



**EPCOR Energy Alberta GP Inc.**

**2021-2024 Energy Price Setting Plan**

**September 29, 2021**

**Alberta Utilities Commission**

Decision 26316-D01-2021

EPCOR Energy Alberta Inc.

2021-2024 Energy Price Setting Plan

Proceeding 26316

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## **1 Decision summary**

1. In this decision, the Alberta Utilities Commission considers whether to approve a request from EPCOR Energy Alberta GP Inc. (EPCOR or EEA) for approval of its 2021-2024 energy price setting plan (EPSP).

2. For the reasons set out in this decision, the Commission has denied all recommendations made by the interveners who participated in the proceeding. However, as explained in the decision, the Commission has not approved the 2021-2024 EPSP and the accompanying illustrative energy charge model as filed. EPCOR will be required to make certain Commission-directed amendments to the 2021-2024 EPSP and illustrative energy charge model before these can be formally approved. The amended 2021-2024 EPSP and amended illustrative energy charge model, as well as a stand-alone document titled “Load Forecasting Method,” will be filed as post-disposition documents on the record of Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021.

3. EPCOR will file an executed backstop agreement for the 2021-2024 EPSP for Commission acknowledgment, as well as a document that sets out any differences between the newly executed backstop agreement and the executed backstop agreement in place for the current EPSP. These documents will be filed as confidential, post-disposition documents on the record of Proceeding 26316 no later than 10 days after the date the executed backstop agreement is completed and signed by both parties, and in any event prior to 60 days before the first month for which the energy charges will be determined under the 2021-2024 EPSP.

## **2 Background**

4. EPCOR is a regulated rate option (RRO) provider that is regulated by the Commission and performs the electricity regulated rate tariff (RRT) function in the service territories of EPCOR Distribution & Transmission Inc. (EDTI) and FortisAlberta Inc. As an RRO provider, EPCOR is required to file monthly energy charges with the Commission. These monthly energy charges are determined pursuant to the *Electric Utilities Act*, in accordance with the *Regulated Rate Option Regulation* and the EPSP approved by the Commission. EPCOR’s approved EPSP establishes the pricing of electricity for RRO customers in the distribution service areas of EDTI and Fortis.

5. On February 22, 2021, EPCOR filed an application with the Commission requesting approval of its 2021-2024 EPSP. Prior to filing the application, EPCOR filed a motion for confidentiality<sup>1</sup> in which it requested the Commission’s approval for confidential treatment of

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<sup>1</sup> Exhibit 26316-X0003, filed on February 11, 2021.

certain information that it intended to file as part of the application. The Commission granted EPCOR's confidentiality request, in full.<sup>2</sup>

6. On February 23, 2021, the Commission issued a notice of application requiring any party that wished to intervene in the proceeding to file a statement of intent to participate (SIP) by March 8, 2021. The Office of the Utilities Consumer Advocate (UCA) submitted a SIP before the deadline. The Consumers' Coalition of Alberta (CCA) did not file a SIP before the deadline, but it was subsequently granted intervener status.<sup>3</sup> The CCA and the UCA actively participated in the proceeding.

7. The process steps in the proceeding consisted of the Commission, the CCA and the UCA issuing information requests (IRs) to EPCOR; EPCOR filing its responses to the IRs; intervener evidence prepared by Dr. Matt Ayres and filed on behalf of the CCA; the Commission and EPCOR issuing IRs to the CCA; the CCA filing its responses to the IRs; rebuttal evidence filed by EPCOR, including material prepared by Dr. Chantale LaCasse; and written argument and written reply argument filed by EPCOR, the CCA and the UCA.

8. The Commission considers that the close of record for this proceeding was July 8, 2021, the date that written reply argument was filed.

9. In reaching the determinations set out within this decision, the Commission has considered all relevant materials on the public record of this proceeding as well as the confidential filings. A separate confidential decision will be issued for those parties who have signed confidentiality undertakings in this proceeding.

10. References in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

### **3 Application details**

11. EPCOR indicated that the 2021-2024 EPSP has been comprehensively redrafted from the format used in the 2018-2021 EPSP. It submitted that this redrafting was done to simplify and streamline the language, improve the clarity and readability, and to eliminate significant redundancies that have built up as the 2018-2021 EPSP has evolved. Despite the redrafting, EPCOR stated that the 2021-2024 EPSP is substantially the same as the Commission-approved 2018-2021 EPSP, with the exception of some limited refinements.<sup>4</sup>

### **4 CCA conduct related to confidential filings**

12. At certain times during the proceeding, the conduct of the CCA relating to the confidential filings resulted in inefficiencies in the hearing process.

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<sup>2</sup> Exhibit 26316-X0004, issued on February 19, 2021.

<sup>3</sup> Details about the CCA's request for intervener status and the Commission's response are in Exhibit 26316-X0030.

<sup>4</sup> Exhibit 26316-X0006, paragraphs 2-3.

13. On May 5, 2021, the CCA advised EPCOR that it had uploaded its evidence in the proceeding which contained some confidential material and requested that EPCOR "... review the CCA Evidence to determine if EEA will require further redactions to those proposed by the CCA in the CCA Evidence."<sup>5</sup> While EPCOR ultimately assisted the CCA in this regard, the Commission considers that the CCA's request resulted in duplication of work and inefficiencies, and did not contribute to its understanding of the issues in the proceeding. As an experienced intervener in utility rate proceedings, represented by experienced legal counsel, the CCA and its representatives should not require assistance complying with the Commission's confidentiality order.

14. [REDACTED]

## 5 Recommended improvements to the descending clock auction

15. Dr. Ayres was retained by the CCA to provide evidence. As part of his evidence, Dr. Ayres conducted an assessment of the level of competition within the descending clock auction used in EPCOR's 2018-2021 EPSP, including but not limited to, the consideration of the assessment of the level of competition conducted and reported by EPCOR in its application. He noted and described where his analysis suggested that changes are warranted.<sup>6</sup> Those changes are addressed in the following subsections. As a general comment the Commission finds itself in accord with the assessments of EPCOR and Dr. LaCasse that Dr. Ayres' analyses are not well supported, appear to reflect a misapprehension of how the descending clock auctions work in practice and appear to present "solutions in search of a problem".<sup>7</sup> The Commission has rejected all of the changes recommended by Dr. Ayres, for the reasons set out in the subsequent sections of this decision, and finds that these proposed changes did not contribute to its understanding of the issues in this proceeding.

### 5.1 Improvements to market monitoring

16. EPCOR submitted that the data and analyses provided in the application demonstrate that the descending clock auctions conducted under its 2018-2021 EPSP for all three of its energy products<sup>8</sup> have to date garnered substantial levels of interest and participation from suppliers. It stated that this data confirms that the Alberta wholesale electricity market is more than

<sup>5</sup> Exhibit 26316-X0063.

<sup>6</sup> Exhibit 26316-X0065, PDF page 2.

<sup>7</sup> Exhibit 26316-X0075, PDF page 4. Exhibit 26316-X0076, PDF pages 22 and 47.

<sup>8</sup> The three energy products are flat, peak and full-load.

sufficiently robust to facilitate strong competition in the descending clock auctions for all three energy products, resulting in market competitive energy prices.<sup>9</sup>

17. The CCA submitted that EPCOR's application did not fully address whether the descending clock auctions under the 2018-2021 EPSP were competitive.<sup>10</sup> It made a number of recommendations on what auction information should be monitored by EPCOR during the term of the 2021-2024 EPSP and reported in future applications. The CCA stated that requiring EPCOR to include this information in future applications will likely avoid the need for some IRs in those applications, which is consistent with regulatory efficiency.<sup>11</sup> The CCA further requested that EPCOR be required to monitor this auction information such that if competition is diminished during the term of the 2021-2024 EPSP, EPCOR would be able to bring to the Commission a timely and effective amendment to the EPSP.<sup>12</sup> The UCA submitted that there are a number of areas in which EPCOR's market monitoring could be improved, which would have provided more valuable insight into the competitiveness and operation of the 2018-2021 EPSP and its suitability for use going forward.<sup>13</sup> The Commission has rejected the recommendations put forward by the CCA and the UCA, as explained in more detail in the sections that follow.

### 5.1.1 Information to report about auction participation levels

18. For the 2018-2021 EPSP period up to December 15, 2020, EPCOR provided information about the number of suppliers that have participated in each auction session, both overall and by energy product.<sup>14</sup> It also provided the distribution of the number of participating suppliers in each auction session.<sup>15</sup> EPCOR included the cumulative number of suppliers that have participated in the auction sessions over time, by product,<sup>16</sup> which it stated is a relevant indicator of the competitiveness of the auction sessions.<sup>17</sup>

19. Dr. Ayres submitted that the cumulative number of suppliers that have participated in the auction is a poor metric of the competitiveness of the auction sessions because it does not account for whether previous participants no longer participate or participate infrequently. He indicated that reporting the number of suppliers in each auction session overall and by energy product, which EPCOR provided, is a preferable measure of competition.<sup>18</sup> He recommended that EPCOR supplement this information by including a 12-auction moving average to demonstrate the trend in participation.<sup>19</sup> The CCA agreed that monitoring trend metrics by energy product is important because all suppliers may not necessarily participate in supplying all products.<sup>20</sup> It recommended that EPCOR be instructed to provide, in future applications, a simple trend of participation in auction sessions as suggested by Dr. Ayres, and a trend in participation by delivery month as suggested by Dr. LaCasse.<sup>21</sup>

<sup>9</sup> Exhibit 26316-X0006, paragraph 40.

<sup>10</sup> Exhibit 26316-X0081, paragraph 6.

<sup>11</sup> Exhibit 26316-X0081, paragraph 9.

<sup>12</sup> Exhibit 26316-X0081, paragraph 33.

<sup>13</sup> Exhibit 26316-X0078, paragraph 54.

<sup>14</sup> Confidential Exhibit 26316-X0006-C, paragraph 42, Figure 2.1.1-1.

<sup>15</sup> Confidential Exhibit 26316-X0006-C, paragraph 44, Figure 2.1.1-2.

<sup>16</sup> Confidential Exhibit 26316-X0006-C, paragraph 49, Figure 2.1.1-3.

<sup>17</sup> Exhibit 26316-X0006, paragraph 49.

<sup>18</sup> Exhibit 26316-X0065, PDF page 8.

<sup>19</sup> Exhibit 26316-X0065, paragraph 19.

<sup>20</sup> Exhibit 26316-X0081, paragraph 13.

<sup>21</sup> Exhibit 26316-X0081, paragraph 14.

20. Dr. LaCasse submitted that the use of the number of suppliers in each auction session to assess trends in participation is flawed because participation by one supplier in an auction session for one delivery month is not independent from the participation of the same supplier in another auction session for the same delivery month. She noted that she would expect to see all or even most suppliers participating in all auction sessions. Dr. LaCasse stated that consideration of participation by delivery month is a simple measure of participation levels that takes the interdependence of the auction sessions for each delivery month into account.<sup>22</sup>

21. Dr. LaCasse commented that the measure of participation by energy product as suggested by Dr. Ayres will underestimate the pool of competitors on a product-specific basis and added that any trends that are inferred from this measure are not meaningful. She submitted that Dr. Ayres does not seem to realize that the pool of competitors for a given energy product in an auction session is all suppliers that participate in the auction session. Dr. LaCasse stated that a central feature of the simultaneous procurement of all products through a descending clock auction is that any one of the participating suppliers can bid on any one of the products.<sup>23</sup>

22. The Commission rejects the recommendations from Dr. Ayres and the CCA that EPCOR provide in future applications, a 12-auction moving average of the number of suppliers participating in each auction session overall, by energy product and by delivery month. The Commission agrees with Dr. LaCasse that the cumulative number of participants and other metrics based on the number of auction participants do not measure competition.<sup>24</sup> Dr. Ayres and the CCA have failed to demonstrate how their recommendations would be beneficial in assessing the competitiveness of the auction sessions. The Commission concurs with Dr. LaCasse that a measure of competition is a measure of how well or how much suppliers are engaged in trying to win the auction sessions,<sup>25</sup> and considers that the calculation and reporting of the 12-auction moving averages recommended by Dr. Ayres and the CCA are not such a measure.

23. The Commission also considers that if there are any concerns about the competitiveness of the auctions, the Market Surveillance Administrator (MSA) could undertake a review, which Dr. Ayres agreed with.<sup>26</sup> The MSA did not participate in the processing of the application and did not submit any concerns about the competitiveness of the auctions.

### **5.1.2 Information to report about auction participants**

24. For the 2018-2021 EPSP period up to December 15, 2020, EPCOR provided information about the number of units of each energy product offered across all auction sessions by suppliers,<sup>27</sup> with the suppliers broken down by their classification of physical suppliers<sup>28</sup> or financial suppliers. It also reported the number of units of each energy product won by these suppliers.<sup>29</sup> EPCOR stated that this information shows that there has been a range of bidding and

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<sup>22</sup> Exhibit 26316-X0076, PDF page 11.

<sup>23</sup> Exhibit 26316-X0076, PDF page 15.

<sup>24</sup> Exhibit 26316-X0076, PDF page 9.

<sup>25</sup> Exhibit 26316-X0076, PDF page 9.

<sup>26</sup> Exhibit 26316-X0071.01, CCA-AUC-2021MAY17-001(g).

<sup>27</sup> Confidential Exhibit 26316-X0006-C, paragraph 52, figures 2.1.2-1, 2.1.2-2 and 2.1.2-3.

<sup>28</sup> In Exhibit 26316-X0006, paragraph 51, EPCOR described physical suppliers and financial suppliers as “Physical suppliers are those that have generating capacity or import capacity in the physical AESO [Alberta Electric System Operator] wholesale electricity market, and financial suppliers are those that have neither.”

<sup>29</sup> Confidential Exhibit 26316-X0006-C, paragraph 53, figures 2.1.2-4, 2.1.2-5 and 2.1.2-6.



winning suppliers, representing a mix of physical and financial suppliers, for all three energy products.<sup>30</sup>

25. Dr. Ayres stated that it would be preferable to disaggregate the tracking of financial suppliers who have physical load positions separately from those who do not, because the incentives for these two types of suppliers may be considerably different.<sup>31</sup> The CCA recommended that EPCOR be instructed to provide the disaggregated information preferred by Dr. Ayres. It submitted that this additional reporting is not onerous and could be done without significant cost.<sup>32</sup> The UCA agreed with Dr. Ayres' recommendation<sup>33</sup> and his submission that this should require little to no additional effort on the part of EPCOR.<sup>34</sup>

26. The Commission denies the recommendation from Dr. Ayres and the CCA. It acknowledges the submission of Dr. LaCasse, who noted that EPCOR presented information about physical suppliers and financial suppliers in direct response to concerns raised in the 2018-2021 EPSP proceeding that only suppliers with a physical position would participate in the auction sessions.<sup>35</sup> The Commission agrees with Dr. LaCasse that there is now clear and convincing empirical evidence demonstrating that both suppliers with a physical position and suppliers with a purely financial position participate in the auction sessions.<sup>36</sup> The Commission finds that Dr. Ayres and the CCA have failed to demonstrate what benefit would be provided by having EPCOR report the recommended information.

### **5.1.3 Calculating and reporting of additional metrics to assess the competitiveness of auction sessions**

27. EPCOR stated that along with the number and mix of auction session participants, total excess supply in each auction session and the excess supply for the three energy products being auctioned are other important indicators of the competitiveness of an auction session.<sup>37</sup> For the 2018-2021 EPSP period up to December 15, 2020, it provided information showing the levels of total excess supply observed in round 1 of each auction session.<sup>38</sup> EPCOR indicated that this information demonstrates a high level of interest from suppliers in its auctions.<sup>39</sup> It also provided information showing the highest observed level of excess supply for each of the three energy products.<sup>40</sup> EPCOR noted that information demonstrates a high level of supplier interest in each of the energy products, and no apparent lack of interest in any energy product.<sup>41</sup>

28. While Dr. Ayres agreed that excess supply is suitable for the assessment of competition, he stated that this information can be easily improved by also looking at the concentration of supply. He submitted that there would be a concern if excess supply was controlled by a single or small group of participants, and these participants might be able to exert influence over the

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<sup>30</sup> Exhibit 26316-X0006, paragraph 54.

<sup>31</sup> Exhibit 26316-X0065, PDF page 12.

<sup>32</sup> Exhibit 26316-X0081, paragraph 17.

<sup>33</sup> Exhibit 26316-X0078, paragraph 130.

<sup>34</sup> Exhibit 26316-X0078, paragraph 59, referencing Exhibit 26316-X0071.01, CCA-AUC-2021MAY17-001(d).

<sup>35</sup> Exhibit 26316-X0076, PDF pages 23-24.

<sup>36</sup> Exhibit 26316-X0076, PDF pages 23-24.

<sup>37</sup> Exhibit 26316-X0006, paragraph 55.

<sup>38</sup> Exhibit 26316-X0006, paragraph 56, Figure 2.1.3-1.

<sup>39</sup> Exhibit 26316-X0006, paragraph 57.

<sup>40</sup> Confidential Exhibit 26316-X0006-C, paragraph 58, figures 2.1.3-2, 2.1.3-3 and 2.1.3-4.

<sup>41</sup> Exhibit 26316-X0006, paragraph 59.

auction outcome. Dr. Ayres added that it may suggest whether or not competition is likely to be robust if one or more of the larger participants did not participate in a future auction.<sup>42</sup>

29. Dr. Ayres calculated and reported five metrics for each of the three energy products, being the Herfindahl-Hirschman Index (HHI), the ratio of supply to demand, and three residual supply indices (RSIs).<sup>43</sup> He noted that the HHI is a simple and commonly used metric of market concentration. Dr. Ayres commented that the ratio of supply to demand metric is preferable to the excess supply metric of supply minus demand reported by EPCOR because it is easily compared to the other metrics he reported. He indicated that the RSIs are calculated by removing (i) the largest auction participant (RSI-one); (ii) the two largest auction participants (RSI-two); and (iii) the three largest auction participants (RSI-three). He noted that the RSI metrics are useful to assess how robust competition is to the absence of market participants.<sup>44</sup>

30. The CCA submitted that the additional metrics provided by Dr. Ayres to assess auction session competitiveness are superior to those used by EPCOR, because they view competition in an auction session to be a function of various characteristics, including the level of supply, the level of demand and the size of the auction participants, not just the number of participants.<sup>45</sup> The CCA stated that it remains concerned that a particular auction session could be susceptible to the actions of dominant suppliers. It submitted that EPCOR should be required to monitor and report on the metrics proposed by Dr. Ayres when it seeks approval of a subsequent EPSP or an amendment to the 2021-2024 EPSP.<sup>46</sup> The UCA agreed that the additional metrics recommended by Dr. Ayres should be monitored and reported.<sup>47</sup>

31. Dr. LaCasse submitted that the five metrics calculated and reported by Dr. Ayres are not typically used to assess the competitiveness of descending clock auctions. Dr. LaCasse stated that those metrics are used to measure market concentration, being the extent to which supply in a well-defined market is controlled by a small number of firms.<sup>48</sup> She explained that Dr. Ayres' calculations of the concentration metrics only use the bids in round 1 of each auction session, and this is incorrect because the pool of suppliers for any of the three energy products is not limited to the suppliers that bid in round 1.<sup>49</sup>

32. The UCA countered that even though the five metrics calculated and reported by Dr. Ayres only use the bids in round 1 of each auction session and are therefore incorrect, Dr. LaCasse has stated she expects there to be limited instances of suppliers switching their bids from one energy product to another through the course of an auction session. The UCA submitted that, accordingly, the metrics proposed by Dr. Ayres will be valuable for assessing the level of competition on an energy product basis.<sup>50</sup>

33. The Commission rejects the recommendations of Dr. Ayres, the CCA and the UCA that EPCOR monitor and report the five metrics for each of the three energy products. Dr. Ayres agreed that EPCOR's use of excess supply is suitable for the assessment of competition in the

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<sup>42</sup> Exhibit 26316-X0065, PDF pages 12-13.

<sup>43</sup> Confidential Exhibit 26316-X0062-C, PDF pages 14-17, figures 2, 3 and 4.

<sup>44</sup> Exhibit 26316-X0065, PDF page 13.

<sup>45</sup> Exhibit 26316-X0081, paragraph 22.

<sup>46</sup> Exhibit 26316-X0081, paragraph 26.

<sup>47</sup> Exhibit 26316-X0078, paragraph 130.

<sup>48</sup> Exhibit 26316-X0076, PDF page 19.

<sup>49</sup> Exhibit 26316-X0076, PDF page 20.

<sup>50</sup> Exhibit 26316-X0078, paragraphs 71-72.

auctions.<sup>51</sup> While the CCA submitted that the use of the five metrics are superior to assess the competitiveness of the auctions, no party raised significant concerns with the overall competitiveness of the auctions. In particular, no party submitted that EPCOR stop using the descending clock auctions because they are uncompetitive. Consequently, the Commission does not consider the calculation and reporting of additional metrics related to auction competitiveness, as proposed by the CCA and the UCA, to be warranted.

34. The Commission also agrees with Dr. LaCasse that even if EPCOR undertook to calculate and report the five metrics, or if the Commission directed EPCOR to do so, Dr. Ayres provided no guidance as to what actions EPCOR should take during the course of the 2021-2024 EPSP on the basis of these metrics.<sup>52</sup>

#### 5.1.4 Information to be reported about switching behaviour

35. For the 94 auction sessions conducted under the 2018-2021 EPSP period up to December 15, 2020, EPCOR provided information about the number of bids that specified switches from one energy product to another.<sup>53</sup> It concluded that the significant degree of switching activity observed shows that suppliers are actively evaluating and re-evaluating their bidding strategies during the auctions. EPCOR added that this supports the conclusion that the final procurement prices for the three energy products correspond with suppliers' views of the relative values and risks of the products.<sup>54</sup>

36. Dr. Ayres disagreed with EPCOR's submission that the significant degree of switching behaviour supports a conclusion that any pricing inefficiencies between the three energy products that may otherwise exist can be, and frequently are, eliminated by this switching behaviour. Dr. Ayres submitted that the analysis of switching behaviour undertaken by EPCOR was not sufficient to support EPCOR's conclusion, and he considered that further analysis of the switching behaviour was required.<sup>55</sup>

37. Dr. Ayres noted that EPCOR provided the information on switching behaviour in the non-confidential part of its application.<sup>56</sup> [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>57</sup>

38. In his analysis of switching behaviour for the 94 auction sessions conducted under the 2018-2021 EPSP period up to December 15, 2020, Dr. Ayres presented information about (i) the total number of blocks sold, the number of blocks switched and the number of blocks switched then sold;<sup>58</sup> (ii) the number of switches by auction round;<sup>59</sup> and (iii) the number of switches organized by the number of rounds left until the auction was complete.<sup>60</sup> Dr. Ayres recommended

<sup>51</sup> Exhibit 26316-X0065, PDF page 12.

<sup>52</sup> Exhibit 26316-X0076, PDF page 23.

<sup>53</sup> Exhibit 26316-X0006, paragraph 62, Figure 2.1.4-1.

<sup>54</sup> Exhibit 26316-X0006, paragraph 63.

<sup>55</sup> Exhibit 26316-X0065, PDF page 23.

<sup>56</sup> Exhibit 26316-X0065, PDF page 23.

<sup>57</sup> Confidential Exhibit 26316-X0062-C, PDF page 23.

<sup>58</sup> Confidential Exhibit 26316-X0062-C, PDF page 24, Figure 5.

<sup>59</sup> Confidential Exhibit 26316-X0062-C, PDF page 26, Table 1.

<sup>60</sup> Confidential Exhibit 26316-X0062-C, PDF page 27, Table 2.

that EPCOR monitor the nature and timing of switching behaviour,<sup>61</sup> and the CCA requested that the Commission accept this recommendation.<sup>62</sup> The UCA also agreed with Dr. Ayres' recommendation.<sup>63</sup>

39. Dr. LaCasse stated that the more stable the relative prices of the energy products are across the rounds of the auction session, the more she expects switching activity to be low. She added that stability in the relative prices and a low level of switching in an auction session raise no concerns regarding the competitiveness of the bidding environment. Dr. LaCasse indicated she expects a high degree of stability in relative prices across the rounds of each auction session and explained that this stability stems from the methodology used to set the starting prices.<sup>64</sup>

40. The Commission denies the recommendation from Dr. Ayres, the CCA and the UCA that EPCOR monitor the nature and timing of switching behaviour. The Commission finds that Dr. LaCasse refuted Dr. Ayres' submission that the utility of the simultaneous procurement descending clock auction in large part depends on whether the auctions elicit significant switching behaviour.<sup>65</sup> The Commission places significant weight on the submissions of Dr. LaCasse with respect to this matter given her role in designing the auctions for EPCOR, ENMAX Energy Corporation<sup>66</sup> and Direct Energy Regulated Services,<sup>67</sup> and because she has considerably more experience in this area than Dr. Ayres.

41. The Commission agrees with Dr. LaCasse that the level of switching activity will be related to how stable relative prices are over the course of the rounds of the auction session.<sup>68</sup> Dr. LaCasse measured whether relative prices were in fact stable through the rounds of the auction sessions conducted under the 2018-2021 EPSP. Based on her calculations of the price ratio of the peak energy product over the flat energy product, and the price ratio of the full-load product over the flat energy product for each round of the last 83 auction sessions under the 2018-2021 EPSP up to December 15, 2020, Dr. LaCasse concluded that the price ratio of the peak to flat product is remarkably stable and the price ratio of the full-load to flat product is also stable, although less so.<sup>69</sup> The Commission takes guidance from Dr. LaCasse's conclusion and agrees with Dr. LaCasse that Dr. Ayres' concerns regarding the low level of switching being an indication that competition in the auctions may not be robust are not justified. Consequently, the Commission finds that it is unnecessary for EPCOR to monitor the nature and timing of switching behaviour.

42. The Commission denies the recommendation from Dr. Ayres that all the information provided by EPCOR in the non-confidential part of the application about switching behaviour should be treated confidentially. The Commission once again places greater weight on the submission of Dr. LaCasse with respect to this issue. Dr. LaCasse stated that she is not overly concerned about the aggregate statistics on switching provided by EPCOR in its public

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<sup>61</sup> Exhibit 26316-X0065, PDF page 37.

<sup>62</sup> Exhibit 26316-X0081, paragraph 31.

<sup>63</sup> Exhibit 26316-X0078, paragraph 130.

<sup>64</sup> Exhibit 26316-X0076, PDF pages 27-28.

<sup>65</sup> Exhibit 26316-X0065, PDF page 22.

<sup>66</sup> The ENMAX Energy Corporation auction was the subject of Proceeding 24721.

<sup>67</sup> The Direct Energy Regulated Services auction was the subject of Proceeding 25818. As part of the negotiated settlement agreement reached in that proceeding, Direct Energy agreed to use a different procurement methodology than the auction methodology designed by Dr. LaCasse.

<sup>68</sup> Exhibit 26316-X0076, PDF page 26.

<sup>69</sup> Exhibit 26316-X0076, PDF pages 31-32.

application. She noted that suppliers are able to make inferences about switching patterns from the levels of the decrements and the decrement algorithm.<sup>70</sup> Based on the lack of any serious concern from Dr. LaCasse with regard to the information on switching behaviour provided by EPCOR in the public portion of its application, the Commission finds that this material does not have to be treated confidentially.

43. The Commission encourages EPCOR to take guidance from Dr. LaCasse with respect to the type of information on switching behaviour provided in subsequent proceedings that should be treated confidentially. Dr. LaCasse indicated that the propensity to switch by specific suppliers or any detailed analysis of switching behaviour that may include competitively sensitive information should be kept confidential.<sup>71</sup>

## 5.2 Proposed amendments to the 2021-2024 EPSP

44. EPCOR requested that the 2021-2024 EPSP be approved as filed. Based on the evidence of Dr. Ayres, the CCA and the UCA recommended that certain amendments be made to the 2021-2024 EPSP. Those recommended amendments are addressed below.

[REDACTED]

45. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]<sup>72</sup>

46. [REDACTED]

[REDACTED]

[REDACTED]<sup>73</sup>

47. [REDACTED]

[REDACTED]<sup>74</sup> [REDACTED]<sup>75</sup> [REDACTED]

[REDACTED]

[REDACTED]<sup>76</sup> [REDACTED]

[REDACTED]<sup>77</sup>

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

<sup>70</sup> Exhibit 26316-X0076, PDF page 39.

<sup>71</sup> Exhibit 26316-X0076, PDF page 39.

<sup>72</sup> Exhibit 26316-X0006, paragraph 64.

<sup>73</sup> Exhibit 26316-X0006, paragraphs 66-67 and 70.

<sup>74</sup> Confidential Exhibit 26316-X0081-C, paragraphs 46 and 53.

<sup>75</sup> Exhibit 26316-X0078, paragraph 140.

<sup>76</sup> Confidential Exhibit 26316-X0062-C, PDF page 19.

<sup>77</sup> Confidential Exhibit 26316-X0062-C, PDF page 20.

[REDACTED]

<sup>78</sup>

48. [REDACTED]

<sup>79</sup>

49. [REDACTED]

<sup>80</sup>

50. [REDACTED]

<sup>81</sup>

51. [REDACTED]

52. [REDACTED]

<sup>78</sup> Confidential Exhibit 26316-X0073-C, CCA-AUC-2021MAY17-CONF-001.

<sup>79</sup> Confidential Exhibit 26316-X0073-C, CCA-AUC-2021MAY17-CONF-001.

<sup>80</sup> Confidential Exhibit 26316-X0062-C, PDF pages 18-19.

<sup>81</sup> Confidential Exhibit 26316-X0062-C, PDF page 20.

[Redacted]

82

53. [Redacted]

54. [Redacted]

83

[Redacted]

84

55. [Redacted]

85

[Redacted]

56. [Redacted]

57. [Redacted]

<sup>82</sup> Confidential Exhibit 26316-X0076-C, PDF page 43.  
<sup>83</sup> Exhibit 26316-X0072.01, CCA-EEA-2021MAY17-001(a).  
<sup>84</sup> Confidential Exhibit 26316-X0076-C, PDF page 42.  
<sup>85</sup> Confidential Exhibit 26316-X0076-C, PDF page 41.

[REDACTED]

### 5.2.2 Revise the ranges for the auction starting prices

58. Section 5.0 of the proposed 2021-2024 EPSP includes the flexibility for EPCOR to modify the calculation of the auction starting prices for the flat and peak energy products by adjusting the respective multipliers within a range of 1.15 to 1.25.<sup>87</sup> Dr. Ayres recommended that this range be changed to 1.10 to 1.20 with the expectation that multipliers of 1.15 or below be used unless markets prove extremely volatile.<sup>88</sup> The UCA supported Dr. Ayres' recommendation.<sup>89</sup> The CCA also supported Dr. Ayres' recommendation and submitted that with the benefit of conducting prior auctions, EPCOR should be able to refine the flexibility it requires. The CCA further requested that EPCOR be required in future applications to specifically address the ongoing rationale for any requested flexibility and, to the extent that flexibility has or has not been exercised for the benefit of customers, make those benefits clear.<sup>90</sup>

59. Dr. Ayres submitted that the range for the auction starting prices should be lowered, because in the [REDACTED]

[REDACTED]<sup>91</sup> He indicated that this would result in fewer auction rounds that would either shorten the overall auction length or allow the later rounds to be extended in order to give participants time to consider switches and keep the overall auction length the same.<sup>92</sup>

60. Dr. LaCasse disagreed with Dr. Ayres' recommendation. Dr. LaCasse indicated that setting prices at levels that Dr. Ayres seems to consider to be too high serves the purpose of ensuring that the auctions will feature multiple rounds that will lead to price discovery, and decreasing the number of rounds will reduce such price discovery. Dr. LaCasse added that the objective is not to have auction sessions that are as short as possible. She explained that the goal is to balance the length of the auction sessions between having them long enough to allow suppliers sufficient time to consider and submit bids, and having them short enough as to not impose undue burden and cost on the suppliers. She submitted that in the absence of supplier feedback to the contrary, the current auction parameters strike this balance well.<sup>93</sup>

61. The Commission denies Dr. Ayres' recommendation that the range for the auction starting prices be lowered. [REDACTED]

<sup>86</sup> Confidential Exhibit 26316-X0084-C, paragraph 72.

<sup>87</sup> Exhibit 26316-X0007, PDF page 38.

<sup>88</sup> Exhibit 26316-X0065, PDF page 4.

<sup>89</sup> Exhibit 26316-X0078, paragraph 144.

<sup>90</sup> Exhibit 26316-X0081, paragraphs 67-68.

<sup>91</sup> Confidential Exhibit 26316-X0062-C, PDF page 4.

<sup>92</sup> Exhibit 26316-X0065, PDF page 4.

<sup>93</sup> Exhibit 26316-X0076, PDF page 49.



[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] Dr. Ayres provided no evidence that auction participants or potential auction participants consider the auction session lengths to be too long, or that they have insufficient time to consider switches. In the absence of such evidence, the Commission finds that Dr. Ayres' recommendation is not justified.

62. The Commission also considers that Dr. Ayres' recommendation was not well developed, because he failed to consider the potential impacts the recommendation might have on other areas of the EPSP. The Commission agrees with the submissions of Dr. LaCasse on this point. She explained that the multipliers for the starting prices are not set in isolation, but instead they work together with the decrement levels and the round lengths to produce the duration of the auction sessions. She submitted that Dr. Ayres should have also reviewed whether a complementary change to the decrement levels would also be required in addition to his recommended change to the auction starting price ranges.<sup>94</sup> [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>95</sup>

63. The Commission also denies the CCA's request that EPCOR be required in future applications to specifically address the ongoing rationale for any requested flexibility. The Commission considers that the onus is already on EPCOR to support its applications, including any requested flexibility for starting price modifications in subsequent proposed EPSPs, and if the CCA or other interveners consider that such flexibility has not been supported, they can recommend at that time that the Commission deny EPCOR's request.

### 5.2.3 Alternate auction ending mechanism

64. Dr. Ayres submitted that an alternate ending to the auctions should be implemented "based on either a threshold of excess capacity or a residual supply index. Once this threshold is reached all remaining offers would declare a [*sic*] offer with offers paid as bid."<sup>96</sup> He noted that rather than relying upon a simple measure of excess capacity, a measure based on a residual supply index may be preferable.<sup>97</sup> The CCA and the UCA supported Dr. Ayres' recommendation.<sup>98</sup>

65. Dr. Ayres noted that [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>99</sup>

<sup>94</sup> Exhibit 26316-X0076, PDF page 49.

<sup>95</sup> Confidential Exhibit 26316-X0076-C, PDF page 49.

<sup>96</sup> Exhibit 26316-X0065, PDF page 37.

<sup>97</sup> Exhibit 26316-X0065, PDF page 5.

<sup>98</sup> Exhibit 26316-X0081, paragraph 80. Exhibit 26316-X0078, paragraph 150.

<sup>99</sup> Confidential Exhibit 26316-X0062-C, PDF page 5.

66. In response to Dr. Ayres' concern that the descending clock auctions are not eliciting enough switching behaviour, Dr. LaCasse stated that she has demonstrated that the level of switching is consistent with a pattern of stable relative prices throughout the rounds of the auction sessions, and that Dr. Ayres' concern with switching behaviour is unwarranted.<sup>100</sup>

67. The Commission denies the recommendation from Dr. Ayres that an alternate ending to the auction should be implemented. The Commission finds that Dr. Ayres' recommendation is neither well developed nor well supported. Dr. Ayres did not provide any recommended revisions to the proposed EPSP in order to implement his recommendation. In response to the Commission's request that Dr. Ayres provide a specific amendment to the proposed EPSP, the CCA stated that "While Dr. Ayres believes an alternate ending would be preferable, he did not propose a specific threshold based on either excess capacity or residual supply index. Dr. Ayres considers the choice between those two should be informed by further empirical analysis of the existing auction results. Dr. Ayres was not able to perform this analysis with the data available at the time he wrote his report."<sup>101</sup>

68. The Commission finds that Dr. Ayres' general recommendation to implement an alternate ending to the auction, without any specific amendment, is not helpful or practical, and does not lead to regulatory efficiency. Even if the Commission were to consider that there was merit to Dr. Ayres' recommendation, the Commission cannot direct EPCOR to incorporate that recommendation into the EPSP, without further process being required in a compliance filing, because Dr. Ayres did not propose any revisions.

69. Likewise, Dr. Ayres' submission that evidence from other descending clock auctions suggests that the use of a threshold of excess capacity can result in lower prices is also unhelpful.<sup>102</sup> Aside from making a general assertion, Dr. Ayres did not provide any such evidence from other descending clock auctions. Rather, he included the following in a footnote: "For further details on this approach and empirical evidence on its use see Maurer and Barruso (2011) p.13"<sup>103</sup> Dr. Ayres did not describe the document authored by Maurer and Barruso, and he did not provide a link to it. The Commission considers that simply citing a document and submitting that "empirical evidence from other electricity auctions suggests this may lead to lower prices"<sup>104</sup> is not sufficient justification for the Commission to adopt the recommendation that EPCOR's auctions have an alternate ending. The Commission expects any recommendations submitted to be fully researched, developed and supported, and it finds that Dr. Ayres' recommendation regarding an alternate auction ending did not meet any of these requirements.

#### **5.2.4 Revise the duration of the range of the auction rounds**

70. Section 5.0 of the proposed 2021-2024 EPSP includes the flexibility for EPCOR to modify the duration of the auction rounds within a range of 2-15 minutes.<sup>105</sup>

71. Dr. Ayres recommended that the flexibility with respect to auction round length be changed to allow a range of one to six minutes, with the expectation that a round length of three minutes or less be normal. He added that should his recommendations about an alternate auction

<sup>100</sup> Exhibit 26316-X0076, PDF page 47.

<sup>101</sup> Exhibit 26316-X0071.01, CCA-AUC-2021MAY17-002.

<sup>102</sup> Exhibit 26316-X0065, PDF page 5.

<sup>103</sup> Exhibit 26316-X0065, PDF page 28, footnote 15.

<sup>104</sup> Exhibit 26316-X0065, PDF page 28.

<sup>105</sup> Exhibit 26316-X0007, PDF page 38.

ending or lower starting prices result in significantly reduced overall auction times, then slightly longer rounds of five minutes be considered to provide additional time for switching.<sup>106</sup> The CCA supported Dr. Ayres’ recommendation,<sup>107</sup> and the UCA submitted it strikes a reasonable balance between limiting flexibility while still allowing EPCOR to exercise some discretion over auction round length.<sup>108</sup>

72. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>109</sup> [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>110</sup>

73. Dr. LaCasse did not agree with Dr. Ayres’ recommendation to shorten the duration of the range of the auction rounds. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]<sup>111</sup> Dr. LaCasse submitted that EPCOR’s experience with the Natural Gas Exchange (NGX) of administering the auction sessions provides EPCOR with the knowledge to set auction parameters appropriately based on supplier feedback.<sup>112</sup>

74. The Commission denies Dr. Ayres’ recommendation that the flexibility with respect to auction round length be changed to allow a range of one to six minutes. Section 4.0 of the current EPSP allows EPCOR the flexibility to modify the duration of the auction rounds within a range of 2-15 minutes, and EPCOR has requested the same flexibility as part of the 2021-2024 EPSP. The Commission finds that Dr. Ayres has not provided any compelling evidence that justifies his recommendation to change this range.

75. The Commission considers that EPCOR has an interest in ensuring that its auctions are successful and considers that EPCOR would not jeopardize that success by arbitrarily increasing or decreasing the auction round lengths in order to discourage participation in the auctions. EPCOR demonstrated its interest in having successful auctions shortly after the commencement of the current EPSP, because EPCOR responded to feedback from auction participants that the auction round lengths were too long, and subsequently shortened the auction round lengths. The Commission expects that any increases EPCOR makes to auction round lengths during the term of the 2021-2024 EPSP will also be made in response to feedback from auction participants.

<sup>106</sup> Exhibit 26316-X0065, PDF page 37.

<sup>107</sup> Exhibit 26316-X0081, paragraph 64.

<sup>108</sup> Exhibit 26316-X0078, paragraph 154.

<sup>109</sup> [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

<sup>110</sup> Confidential Exhibit 26316-X0062-C, PDF page 9.

<sup>111</sup> Confidential Exhibit 26316-X0076-C, PDF page 45.

<sup>112</sup> Exhibit 26316-X0076, PDF page 45.

76. The Commission acknowledges the submission of EPCOR that while it does not currently foresee a likelihood that auction participants will request longer auction round lengths, the possibility exists that they might. The Commission agrees with EPCOR that if auction participants subsequently request auction round lengths up to as much as 15 minutes, the requested flexibility in the EPSP would allow EPCOR to quickly respond to that request without having to apply to amend the EPSP.<sup>113</sup> The Commission considers that this approach promotes regulatory efficiency. Dr. Ayres' recommendation would restrict EPCOR's flexibility, and would require EPCOR to apply to the Commission if it wished to extend auction round lengths beyond six minutes. Considering the Commission's expectation that EPCOR will only increase auction round lengths in response to feedback from auction participants, the Commission finds that the wider latitude requested by EPCOR is preferred to the narrower latitude recommended by Dr. Ayres.

77. The Commission considers that any procurement made through the backstop mechanism is a sign of potential problems with the descending clock auction. The Commission reviews the monthly energy charge filings of EPCOR, including whether any procurement has been made through the backstop mechanism. The Commission can and will investigate if it notes that there have been instances of procurement through the backstop mechanism. That investigation would include reviewing the auction round lengths, to see if they have been changed.

### 5.2.5 Revise the range of the price decrement algorithm reduction factors

78. Section 5.0 of the proposed 2021-2024 EPSP includes the flexibility for EPCOR to modify the price decrement algorithm by adjusting the reduction factors within a range of values greater than 0.85 and less than or equal to 1.<sup>114</sup>

79. Dr. Ayres recommended that this be changed to a range of values greater than 0.95 and less than or equal to 0.97.<sup>115</sup> He noted that prior to EPCOR amending the 2018-2021 EPSP's auction round lengths, it changed the price decrements but that change did not appear to have been effective in shortening the overall auction length. Dr. Ayres submitted that his recommended reduction in the price decrement range results in a simpler and more certain design.<sup>116</sup> The CCA supported Dr. Ayres' recommendation,<sup>117</sup> as did the UCA.<sup>118</sup>

80. EPCOR countered that Dr. Ayres' claim of a simpler and more certain auction design because of a change to the range of the price decrement algorithm reduction factors is unsupported.<sup>119</sup>

81. The Commission denies Dr. Ayres' recommendation that the flexibility with respect to the price decrement algorithm be changed to allow a range of 0.95 to 0.97. Section 4.0 of the current EPSP allows EPCOR the flexibility to adjust the reduction factors used in the price decrement algorithm within a range of values greater than 0.85 and less than or equal to 1, and EPCOR has requested the same flexibility as part of the 2021-2024 EPSP. The Commission

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<sup>113</sup> Exhibit 26316-X0075, PDF pages 12-13.

<sup>114</sup> Exhibit 26316-X0007, PDF page 38.

<sup>115</sup> Exhibit 26316-X0071.01, CCA-AUC-2021MAY17-003.

<sup>116</sup> Exhibit 26316-X0071.01, CCA-AUC-2021MAY17-003.

<sup>117</sup> Exhibit 26316-X0081, paragraph 67.

<sup>118</sup> Exhibit 26316-X0078, paragraph 157.

<sup>119</sup> Exhibit 26316-X0075, PDF page 14.

finds that Dr. Ayres has not provided any compelling evidence that justifies his recommendation to change this range.

82. The Commission agrees with EPCOR that Dr. Ayres provided insufficient evidence for why his recommended change should be considered a benefit. The Commission also agrees with EPCOR that Dr. Ayres did not explain how flexibility with respect to this auction parameter is in opposition to the simplicity or certainty of the auction design. The Commission acknowledges EPCOR's submission that this flexibility with respect to the range of the price decrement algorithm reduction factors was presented by Dr. LaCasse as part of the 2018-2021 EPSP application, and as described in that application, is a useful tool for EPCOR to manage how the auctions are conducted in light of the length of the auctions, the costs for suppliers to participate, and how quickly suppliers can make their bidding decisions.<sup>120</sup> The Commission finds that while the submissions of Dr. Ayres did not explain why EPCOR no longer needs this flexibility, Dr. LaCasse's submissions in the 2018-2021 EPSP did offer an explanation as to why this flexibility is beneficial.

### 5.3 Term of the 2021-2024 EPSP and generic proceeding

83. The first page of the 2021-2024 EPSP states that the "document sets out the AUC-approved process that EEA will use to determine the electricity rates for its RRO customers, for the period May 1, 2021 to June 30, 2024."<sup>121</sup> EPCOR indicated that it intended to commence procuring energy in accordance with the 2021-2024 EPSP on May 1, 2021, and it confirmed that June 2024 would be the last month for which the monthly energy charges would be calculated in accordance with the 2021-2024 EPSP.<sup>122</sup>

84. EPCOR requested that if approval of the 2021-2024 EPSP could not be issued by the Commission in sufficient time for it to be effective May 1, 2021, the Commission approve the extension of the 2018-2021 EPSP to remain in effect until the Commission has approved the 2021-2024 EPSP and it is implemented by EPCOR.<sup>123</sup> The Commission granted EPCOR's request.<sup>124</sup>

85. Dr. Ayres noted that EPCOR's proposal to continue the use of a descending clock auction is similar to the approach used by ENMAX Energy Corporation. He submitted that given the similarities of these approaches, the empirical evidence of how one auction works is valuable to evaluate the possibility of refinements within the other auction, and it would be beneficial to customers of both EPCOR and ENMAX that learnings be transferred in a timely manner.<sup>125</sup> Dr. Ayres recommended that the timing of EPSP providers' applications, who have implemented or are intending to propose similar types of auctions, should be aligned. He stated that this would allow the future consideration of consolidating similar auctions with the potential for administrative savings and benefits to competition.<sup>126</sup>

86. The CCA submitted that there is considerable regulatory efficiency in aligning the timing of EPSP applications. It noted that alignment of the timing of EPSP applications allows the RRO

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<sup>120</sup> Exhibit 26316-X0075, PDF pages 14-15.

<sup>121</sup> Exhibit 26316-X0007, PDF page 1.

<sup>122</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-008.

<sup>123</sup> Exhibit 26316-X0006, paragraph 1.

<sup>124</sup> Exhibit 26316-X0049 sets out the Commission's ruling on EPCOR's request

<sup>125</sup> Exhibit 26316-X0065, PDF page 6.

<sup>126</sup> Exhibit 26316-X0065, PDF page 37.

providers to consider cost savings that might accrue through a common auction platform. The CCA submitted that this is particularly important where the administrative costs of the auctions are increasing.<sup>127</sup>

87. In order to align the expiry dates of the EPSPs of the three RRO providers, the UCA recommended that the Commission establish an expiry date of December 31, 2022, for EPCOR's proposed EPSP. The UCA submitted that this alignment would reduce regulatory burden and cost and generally enhance regulatory efficiency.<sup>128</sup> It noted that each of the three providers utilize or directly rely upon the prices determined pursuant to a descending clock auction to set the energy charges for their customers. The UCA submitted the most efficient way of ensuring that learnings from the operation of one EPSP are transferred in a timely manner is to consider and assess the operations of the EPSPs concurrently or, even better, as part of a combined proceeding.<sup>129</sup>

88. In addition to aligning the expiry date of EPCOR's EPSP with that of the other RRO providers, the UCA strongly recommended in argument that the Commission initiate a generic proceeding, well in advance of the expiry of the EPSPs.<sup>130</sup>

89. EPCOR noted that there are many disadvantages to combining its auctions with other RRO providers' auctions for the purposes of aligning the timing of EPSP applications, and submitted that these disadvantages clearly outweigh any potential benefits. It stated that these disadvantages include an increase in costs, because the most cost-effective approach for one provider may be different than another provider. EPCOR added that there might be: (i) potential coordination issues between the RRO providers; (ii) higher credit and trading costs, as each provider would need its own bilateral contractual arrangement with the procurement agency; (iii) complex management of financial resources and financial liability for several providers; and (iv) less opportunity for comparability between the providers for reasonability.<sup>131</sup>

90. EPCOR submitted that it was surprised by the UCA's recommendation in argument that the Commission initiate a generic proceeding. It commented that the UCA's request does not respond to any of the areas that the Commission held to be in the scope of this proceeding, and it noted that the UCA did not make a request to expand the scope to include this issue. EPCOR added that the UCA did not file any evidence describing and supporting its generic proceeding request and therefore could not be tested by EPCOR. It noted that the other RRO providers had no notice of the UCA's recommendation. EPCOR concluded that the UCA's recommendation is irrelevant, out-of-scope, unsupported by evidence, procedurally improper, and must be ignored.<sup>132</sup>

91. The Commission denies the recommendation of Dr. Ayres, the CCA and the UCA to align the expiry dates of the three RRO providers, which would be accomplished by establishing December 31, 2022, as the expiry date of the EPSP being applied for by EPCOR in the current proceeding. The Commission also denies the associated recommendation of the UCA that a generic proceeding be undertaken. There is a minimum four-month period between when an

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<sup>127</sup> Exhibit 26316-X0081, paragraphs 84-85.

<sup>128</sup> Exhibit 26316-X0078, paragraphs 21-22.

<sup>129</sup> Exhibit 26316-X0078, paragraphs 24-25.

<sup>130</sup> Exhibit 26316-X0078, paragraph 48.

<sup>131</sup> Exhibit 26316-X0075, PDF page 8.

<sup>132</sup> Exhibit 26316-X0084, paragraph 7.

EPSP is approved and the first month under which monthly electric energy charges calculated in accordance with that EPSP are effective.<sup>133</sup> Based on the issue date of this decision being in September 2021, the first monthly energy charges under EPCOR's new EPSP would be for February 2022, at the earliest.<sup>134</sup> If the Commission were to set the expiry date as December 31, 2022, this would mean that electric energy charges would be calculated under EPCOR's new EPSP for less than 12 months. The Commission finds that this does not lead to regulatory efficiency and increases regulatory burden for all parties, because EPCOR would have to file an application for another EPSP to be effective January 1, 2023, as either a stand-alone application or part of a combined proceeding.

92. The CCA indicated that large sections of the evidence in this proceeding are confidential and the interveners are not able to use it in other proceedings.<sup>135</sup> The Commission considers that this issue will still exist if a combined proceeding is held, and therefore no efficiencies would be gained from that aspect.

93. The Commission considers that the RRO providers should be motivated to keep the resulting energy charges determined under their EPSP as competitive as possible, in order to retain their customers and not lose them to non-regulated retailers. The Commission expects that if the RRO providers assessed that there are benefits of using a combined auction platform, and these benefits outweighed the costs and risks of doing so, they would be motivated on their own to bring such a proposal forward to the Commission.

94. The UCA recommended that a generic proceeding be held to consider and properly assess options for the evolution of the procurement methodology, and the full-load product itself, that may increase competition and decrease costs for customers.<sup>136</sup> The Commission finds that possible increases to competition and decreased costs is speculative, with no guarantees that either of these will come to fruition as a result of undertaking a generic proceeding. Weighing the uncertainty of these potential benefits against the certainty of the costs and the efforts that would be incurred to undertake a generic proceeding, the Commission is not convinced that having a generic proceeding would be beneficial.

95. As mentioned previously, no serious concerns were raised regarding the competitiveness of the auctions being held under EPCOR's current EPSP, which leads the Commission to question how a generic proceeding would increase competition. In addition, the Commission reminds parties that in accordance with Section 4(1) of the *Regulated Rate Option Regulation*, the EPSPs used by RRO providers "must, with a reasonable degree of transparency, use a fair, efficient and openly competitive acquisition process to ensure that the resulting prices for the supply of electric energy are just, reasonable and electricity market based." The Commission has stated previously that this does not mean that the resulting prices must be the lowest. The Commission is satisfied that the procurement methodology proposed by EPCOR for the 2021-2024 EPSP, which is the same methodology employed in EPCOR's current EPSP, meets the

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<sup>133</sup> Section 11(2) of the *Regulated Rate Option Regulation* stipulates that "The price setting period for a calendar month is a period beginning on a day that is not more than 120 days preceding the month and ending on the 5<sup>th</sup> business day preceding the month."

<sup>134</sup> The allowable price implementation period is 120 days before the start of the delivery month. Based on a decision issue date in September 2021, the 120-day procurement period for February 2022 would start on October 1, 2021.

<sup>135</sup> Exhibit 26316-X0081, paragraph 85.

<sup>136</sup> Exhibit 26316-X0078, paragraph 48.

legislative requirement of Section 4(1). The Commission is not convinced, and considers that the UCA failed to demonstrate, how conducting a generic proceeding would increase competition or decrease costs for customers. The Commission considers that the majority of RRO customers, if they are concerned about the RRO energy prices being too high, have options to possibly alleviate that concern, by examining the pricing plans offered by non-regulated retailers.

96. The Commission approves the expiration date of June 30, 2024, for the EPSP as applied for by EPCOR. To be clear, the last month under which monthly energy charges will be determined under the 2021-2024 EPSP will be June 2024, as confirmed by EPCOR.<sup>137</sup> If EPCOR wishes to extend the term of the 2021-2024 EPSP, it will have to submit a request to do so.

97. The Commission notes that on page 1 of the 2021-2024 EPSP, under the Preamble section, it states that “This document sets out the AUC-approved process that EEA will use to determine the electricity rates for its RRO customers, for the period May 1, 2021 to June 30, 2024.” EPCOR confirmed that May 1, 2021, was the proposed date that it would start procuring energy in accordance with the 2021-2024 EPSP.<sup>138</sup> The Commission considers it is important for the purposes of transparency and accuracy for the 2021-2024 EPSP to reflect the proper term. The Commission therefore directs EPCOR to update page 1 of the 2021-2024 EPSP by deleting May 1, 2021, and June 30, 2024, and include the first month and the last month for which the electric energy charges will be calculated in accordance with the 2021-2024 EPSP. The Commission directs EPCOR to file the revised 2021-2024 EPSP, incorporating the revision described above and any other revisions as directed in this decision, as a post-disposition document in Proceeding 26316, by no later than 4 p.m. on Friday, October 15, 2021.

#### **5.4 Load forecasting model separate from EPSP**

98. EPCOR indicated that it actively conducts research to improve the accuracy of its load forecasting method and periodically may require adjustments to the inputs due to unforeseen environmental events or significant changes to its customer base.<sup>139</sup> Similar to the 2018-2021 EPSP, the 2021-2024 EPSP includes a clause that permits EPCOR to file any improvements to the load forecasting method or significant changes to the inputs to that method, with the Commission for acknowledgment.<sup>140</sup>

99. Certain improvements to the load forecasting method in the 2018-2021 EPSP have resulted in revisions being required over its term to the confidential and redacted versions of the EPSP, with the result being that the Commission has had to issue subsequent decisions or disposition letters that included the revised confidential and redacted versions of the EPSP. The Commission requested EPCOR to indicate whether it had restructured the proposed 2021-2024 EPSP in any way that the Commission would not be required to approve and issue a revised confidential and redacted EPSP after each improvement to the load forecasting method is acknowledged.

100. EPCOR submitted that the load forecasting method could be removed to be a stand-alone document, incorporated by reference into the 2021-2024 EPSP but maintained and allowed to evolve separately. It stated that this would eliminate the need, noted by the Commission in

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<sup>137</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-008.

<sup>138</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-008.

<sup>139</sup> Exhibit 26316-X0006, paragraph 172.

<sup>140</sup> Exhibit 26316-X0007, Section 5.0 – Flexibility, Section 5.1, PDF page 37.



previous applications, for EPCOR to refile the EPSP document after each change to the load forecasting method to preserve the document's "accuracy and completeness." EPCOR indicated that this change could be accomplished relatively easily, by making certain amendments to the EPSP document.<sup>141</sup>

101. The Commission agrees that the load forecasting method should be removed from the 2021-2024 EPSP and made into a stand-alone document. The Commission acknowledges EPCOR's submission that removing the load forecasting method will have no effect on the operation of the EPSP,<sup>142</sup> and can be accomplished with relative ease, by following the steps provided by EPCOR during the interrogatory process.<sup>143</sup>

102. The Commission finds that having the load forecasting method as a stand-alone document will permit changes to be made to this document without any changes being required to the 2021-2024 EPSP. This will be an improvement from a regulatory efficiency point of view, compared to how some load forecasting method improvements are currently treated. Any load forecasting method improvements that are filed for Commission acknowledgment under the 2018-2021 EPSP require EPCOR to update and file a revised public and a revised confidential 2018-2021 EPSP if such improvements result in changes to the load forecasting methodology schedule of the 2018-2021 EPSP. This was the case when EPCOR filed an improvement for acknowledgment regarding the load forecasting methodology for the irrigation rate class, on June 26, 2019.<sup>144</sup> That improvement resulted in revisions being necessary to the load forecasting methodology schedule of the 2018-2021 EPSP. EPCOR was directed to file the revised public and confidential 2018-2021 EPSP as post-disposition documents.<sup>145</sup> If the load forecasting methodology schedule had been a stand-alone document from the 2018-2021 EPSP, such filings would not have been necessary because no revisions would have been required to the 2018-2021 EPSP.

103. If the load forecasting methodology is a separate stand alone document and only incorporated into the 2021-2024 EPSP by reference, this means that if EPCOR files a change to that load forecasting methodology for Commission acknowledgment, there will be no resulting change required to the 2021-2024 EPSP. EPCOR would file such a change to the load forecasting methodology as a post-disposition document, and the Commission will be able to assess that change on its own merit, without having to inquire whether or not the change will result in a required revision to the 2021-2024 EPSP. If the Commission decides to acknowledge the change in the load forecasting methodology, it would simply issue an acknowledgment letter. This is more efficient than some situations in the past, when the Commission had to issue an acknowledgment letter, as well as a revised public EPSP and a revised confidential EPSP.

104. The Commission directs EPCOR to revise the 2021-2024 EPSP by removing Attachment 1: Load Forecasting Method and making it a stand-alone document titled "Load Forecasting Method." The Commission directs EPCOR to include a version number and effective date on the stand-alone document and to include wording in the stand-alone document

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<sup>141</sup> Exhibit 26316-X0079, paragraph 54. Further details are included in Exhibit 26316-X0050, EEA-AUC-2021MAR23-001.

<sup>142</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-001, PDF page 4.

<sup>143</sup> These steps are included in Exhibit 26316-X0050, EEA-AUC-2021MAR23-001, PDF page 4.

<sup>144</sup> Proceeding 24284, post-disposition filing.

<sup>145</sup> This direction was included in Proceeding 24284, in the Commission's post-disposition letter dated July 4, 2019.

that indicates it is to be used for preparing load forecasts for the 2021-2024 EPSP. The Commission directs EPCOR to make all other revisions necessary to the 2021-2024 EPSP to reflect the removal of Attachment 1: Load Forecasting Method, including the revisions detailed by EPCOR in Table EEA-AUC-2021MAR23-001-1, in Exhibit 26316-X0050. The Commission directs EPCOR to file the stand-alone document titled “Load Forecasting Method” and the revised 2021-2024 EPSP, incorporating the revision described above and any other revisions as directed in this decision, as a post-disposition document in Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021.

## **5.5 Retention of a backstop supplier**

105. Section 3.3.1 of the 2021-2024 EPSP includes details about the process EPCOR will undertake to select a backstop supplier for the 2021-2024 EPSP, and sets out that once the successful backstop supplier is selected and has established a backstop agreement with EPCOR, EPCOR will submit the executed backstop agreement to the Commission for acknowledgment on a confidential basis.<sup>146</sup> EPCOR provided more information as part of the interrogatory process.<sup>147</sup>

106. The Commission directs EPCOR to file the newly executed backstop agreement for acknowledgment, as a confidential post-disposition document in Proceeding 26316. The Commission also directs EPCOR, as part of the post-disposition filing, to include a document that sets out any differences between the newly executed backstop agreement and the executed backstop agreement in place for the current EPSP.<sup>148</sup> The Commission reminds EPCOR that even though the newly executed backstop agreement is to be filed for acknowledgment, the Commission retains the authority to review that agreement and question it if it determines there is a need to do so, before deciding whether or not to acknowledge it.

## **5.6 Natural Gas Exchange monthly auction hosting fee**

107. EPCOR noted that since the approval of its 2018-2021 EPSP, the NGX has imposed a new flat monthly auction hosting fee. This new fee is \$12,500 per month and is related to improvements to the NGX’s back-end auction hosting information technology infrastructure. NGX advised EPCOR that this new fee would be implemented starting with the first month of implementation of the 2021-2024 EPSP. EPCOR proposed to include this additional fee in the NGX trading charges and transaction fees component of the monthly energy charge.<sup>149</sup>

108. EPCOR clarified that the new NGX fee will commence upon the first auction being held for its 2021-2024 EPSP. It indicated that since it starts procurement up to 120 days in advance of the month for which the energy charges are established, the energy charges for the first month under the 2021-2024 EPSP will include up to four months of the new fee.<sup>150</sup>

109. The Commission considers that EPCOR’s proposal to include the new NGX monthly auction hosting fee as part of the NGX trading charges and transaction fees is acceptable and it is approved, because it is a fee charged by the NGX and is required for EPCOR to acquire forward

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<sup>146</sup> Exhibit 26316-X0007, PDF pages 18-19.

<sup>147</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-004.

<sup>148</sup> The executed backstop agreement for the current EPSP was filed as a confidential post-disposition document in Proceeding 22357, on May 3, 2019.

<sup>149</sup> Exhibit 26316-X0006, paragraph 257.

<sup>150</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-005.

market energy products through the NGX auction platform. The new fee of \$12,500 per month, or \$150,000 per year, is consistent with the fee paid by ENMAX Energy Corporation and approved by the Commission in Decision 25537-D01-2020.<sup>151</sup> ENMAX also includes the monthly fee as part of the NGX trading charges and transaction fees component of its monthly energy charge. The Commission considers that the annual incremental cost of \$150,000 is not material, especially when weighed against the annual cost of energy.<sup>152</sup>

110. The Commission also accepts and approves EPCOR's proposal to include up to four months of the new NGX monthly auction hosting fees as part of the energy charges for the first month under the 2021-2024 EPSP. The Commission finds that the incremental cost of up to \$50,000 for one month is not material and would not result in rate shock, especially when the monthly cost of energy is considered.<sup>153</sup> This is also consistent with the Commission's previous approval for ENMAX.<sup>154</sup>

## 5.7 Illustrative energy charge model

111. As part of the application, EPCOR filed an illustrative energy charge model that outlined the inputs and calculations required to determine the monthly electric energy charges that result from the 2021-2024 EPSP.<sup>155</sup> The Commission will use the approved illustrative energy charge model as part of its review and acknowledgment of EPCOR's monthly electric energy charges filings under the approved 2021-2024 EPSP.

112. As part of the interrogatory process, EPCOR confirmed an error and a manual entry oversight in the originally filed illustrative energy charge model.<sup>156</sup> It also filed two other illustrative energy charge models,<sup>157</sup> to reflect different procurement scenarios involving the use of the backstop mechanism.<sup>158</sup> The Commission attempted to replicate the results from these two other illustrative energy charge models in the originally filed illustrative energy charge model, and discovered that a further adjustment is required in addition to the error confirmed by EPCOR. The further adjustment is required to Excel cell K53 of worksheet "2-Calculations." The formula in the originally filed illustrative energy charge model is "=PFL/Paw." This formula

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<sup>151</sup> Decision 25537-D01-2020: ENMAX Energy Corporation, 2019-2022 Energy Price Setting Plan Compliance Filing, Proceeding 25537, July 7, 2020, paragraphs 42-45.

<sup>152</sup> Schedule 3 of EPCOR's Rule 005 report (*Annual Reporting Requirements of Financial and Operational Results*) for 2020, filed in 2021, shows annual energy purchases for 2020 of \$248 million. \$150,000/\$248,000,000 is 0.06 per cent, which the Commission considers is not material.

<sup>153</sup> Schedule 3 of EPCOR's Rule 005 report for 2020, filed in 2021, shows annual energy purchases for 2020 of \$248 million, which is an average of \$20.7 million per month. \$50,000/\$20,666,667 million is 0.19 per cent, which the Commission considers is not material.

<sup>154</sup> This approval is set out in Exhibit 26102-X0004, which is a letter issued on November 20, 2020, in Proceeding 26102, which was the electric energy charges filing for December 2020, by ENMAX Energy Corporation.

<sup>155</sup> Exhibit 26316-X0016.

<sup>156</sup> The error was identified in Exhibit 26316-X0050, EEA-AUC-2021MAR23-002(c). EPCOR confirmed that in Excel cells F10 to F19 of worksheet "2-Calculations," the linked cells H59 to H68 from worksheet "10-Backstop" should be cells I59 to I68 from worksheet "10-Backstop." The manual entry oversight was identified in Exhibit 26316-X0050, EEA-AUC-2021MAR23-009(b). EPCOR noted that the days in the month input in Excel cell E11 on worksheet "9-NGXCC+OCC" should be similar to how it is calculated in Excel cells E26 and E32 of the same worksheet.

<sup>157</sup> Exhibits 26316-X0051 and 26316-X0052.

<sup>158</sup> These two scenarios are explained in Exhibit 26316-X0050, in EEA-AUC-2021MAR23-002(d) and EEA-AUC-2021MAR23-002(g).

should be revised to “=IFERROR(PFL/Paw,0)”<sup>159</sup> or else in the situation where all procurement is done through the backstop mechanism, the resulting rates will not be calculated or displayed. The Commission notes that neither of the two errors discovered in the illustrative energy charge model filed as part of the application exist in the energy charge model that is submitted as part of the monthly energy charge filings under the current EPSP.

113. The Commission directs EPCOR to make the following changes to the originally filed illustrative energy charge model, and to file the revised model as a post-disposition document in Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021. On worksheet “2-Calculations,” in Excel cells F10 to F19, replace the linked cells H59 to H68 from worksheet “10-Backstop” with the linked cells I59 to I68 from worksheet “10-Backstop.” On worksheet “2-Calculations,” replace the existing formula in Excel cell K53 with “=IFERROR(PFL/Paw,0).” On worksheet “9-NGXCC+OCC,” in Excel cell E11, delete “30” and replace it with “DAY(EOMONTH(D1,0)).”

## 5.8 Procurement conduct agreement

114. EPCOR noted that prior EPSP applications have included a procurement conduct agreement, to be signed by personnel who are privy to the commercially sensitive information necessary to implement the EPSP. It indicated that the procurement conduct agreement proposed for the 2021-2024 EPSP is unchanged in substance from the agreement included as an appendix to the approved 2018-2021 EPSP.<sup>160</sup> The procurement conduct agreement for 2021-2024 is a separate document and does not form part of the 2021-2024 EPSP. EPCOR stated that it chose not to include the procurement conduct agreement as part of the 2021-2024 EPSP for a number of reasons.<sup>161</sup> However, it indicated that it is amenable to including the agreement in the EPSP document should the Commission so direct.<sup>162</sup>

115. The Commission has reviewed and agrees with the reasons provided by EPCOR for not including the procurement conduct agreement as part of the 2021-2024 EPSP, and consequently finds it acceptable to have the procurement conduct agreement as a stand-alone document. The Commission notes that EPCOR filed the stand-alone procurement agreement as part of the application, in Exhibit 26316-X0023, and after reviewing the agreement, the Commission agrees with EPCOR that it is unchanged in substance from the agreement included in the current EPSP. The Commission considers that it is important for EPCOR to safeguard the confidential information related to the EPSP by having the procurement conduct agreement in place. The Commission expects EPCOR to continue to file and use procurement conduct agreements as part of any subsequent EPSP applications.

## 5.9 Monthly energy rate reporting and attestation letter

116. EPCOR proposed to continue to submit monthly acknowledgment filings that are consistent with the form and process approved for the monthly filings under the 2018-2021

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<sup>159</sup> This is the formula used in the two other illustrative energy charge models, in exhibits 26316-X0051 and 26316-X0052.

<sup>160</sup> Exhibit 26316-X0006, paragraph 187.

<sup>161</sup> These reasons are set out in Exhibit 26316-X0050, EEA-AUC-2021MAR23-007.

<sup>162</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-007.

EPSP.<sup>163</sup> This consists of a forecast performance report,<sup>164</sup> an attestation letter<sup>165</sup> and the energy charge model.

117. EPCOR noted that in its 2018-2021 EPSP application, it had proposed that a member of its senior management team be permitted to sign the monthly attestation letters. However, the Commission denied this request and required that the monthly attestation letters be signed by an officer of EPCOR. EPCOR indicated that it has been able to include an officer's signature on each monthly attestation letter filed during the term of the 2018-2021 EPSP, but there were numerous occasions when there was difficulty in obtaining the attestation at the particular time it was due. EPCOR proposed that it be permitted, on an exceptional basis and no more than twice per calendar year, to have the monthly attestation letter signed by the highest-ranking EPCOR Energy Services senior management team member. It indicated that this individual has intimate knowledge of the workings of EPCOR and its EPSP. EPCOR added that the Commission recently allowed ENMAX Energy Corporation to file monthly attestation letters signed by a senior manager<sup>166</sup> rather than a corporate officer.<sup>167</sup>

118. The Commission has reviewed the information that EPCOR proposes to file as part of the monthly filings for the energy charges determined in accordance with the 2021-2024 EPSP, and finds that it is substantially similar to what is currently filed for the monthly energy charges determined in accordance with the 2018-2021 EPSP. The Commission approves EPCOR's proposal to file a forecast performance report, an attestation letter and an energy charge model in the form described by EPCOR as part of the monthly acknowledgment filings during the term of the 2021-2024 EPSP, subject to the modifications required to the illustrative energy charge model, as described in Section 5.7.

119. The Commission finds that EPCOR's proposal with regard to the signature required on the monthly attestation letter is acceptable, and the Commission approves it. The Commission considers that this proposal strikes a balance between its determination in the 2018-2021 EPSP decision that an officer's signature "provides greater assurance that the EPSP calculations have been reviewed and an additional level of internal review will be undertaken by EEA"<sup>168</sup> and the occasional difficulty sometimes experienced by EPCOR staff in obtaining an officer's signature on a timely basis.

## 5.10 Other matters

120. During its review of the 2021-2024 EPSP, the Commission noted what appeared to be an incorrect reference used in the definition of the term "weekly seasonality."<sup>169</sup> EPCOR confirmed that the proper reference should be to Section 2.5.4.3 and not Section 2.5.4.2 as set out in the definition,<sup>170</sup> and confirmed that it would make the correction in its refiling application.<sup>171</sup> The

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<sup>163</sup> Exhibit 26316-X0006, paragraph 278.

<sup>164</sup> As included in Exhibit 26316-X0015, Appendix G of the application.

<sup>165</sup> As included in Exhibit 26316-X0007, the 2021-2024 EPSP, Attachment 4, PDF page 84.

<sup>166</sup> EPCOR referenced paragraphs 186 and 191 of Decision 24721-D01-2020: ENMAX Energy Corporation, 2019-2022 Energy Price Setting Plan, Proceeding 24721, March 19, 2020.

<sup>167</sup> Exhibit 26316-X0006, paragraphs 279-281.

<sup>168</sup> Decision 22357-D01-2018: EPCOR Energy Alberta GP Inc., 2018-2021 Energy Price Setting Plan, Proceeding 22357, March 16, 2018, paragraph 420.

<sup>169</sup> Exhibit 26316-X0007, as set out in Section 1.0 – Definitions, of Attachment 1: Load Forecasting Method, PDF page 42.

<sup>170</sup> Exhibit 26316-X0050, EEA-AUC-2021MAR23-010.

<sup>171</sup> Exhibit 26316-X0079, paragraph 53.

Commission directs EPCOR to include this correction as part of the 2021-2024 EPSP to be filed as a post-disposition document in Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021.

## 6 Order

121. It is hereby ordered that:

- (1) EPCOR Energy Alberta GP Inc. will file the following as post-disposition documents on the record of Proceeding 26316, by no later than 4 p.m. on Friday, October 15, 2021:
  - (a) a revised 2021-2024 energy price setting plan, incorporating the Commission-directed revisions as set out in this decision;
  - (b) a revised illustrative energy charge model, incorporating the Commission-directed revisions as set out in this decision; and
  - (c) a stand-alone document titled “Load Forecasting Method.”
- (2) EPCOR Energy Alberta GP Inc. will file the executed backstop agreement for the 2021-2024 energy price setting plan for acknowledgment by the Commission, as well as a document that sets out any differences between the newly executed backstop agreement and the executed backstop agreement in place for the current energy price setting plan. These documents are to be filed as confidential, post-disposition documents on the record of Proceeding 26316 no later than 10 days after the date that the executed backstop agreement is completed and signed by both parties, and in any event prior to 60 days before the first month for which the energy charges will be determined under the 2021-2024 energy price setting plan.

Dated on September 29, 2021.

### Alberta Utilities Commission

*(original signed by)*

Carolyn Dahl Rees  
Chair

*(original signed by)*

Vincent Kostas  
Acting Commission Member

## Appendix 1 – Proceeding participants

<b>Name of organization (abbreviation)</b> <b>Company name of counsel or representative</b>
EPCOR Energy Alberta GP Inc. (EEA or EPCOR) Borden, Ladner Gervais LLP
Consumers' Coalition of Alberta (CCA)
Office of the Utilities Consumer Advocate (UCA) Reynolds, Mirth, Richards & Farmer LLP

Alberta Utilities Commission  Commission panel C. Dahl Rees, Chair V. Kostaskey, Acting Commission Member  Commission staff R. Watson (Commission counsel) D. Mitchell E. Chu
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## 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. The Commission notes that on page 1 of the 2021-2024 EPSP, under the Preamble section, it states that “This document sets out the AUC-approved process that EEA will use to determine the electricity rates for its RRO customers, for the period May 1, 2021 to June 30, 2024.” EPCOR confirmed that May 1, 2021, was the proposed date that it would start procuring energy in accordance with the 2021-2024 EPSP. The Commission considers it is important for the purposes of transparency and accuracy for the 2021-2024 EPSP to reflect the proper term. The Commission therefore directs EPCOR to update page 1 of the 2021-2024 EPSP by deleting May 1, 2021, and June 30, 2024, and include the first month and the last month for which the electric energy charges will be calculated in accordance with the 2021-2024 EPSP. The Commission directs EPCOR to file the revised 2021-2024 EPSP, incorporating the revision described above and any other revisions as directed in this decision, as a post-disposition document in Proceeding 26316, by no later than 4 p.m. on Friday, October 15, 2021. .... paragraph 97
2. The Commission directs EPCOR to revise the 2021-2024 EPSP by removing Attachment 1: Load Forecasting Method and making it a stand-alone document titled “Load Forecasting Method.” The Commission directs EPCOR to include a version number and effective date on the stand-alone document and to include wording in the stand-alone document that indicates it is to be used for preparing load forecasts for the 2021-2024 EPSP. The Commission directs EPCOR to make all other revisions necessary to the 2021-2024 EPSP to reflect the removal of Attachment 1: Load Forecasting Method, including the revisions detailed by EPCOR in Table EEA-AUC-2021MAR23-001-1, in Exhibit 26316-X0050. The Commission directs EPCOR to file the stand-alone document titled “Load Forecasting Method” and the revised 2021-2024 EPSP, incorporating the revision described above and any other revisions as directed in this decision, as a post-disposition document in Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021. .... paragraph 104
3. The Commission directs EPCOR to file the newly executed backstop agreement for acknowledgment, as a confidential post-disposition document in Proceeding 26316. The Commission also directs EPCOR, as part of the post-disposition filing, to include a document that sets out any differences between the newly executed backstop agreement and the executed backstop agreement in place for the current EPSP. The Commission reminds EPCOR that even though the newly executed backstop agreement is to be filed for acknowledgment, the Commission retains the authority to review that agreement and question it if it determines there is a need to do so, before deciding whether or not to acknowledge it. .... paragraph 106
4. The Commission directs EPCOR to make the following changes to the originally filed illustrative energy charge model, and to file the revised model as a post-disposition document in Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021. On worksheet “2 Calculations,” in Excel cells F10 to F19, replace the linked cells H59 to H68 from worksheet “10-Backstop” with the linked cells I59 to I68 from worksheet



“10-Backstop.” On worksheet “2 Calculations,” replace the existing formula in Excel cell K53 with “=IFERROR(PFL/Paw,0).” On worksheet “9-NGXCC+OCC,” in Excel cell E11, delete “30” and replace it with “DAY(EOMONTH(D1,0)).” ..... paragraph 113

5. During its review of the 2021-2024 EPSP, the Commission noted what appeared to be an incorrect reference used in the definition of the term “weekly seasonality.” EPCOR confirmed that the proper reference should be to Section 2.5.4.3 and not Section 2.5.4.2 as set out in the definition, and confirmed that it would make the correction in its refiling application. The Commission directs EPCOR to include this correction as part of the 2021-2024 EPSP to be filed as a post-disposition document in Proceeding 26316 by no later than 4 p.m. on Friday, October 15, 2021. .... paragraph 120