹¹ The Commission received one additional, late, statement of intent to participate from two parties in a joint submission. The request was denied, as indicated in the AUC letter of March 3, 2021, Exhibit 26215-X0021.

¹² Decision 25848-D01-2020, paragraph 28.

¹³ Exhibit 26215-X0004.01, Appendix B – ISO Tariff effective Jan 1, 2021 blackline, PDF page 67.

- (a) for a **market participant that is not the legal owner of an electric distribution system**, supply-related costs; and
- (b) for a **market participant that is the legal owner of an electric distribution system**, zero (0). [emphasis in original]

14. The AESO explained that its proposed amendment to subsection 4.5(5) of the ISO tariff means that it is no longer required to deem costs related to a DFO's Rate STS capacity to be "supply-related costs" and instead, costs related to a DFO's Rate STS capacity are deemed to be zero. The AESO noted that with its proposed amendments to subsection 4.5(5), no costs associated with Rate STS would be used in the determination of the DFO's construction contribution.¹⁴

15. The Commission finds that the AESO's proposed amendments to subsection 4.5(5) of the ISO tariff as set out in Appendix A and Appendix B to its compliance application are reasonable and reflect the Commission's findings in Decision 25848-D01-2020. The Commission similarly finds that the AESO's proposed revisions to the definition of substation fraction as set out in Appendix C to its application are reasonable, and reflects the Commission's findings in that decision. Accordingly, both the AESO's proposed revision to subsection 4.5(5) of the ISO tariff T&Cs and the AESO's proposed definition of substation fraction as set out in its Glossary are approved as filed.

16. The Commission finds that the AESO has complied with Direction 1 from Decision 25848-D01-2020.

3.2 Directions 8, 9, and 10 – Revised tariff language for implementation of adjusted metering practice

17. For an easier read of this decision, the Commission has grouped its discussion of ISO tariff T&Cs changes proposed by the AESO in compliance with directions 8, 9, and 10 of Decision 25848-D01-2020 under separate subheadings. All changes to the ISO tariff are included as Appendix 3 to this decision. The proposed ISO tariff T&C changes relate to:

- subsections 3.2(2), 3.6(2), and 3.6(3)
- subsection 3.6(4)
- other administrative amendments.

18. The changes to subsections 3.2 and 3.6 of the ISO tariff refer to *Applying for a System Access Service or Change to an Existing System Access Service* and *Execution of Agreement for System Access Service*, respectively. The changes to these subsections refer to the implementation of the adjusted metering practice, and whether a market participant is obliged to contract for system access service on a net or gross basis.

Proposed subsections 3.2(2), 3.6(2), and 3.6(3)

19. The AESO's proposed revisions to subsections 3.2(2), 3.6(2) and 3.6(3) set out in Appendix B to the application are identical to those proposed in the AESO's original 2018 ISO tariff compliance application considered in Proceeding 25175.¹⁵ Although the proposed wording

¹⁴ Exhibit 26215-X0002, application, paragraph 9.

¹⁵ Exhibit 26215-X0002, application, paragraph 2, bullet 3.

of subsections 3.2(2), 3.6(2) and 3.6(3) which described the AESO's AMP was deferred to Proceeding 25848, with the Commission's finding at paragraph 44 of Decision 25848-D01-2020 that the AMP should proceed, the Commission finds that the language proposed by the AESO in its application fulfills the direction in that decision.

20. The CCA expressed concern regarding how amounts described by subsection 3.6(3) will be determined by DFOs. The CCA indicated that transmission-connected customers with load and supply on the same feeder should not be not permitted to net incremental supply against existing load without the necessary legislative exemptions (as in the case of Industrial System Designations (ISDs)) or Commission approvals.¹⁶

21. The Commission notes that the CCA did not propose specific changes to the wording of subsection 3.6(3) to address its concerns. The Commission considers that issues arising from how DFOs may interpret the requirements placed on them by the AESO's proposed wording of subsection 3.6(3) are DFO tariff, not ISO tariff matters. As further discussed in Section 5, the Commission finds that how obligations for DFOs established under subsection 3.6(3) should be applied in practice is a matter falling within the scope of the AMP implementation plan, and therefore is outside the limited scope of this proceeding.

22. The Commission approves subsections 3.2(2), 3.6(2) and 3.6(3) as set out in Appendix A and Appendix B of the application as filed.

Proposed subsection 3.6(4)

23. The AESO's proposed revisions to subsection 3.6(4) as set out in Appendix A and Appendix B to the application are different from the wording of that subsection as it existed prior to the amendments filed by the AESO in Proceeding 25175 on September 28, 2020. Subsection 3.6(4), as revised in this application on February 11, 2021, is proposed as follows:¹⁷

3.6(4) Notwithstanding subsections 3.6(2) and 3.6(3) above, a **market participant** may execute a *System Access Service Agreement* for Rate DTS [demand transmission service] or Rate STS at a **contract capacity** determined by the **market participant** on either a gross or net basis if the **market participant** is seeking to connect a **Commission-designated industrial system** to the transmission system, or if an approval from the **Commission** has been obtained to permit the export of electric energy in excess of the **market participant's** own self-supply requirements (or in excess of a transmission-connected end-use customer's own self-supply requirements, if an arrangement under section 101(2) of the Act has not been entered into).[emphasis in original]

24. The revised version of subsection 3.6(4) eliminated provisions proposed by the AESO in Proceeding 25175 that gave effect to a grandfathering approach of the adjusted metering practice that was approved by the Commission in Decision 22942-D02-2019. The language from Proceeding 25175 required revision in accordance with the Stage 2 panel's determination in Decision 25848-D01-2020 that the adjusted metering practice should be implemented with no grandfathering provisions.¹⁸

¹⁶ Exhibit 26215-X0023, paragraph 9.

¹⁷ Exhibit 26215-X0003.01, Appendix A – ISO tariff effective Jan 1, 2021 clean.

¹⁸ Decision 25848-D01-2020, paragraph 49.

25. The AESO was requested to discuss how the approval of the ISO tariff T&Cs changes and in particular, how the AESO's proposed subsection 3.6(4) would affect the ability of industrial complexes to continue to be billed for ISO tariff charges on a net rather than on a gross basis if the industrial complex is not:¹⁹

- a Commission-designated industrial system, or
- a market participant that has otherwise received Commission approval to both self-supply load and export excess electric energy to the grid.

26. In its response, the AESO explained that its Proceeding 22942 application had initially proposed to expressly permit industrial complexes to continue to have their Rate DTS and Rate STS contract capacities billed on a net basis. However, during the course of that proceeding the AESO determined that net billing²⁰ was inapplicable for industrial complexes that have not obtained an industrial system designation under Section 4 of the *Hydro and Electric Energy Act*, or that are not otherwise subject to an exemption in respect of the energy produced by the industrial complex.

27. Notwithstanding, the AESO also noted in its AESO-AUC-2021FEB4-002 response that, consistent with a more detailed explanation provided in its response to AESO-AUC-2021FEB4-003(a), the changes to subsection 3.6(4) filed in the application must be considered in light of Section 3.1(1) of the ISO tariff T&Cs. Section 3.1(1) provides that the provisions outlined in Section 3 apply only to "a market participant who has requested a new system access service or changes to an existing system access service." Accordingly, the AESO explained, as with all other provisions set out in Section 3 of its ISO tariff T&Cs, subsection 3.6(4) would only apply to existing market participants if they request a change to system access service at an existing point of delivery (POD) or supply to the transmission system.²¹

28. ADC, the DUC and IPCAA indicated that they had intervened due to concern about the potential impact of the AMP on the continuation of net billing of industrial complexes. The DUC's submission²² expressed concern that, if approved, the AESO's proposed subsection 3.6(4) would have the effect of allowing the AESO to move existing non-ISD dual-use customers, who have been net metered for decades, from net to gross metering when a change to the customer's system access service agreement is required. The DUC viewed the Commission findings in both Decision 22942-D02-2019 and Decision 25175-D02-2020²³ as reflecting the Commission's intent that all existing dual-use customers would be grandfathered and continue to be billed based on net metering. Accordingly, the DUC proposed a further revision to subsection 3.6(4) that would have the effect of allowing market participants to continue to elect to be billed on either a net or a gross basis following changes to system access service agreements, if the

¹⁹ Exhibit 26215-X0016, AESO-AUC-2021FEB4-002, PDF pages 3-5.

²⁰ Exhibit 26215-X0016, AESO-AUC-2021FEB4-002, PDF pages 3-5.

²¹ Exhibit 26215-X0016, AESO-AUC-2021FEB4-003(a), PDF page 7. The AESO also clarified in that response that this subsection also applies to new system access service agreements as well as changes to existing system access service agreements.

²² Exhibit 26215-X0022, Industrial customers' response to AUC questions March 5, 2021. This submission was filed on behalf of the DUC, ADC and IPCAA, as indicated on PDF page 1.

²³ Decision 25175-D02-2020: Alberta Electric System Operator, 2018 Independent System Operator Tariff Compliance Filing Pursuant to Decision 22942-D02-2019 and 2020 Independent System Operator Tariff Update, Proceeding 25175, November 30, 2020.

changes made pertained to a system access service agreement executed prior to January 1, 2021.²⁴

29. In its findings in Section 5.1 of Decision 25175-D02-2020, the Commission determined that with the suspension of the AESO's AMP arising from a ruling in Proceeding 25175 issued on September 1, 2020,²⁵ the AESO had withdrawn provisions related to the grandfathering of billing practices in existence prior to the adoption of the AMP of the AESO's then-proposed ISO tariff T&Cs. The withdrawal of the grandfathering provisions reflected the Commission's determination that provisions related to the AESO's AMP would be considered in Proceeding 25848.²⁶ The Commission also noted in Decision 25175-D02-2020, that findings with respect to AMP could be varied as part of the Commission's consideration of the AMP in Proceeding 25848.²⁷

30. The Commission substantially addressed the need for grandfathering of the AMP in Section 4 of Decision 25848-D01-2020. In that section, the Stage 2 panel made a clear finding that the AMP should be implemented without grandfathering.²⁸

31. In light of the Commission's clear determination in Decision 25848-D01-2020 that the AMP should be implemented without the need for the AESO to include additional provisions to expressly grandfather the continuation of net billing, the Commission denies the amendments to subsection 3.6(4) proposed by the DUC. In any event, however, the Commission points out that subsection 3.1(1) has the effect of limiting the operation of subsection 3.6(4) to instances where the system access service agreement is newly entered into or amended. This means that market participants that have previously been able to elect to be billed on a net rather than a gross basis can continue to do so if they do not initiate system access service agreement amendments.

32. As a final matter, as part of its consideration of the AESO's proposed subsection 3.6(4), the Commission notes that in its process schedule update,²⁹ the Commission invited parties to discuss whether industrial complexes who receive system access service through a DFO may be at risk to system access service change requests by the DFO and not by the industrial complex themselves.³⁰

33. The DUC submitted that it did not have a concern because each DFO feeder will be net metered for billing purposes. It assumed that a DFO's billing determinants to a dual-use distribution-connected customer would be based on net metering for all existing non-ISD customers and all existing and new ISD customers. In accordance with its proposal, the DUC

²⁴ Exhibit 26215-X0022, PDF page 2.

²⁵ Proceeding 25175, Exhibit 25175-X0111, 2020-09-01 AUC letter – Ruling on process for proceedings considering ISO tariff provisions related to DCG, September 1, 2020. This letter was jointly filed on the record of Proceeding 25848 as Exhibit 25848-X0003.

²⁶ Decision 25175-D02-2020, paragraph 64.

²⁷ Decision 25175-D02-2020, paragraph 69.

²⁸ Decision 25848-D01-2020, paragraph 49.

²⁹ Exhibit 26215-X0020, AUC letter – Late registration approval and revised process schedule, February 24, 2021.

³⁰ Exhibit 26215-X0020, paragraph 6(ii).

submitted that DFO tariffs should be revised in due course to reflect the Commission's direction that all existing distribution-connected dual-use customers should continue to be net metered.³¹

34. Both the CCA and the AESO were in agreement that transmission-connected customers that did not initiate a change in their system access service agreements would not be exposed to risk arising solely from the implementation of the AMP. However, both of these parties also agreed that under the AMP, a distribution-connected industrial complex may be exposed to the risk of cost consequences arising from system access service changes requested by the DFO.

35. As a matter of principle, the Commission considers that industrial complexes that are flow-through end-use customers of a DFO should not be subject to risk that they do not directly control arising from contract changes initiated by a DFO. However, the Commission also considers that risk to industrial complexes who receive system access service indirectly as a flow-through end-use customer of a DFO is a limitation of the proposed implementation of the AMP that cannot be fully addressed within the ISO tariff, because such customers receive system access service through the DFO tariff and not the ISO tariff. While the Commission cannot specifically foresee any cases where a DFO might execute such a change to a substation which the industrial customer did not ask the DFO to execute, provisions in subsection 3.6(4) afford the industrial complexes an opportunity to have the Commission rule as to whether AMP applies on a case-by-case basis. See Appendix 3 for changes to subsection 3.6(4).

36. As part of its response to Commission IRs, the AESO discussed AMP implementation considerations for currently active DFO connection projects.³² The AESO outlined how specific anticipated impacts would differ for active DFO connection projects, depending on whether the active DFO project has, or has not, executed a system access service agreement at the time the ISO tariff provisions above come into effect. As discussed in Section 4, the AESO requested a 60-day delay to allow DFOs time to give notice and manage the impacts of AMP for these projects. The upshot is that if a change is executed prior to July 1, 2021, on behalf of load or DCG, the relevant substation will not be subject to AMP. The relevant substation will not be subject to AMP unless and until a change to the agreement on or after July 1, 2021, is made.

37. In consideration of the foregoing, the AESO's proposed wording of subsection 3.6(4), as revised on February 11, 2021, is approved.

Other proposed T&C changes

38. The Commission considers that the remainder of the changes to the ISO tariff T&Cs set out in Appendix A and Appendix B to the application are administrative in nature. These changes are also approved, as filed. Accordingly, the Commission approves the AESO compliance with directions 8, 9, and 10 from Decision 25848-D01-2020.

³¹ The March 5, 2021, submission of the DUC (Exhibit 26215-X0022) indicates in response to the question posed in paragraph 6(ii) of the Commission's February 24, 2021, correspondence (Exhibit 26215-X0020) that the DUC would not be concerned that industrial complexes who receive system access service through a DFO may be at risk to system access service change requests by the DFO and not by the industrial complex themselves. However, this response appears to have been prepared by the DUC in relation to revised ISO tariff T&C language proposed in the DUC's March 5, 2021, submission and thus may not necessarily indicate that the DUC agrees that the risk of a change from net to gross billing caused by a contract change initiated by a DFO would not be of concern if the AESO's proposals related to the AMP were to be adopted.

³² Exhibit 26215-X0016, AESO-AUC-2021FEB4-003(a), PDF pages 8-9.

3.3 Directions 4 and 5 - Recalculation of construction contribution decisions and reporting of disputes

39. Section 3.4 of Decision 25848-D01-2020 addressed a concern that the application of the substation fraction formula in effect prior to that decision may have allocated costs in excess of the incremental costs arising from Rate STS contract requirements for some existing DCG projects connected to substations where the DFO is the market participant.

40. In its findings in that section, the Stage 2 panel determined that the substation fraction formula in effect prior to Decision 25848-D01-2020 should not be applied to CCDs for connection projects at DFO-contracted substations to which DCG connects. The AESO was given discretion to apply the methodology in recalculating CCDs since December 1, 2015.³³ In accordance with this finding, the Stage 2 panel set out Direction 4 of Decision 25848-D01-2020 as follows:

To facilitate a resolution of those projects that are affected, the AESO is directed to recalculate CCDs using $SSF=1$ and the principles articulated in Section 3.5 of this decision, and to inform affected DFOs of those recalculations. The DFOs can then work with DCGs to resolve any outstanding contribution concerns. If resolution among the DFOs, the AESO and other affected parties is unsuccessful, the Commission will resolve any disagreements.³⁴

41. Also in its findings in Section 3.4 of Decision 25848-D01-2020, the Stage 2 panel set out Direction 5 directing each DFO to file a report as a post-disposition document to Proceeding 25848 which set out the details of all resolutions and outstanding disputes related to existing DCG projects connected to DFO-contracted substations on or before March 31, 2021.³⁵

42. In its application, the AESO indicated that it required additional information from DFOs and transmission facility owners, and that it would complete all of the required CCD recalculations by June 30, 2021. In response to Commission IRs, the AESO stated that it did not consider itself to have any role in the preparation of the DFO reports, and that while it intends to discuss the required CCD calculations with DFOs, the AESO's recalculation of CCDs will confirm that there are zero supply-related costs for DFO points of delivery and supply. Furthermore, any supply-related costs previously invoiced by Fortis to DCG should have been rescinded, and with the forthcoming $SSF=1$ changes in the current proceeding, DCG proponents should have certainty that there are no supply-related costs for DCG at DFO points of delivery.

43. As a result of the timing of this decision, the Commission accepts the AESO's submission that it will require until June 30, 2021, to complete the task of recalculating the CCDs affected by the findings in Decision 25848-D01-2020.

44. Reports pursuant to Direction 5 were filed as post-disposition documents in Proceeding 25848 between March 31, 2021, and April 7, 2021, by EPCOR Distribution & Transmission Inc. (EDTI), ENMAX Power Corporation (EPC), Fortis and ATCO Electric Ltd. In consideration of the discussion of Direction 5 in this decision, the Commission has added each of these reports to

³³ Decision 25848-D01-2020, paragraph 35.

³⁴ Decision 25848-D01-2020, paragraph 36.

³⁵ Decision 25848-D01-2020, paragraph 37.

the record of the current proceeding.³⁶ Although the Commission has established a direction to the DFOs below similar to Direction 5, the Commission considers that Direction 5 from Decision 25848-D01-2020 has been completed by each of these DFOs.

45. Both EDTI and Fortis stated in their filings that they had no disputes with DCG customers to report, in part on the basis of not having received any recalculated CCDs from the AESO prior to preparing their submissions. Fortis stated that while it had contacted the AESO to request the recalculated CCDs, the AESO indicated that it would require until June 30, 2021, to provide that information, consistent with its response to a Commission IR.^{37 38}

46. The Commission did not review CCDs that the AESO intended on revising and it is of concern because the AESO stated that its “recalculation of CCDs will confirm that there are zero supply-related costs for DFO points of delivery and supply” prior to having completed its recalculation of specific CCDs. Further, the AESO has not discussed inputs required for the AESO’s CCD recalculation with the DFO.

47. In light of the above-noted clarification, the Commission has determined that a “re-do” of Direction 5 is required. The AESO is hereby directed to complete the preparation of all required CCD recalculations and to forward such recalculated CCDs to the applicable DFO on or before June 30, 2021.

48. Following the receipt of the CCDs recalculated by the AESO in accordance with the clarification provided in this decision, the DFOs are directed to advise the AESO of any disputes that it may have with any recalculated CCDs by August 31, 2021.

49. Subsequently, the DFOs are directed to advise any DCGs impacted by the revised CCDs as soon as practicable after recalculated CCDs have been received from the AESO of any charges or refunds that may have been determined as a result of the recalculated CCDs. The DFOs are directed to ensure that such notice has been provided to any affected DCGs no later than September 15, 2021.

50. Finally, the DFOs are directed to provide an additional report on any disputes with DCG proponents that may have arisen following the communication of both the recalculation of CCDs and any resulting flow-through of supply-related costs that the DFO has determined should apply to the DCG by November 1, 2021. These reports are to be filed as post-disposition documents to this proceeding.

3.4 Effect of SSF=1 approach on historical Rate DTS POD charges

51. In addition to setting out other aspects of its proposed compliance with Direction 4 from Decision 25848-D01-2020, the AESO submitted that after recalculating historical CCDs in accordance with the SSF=1 proposal, fairness and market efficiency may require that historical Rate DTS bills be adjusted in some circumstances. The AESO also indicated that because it believes that the rebilling of Rate DTS charges may have other distribution tariff impacts, it intended to work with DFOs to determine whether rebilling Rate DTS charges is appropriate.

³⁶ EDTI (Exhibit 26215-X0026), Fortis (Exhibit 26215-X0027), ATCO (Exhibit 26215-X0029), EPC (Exhibit 26215-X0028).

³⁷ Exhibit 26215-X0027, Fortis post-disposition report, paragraph 6.

³⁸ Exhibit 26215-X0016, AESO-AUC-2021FEB4-001.

52. In light of these potential issues arising from the rebilling of Rate DTS, the AESO requested that the Commission confirm that the AESO may proceed in the manner it described in the application.³⁹ In addition, in the concluding paragraph of its application, the AESO requested that the Commission confirm that the AESO can rebill Rate DTS charges in the manner proposed by the AESO in response to Direction 4.⁴⁰ Ultimately, the AESO clarified that it was not seeking approval at this time, rather authority to discuss this issue with the DFOs so it could be addressed in the DFO filings on March 31, 2021.⁴¹

53. The AESO was also asked whether it considered the amount of money potentially at stake was significant enough to warrant the administrative effort that would be required to rebill historical Rate DTS POD charges to DFOs. The AESO responded that its concern was not primarily related to the administrative effort involved but rather the potential impact of such rebilling on DFO tariffs if the historical rebilling is deemed to be required.⁴²

54. The AESO further explained that if, after discussing this matter with DFOs, it is determined that Rate DTS amounts should be rebilled, the AESO anticipated that it would include the reconciliation of these amounts in its annual deferral account reconciliation filing.

55. While the Commission notes that rebilling of historical DFO POD charges was not addressed in any of the Direction 5 submissions filed by the DFOs, the Commission considers that the any potential rebilling of Rate DTS POD charge costs related to those substations that would receive SSF=1 to address historical costs back to December 1, 2015, may not be sufficiently material to warrant further examination by the AESO or the DFOs. The Commission directs the AESO to discuss with DFOs whether further examination of this matter is warranted and to include the outcome of those discussions in the AESO's deferral account reconciliation application.

3.5 Direction 7 – Fortis update on response to BluEarth complaint

56. In its findings at paragraph 40 of Decision 25848-D01-2020, the Stage 2 panel directed Fortis to provide details of a proposal for the disposition of its deferral account established to deal with the complaint of BluEarth Renewables Inc. that was considered by the Commission in Proceeding 25058. Fortis was directed to provide the requested information as part of the report due March 31, 2021, pursuant to Direction 5 from Decision 25848-D01-2020.

57. In its March 31, 2021, filing, Fortis noted that while its deferral account currently contains a balance of \$2,145,216 for a payment made to AltaLink Management Ltd. for Fortis's 257S Hull DER Solar project, Fortis anticipated that following the receipt of a recalculated CCD for that project, it anticipated that AltaLink will refund this payment to Fortis. Upon receipt of these funds from AltaLink, Fortis anticipated that its deferral account in respect of this project will be closed.⁴³

³⁹ Exhibit 26215-X0002, application, paragraph 23.

⁴⁰ Exhibit 26215-X0002, application, paragraph 34.

⁴¹ Exhibit 26215-X0016, AESO-AUC-2021FEB4-004.

⁴² Exhibit 26215-X0016, AESO-AUC-2021FEB4-004(b).

⁴³ Exhibit 26215-X0027, Fortis post-disposition report, paragraph 10.

58. The Commission acknowledges Fortis's response to Direction 7 from Decision 25848-D01-2020 in its March 31, 2021, submission. The Commission confirms that Fortis has complied with Direction 7.

4 Effective date of approved ISO tariff changes

59. The AESO requested that its proposed amendments to subsections 3.2(2), 3.6(2), 3.6(3), and subsection 3.6(4) of the ISO tariff T&Cs not be made effective until at least 60 days following the issuance of the Commission's decision in this proceeding⁴⁴ in order to provide a reasonable amount of time for market participants that have not yet executed system access service agreements to review and assess the impact of these provisions. The Commission considers this request to be reasonable.

60. Accordingly, the Commission has determined that a single effective date of July 1, 2021, should be applied as the effective date for the revised ISO tariff based on this decision, which includes all changes to all ISO tariff subsections made in the application. This date is for both T&C and Glossary changes. The Commission notes that the effective date for the commencement of ISO tariff billing that is applied to specific market participants is subject to Commission determinations of the AESO's proposed AMP implementation plan discussed in Section 5 below.

5 Direction 11 – AMP implementation plan and timing of AMP changes

61. In Decision 25848-D01-2020, the Stage 2 panel directed the AESO to submit a plan setting out the details on how to operationalize the implementation of the adjusted metering practice, such as extent, timing and costs, in its Phase 2 tariff application.⁴⁵ In its response to this direction in its application, the AESO confirmed its intention to submit an implementation plan setting out the details of how to operationalize the AMP as part of its Phase 2 tariff application.⁴⁶

62. The Commission asked the AESO if it would be possible to separate the AMP implementation plan from the Phase 2 tariff application. In accordance with paragraph 59 of Decision 25175-D02-2020, the Phase 2 tariff application is currently anticipated to be no earlier than January 1, 2022. In its response to that IR, the AESO submitted that it would be appropriate and efficient to file its AMP implementation plan sometime during 2021 to provide certainty to market participants regarding how the AMP is to be implemented as soon as possible. The AESO also indicated that it intended to consult with stakeholders prior to the filing of its implementation plan.⁴⁷

63. The AESO also stated that it intends on seeking feedback from stakeholders on the AESO's proposed wording to incorporate AMP requirements into the ISO rules following the approval of Section 502.10 in Proceeding 26304. The Commission notes that at the time of the release of this decision, the rule was approved in Decision 26304-D01-2021.⁴⁸ Therefore,

⁴⁴ Exhibit 26215-X0016, AESO-AUC-2021FEB4-003(a), PDF page 8.

⁴⁵ Decision 25848-D01-2020, Direction 11, paragraph 52.

⁴⁶ Exhibit 26215-X0002, paragraph 33.

⁴⁷ Exhibit 26215-X0016, AESO-AUC-2021FEB4-003(b), PDF page 10.

⁴⁸ Decision 26304-D01-2021: Alberta Electric System Operator, Approval of Proposed New Section 502.10 of the ISO Rules and Associated Terms and Definitions, Proceeding 26304, March 18, 2021.

following the release of this decision, the AESO intends to further consult on an amendment to ISO Rule 502.10.

64. The Commission directs that the AESO file an application in respect of a proposed AMP implementation plan on or before January 1, 2022, jointly with the further amendments to ISO Rule 502.10.

65. The Commission's determination discussed in Section 4, that the ISO tariff T&C amendments, including the AESO's proposed amendments to subsection 3.6(4) to be made effective on July 1, 2021, will not have the effect of causing sites currently billed on a "net" basis to be billed on a "gross" basis unless a contract change is made by the market participant on or after July 1, 2021. At substations where "gross" meters are installed, the AESO stated that it was targeting to have the AMP in place for ISO tariff billing on January 1, 2022.⁴⁹ The Commission will approve a comprehensive plan that includes when exactly the "gross" metering will be used for billing for all sites that have new or altered system access service contracts, on or after July 1, 2021, after an implementation plan is filed in a future ISO rule proceeding.

⁴⁹ Exhibit 26215-X0016, AESO-AUC-2021FEB4-003(a), PDF page 8.

6 Order

66. It is hereby ordered that:

- (1) The Alberta Electric System Operator's consolidated authoritative documents glossary shall be updated to incorporate the revised definition of substation fraction as set out in Appendix C to the application.
- (2) The Independent System Operator tariff shall be updated to reflect the changes as set out in Appendix A to the application, effective July 1, 2021.
- (3) The Alberta Electric System Operator shall file an application regarding its adjusted metering practice implementation plan no later than January 1, 2022.

Dated on April 29, 2021.

Alberta Utilities Commission

(original signed by)

Carolyn Dahl Rees
Chair

(original signed by)

Douglas A. Larder, QC
Acting Commission Member

Appendix 1 – Proceeding participants

| Name of organization (abbreviation) Company name of counsel or representative |
|--|
| Alberta Direct Connect Consumers Association (ADC) |
| Canadian Renewable Energy Association (CanREA) Blake, Cassels & Graydon LLP |
| Consumers' Coalition of Alberta (CCA) |
| Dual Use Customers (DUC) Desiderata Energy Consulting Inc. |
| Industrial Power Consumers Association of Alberta (IPCAA) |

| |
|---|
| <p>Alberta Utilities Commission</p> <p>Commission panel C. Dahl Rees, Chair D.A. Larder, QC, Acting Commission Member</p> <p>Commission staff J. Graham (Commission counsel) G. Bourque J. Halls</p> |
|---|

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. In light of the above-noted clarification, the Commission has determined that a “re-do” of Direction 5 is required. The AESO is hereby directed to complete the preparation of all required CCD recalculations and to forward such recalculated CCDs to the applicable DFO on or before June 30, 2021. paragraph 47
2. Following the receipt of the CCDs recalculated by the AESO in accordance with the clarification provided in this decision, the DFOs are directed to advise the AESO of any disputes that it may have with any recalculated CCDs by August 31, 2021. paragraph 48
3. Subsequently, the DFOs are directed to advise any DCGs impacted by the revised CCDs as soon as practicable after recalculated CCDs have been received from the AESO of any charges or refunds that may have been determined as a result of the recalculated CCDs. The DFOs are directed to ensure that such notice has been provided to any affected DCGs no later than September 15, 2021. paragraph 49
4. Finally, the DFOs are directed to provide an additional report on any disputes with DCG proponents that may have arisen following the communication of both the recalculation of CCDs and any resulting flow-through of supply-related costs that the DFO has determined should apply to the DCG by November 1, 2021. These reports are to be filed as post-disposition documents to this proceeding. paragraph 50
5. While the Commission notes that rebilling of historical DFO POD charges was not addressed in any of the Direction 5 submissions filed by the DFOs, the Commission considers that the any potential rebilling of Rate DTS POD charge costs related to those substations that would receive SSF=1 to address historical costs back to December 1, 2015, may not be sufficiently material to warrant further examination by the AESO or the DFOs. The Commission directs the AESO to discuss with DFOs whether further examination of this matter is warranted and to include the outcome of those discussions in the AESO’s deferral account reconciliation application. paragraph 55
6. The Commission directs that the AESO file an application in respect of a proposed AMP implementation plan on or before January 1, 2022, jointly with the further amendments to ISO Rule 502.10. paragraph 64

Appendix 3 – Summary of approved AESO terms and conditions changes

This section is provided for the convenience of readers. In the event of any difference between the language in this section and those in the AESO's approved terms and conditions, the wording in the AESO's terms and conditions shall prevail.

Changes related to the substation fraction of one

Subsection 4.5(5) (emphasis in original):⁵⁰

- 4.5(5)** The **ISO** must deem costs allocated to a **market participant** taking service under Rate STS to be:
- (a) for a **market participant** that is not the **legal owner** of an **electric distribution system**, supply-related costs; and
 - (b) for a **market participant** that is the legal owner of an electric distribution system, zero (0).

Changes related to the adjusted metering practice

Subsections 3.2(2), 3.6(2), 3.6(3) and 3.6(4).

Subsection 3.2(2) (emphasis in original):

- 3.2(2)** A **market participant** must provide the following critical information, as part of its request under subsection 3.2(1) above:
- (a) if the **market participant** is not the **legal owner** of an **electric distribution system**:
 - (i) the requested **contract capacity** or requested change in **contract capacity** by generation, load, or combination of both, including **contract capacity** by stage if applicable; and
 - (ii) the **maximum capability** of each **generating unit** or **aggregated generating facility** by feeder;
 - (b) if the **market participant** is the **legal owner** of an **electric distribution system**:
 - (i) the requested Rate STS **contract capacity** or requested change in Rate STS **contract capacity**, including **contract capacity** by stage, if applicable, as assessed by feeder by taking the sum of the **maximum capability** of a **generating unit** or **aggregated generating facility** that will be connected at each feeder to the **transmission system**, less the minimum feeder load level;

⁵⁰ Exhibit 26215-X0003.01, Appendix A – ISO tariff effective Jan. 1, 2021 clean.

- (ii) the **maximum capability** of each **generating unit** or **aggregated generating facility** by feeder, connected to the **electric distribution system**; and
- (iii) the requested Rate DTS **contract capacity** or requested change in Rate DTS **contract capacity**, including **contract capacity** by stage, if applicable, using the expected coincident sum of the flows from each feeder connected to the **transmission system**;
- (c) generation type(s) in the case of a **generating unit** or **aggregated generating facility**;
- (d) in-service date, including the dates relating to any staged **contract capacity** request;
- (e) location of the load or generation related to the request of the **market participant**; and
- (f) if load or generation related to the request of the **market participant** are or will be part of a **Commission**-designated industrial system, or if the market participant has otherwise obtained an approval from the **Commission** that permits the export to the **interconnected electric system** of electric energy in excess of the **market participant's** own self-supply requirements, whether the load and generation will be metered on a gross or net basis.

Subsection 3.6(2) (emphasis in original):

3.6(2) A **market participant** must execute a *System Access Service Agreement* for Rate DTS for a **contract capacity** that, in the **ISO's** determination approximates the expected maximum coincident sum of the flows at each feeder from the **transmission system**.

Subsection 3.6(3) (emphasis in original):

3.6(3) A **market participant** must execute a *System Access Service Agreement* for Rate STS for a **contract capacity** that, in the **ISO's** determination:

- (a) if a **market participant** is not the **legal owner** of an **electric distribution system**, approximates the expected maximum coincident sum of the flows at each feeder into the **transmission system**; or
- (b) if a **market participant** is the **legal owner** of an **electric distribution system**, approximates the sum by feeder to the **transmission system**, of the **maximum capability** of all **generating units** or **aggregated generating facilities** that will be connected at the feeder to the **transmission system**, less minimum load at the feeder at the time when all of **maximum capability** of all **generating units** at the feeder is available.

Subsection 3.6(4) (emphasis in original):

3.6(4) Notwithstanding subsections 3.6(2) and 3.6(3) above, a **market participant** may execute a *System Access Service Agreement* for Rate DTS or Rate STS at a **contract capacity** determined by the **market participant** on either a gross or net

basis if the **market participant** is seeking to connect a **Commission**-designated industrial system to the transmission system, or if an approval from the **Commission** has been obtained to permit the export of electric energy in excess of the **market participant's** own self-supply requirements (or in excess of a transmission-connected end-use customer's own self-supply requirements, if an arrangement under section 101(2) of the Act has not been entered into).