



Alberta Electric System Operator

2021 Deferral Account Reconciliation

August 18, 2022

Alberta Utilities Commission

Decision 27547-D01-2022

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Proceeding 27547

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1 Decision summary

1. For the reasons discussed in this decision, the Alberta Utilities Commission approves the Alberta Electric System Operator's (AESO) request to settle its 2021 net deferral account surplus with market participants, in the amount of \$9.5 million on a final basis.

2 Introduction and background

2. The AESO is the Independent System Operator (ISO) in Alberta, charged with multiple roles. One of those roles is to provide system access service (SAS) on the transmission system through the ISO tariff. The AESO may undercollect or overcollect its forecast revenue requirement through the ISO tariff for three of its rate classes.¹ This can occur because the costs the AESO must include in its ISO tariff may change as a result of Commission decisions regarding transmission facility owner tariffs or parts of the tariff that are linked to the wholesale pool price of electricity that may differ from its forecast. Additionally, the difference between forecast and actual billing determinants that the rates in the ISO tariff are applied to may alter the AESO's collected revenue. Should the AESO undercollect or overcollect its revenue requirement through the ISO tariff, it has a deferral account in order to make sure, that on an annual basis, no profit or loss results from its operation. The current application is to reconcile the AESO's revenue and costs through the deferral account.

3. On July 26, 2022, the AESO filed the current application with the Commission requesting approval of its 2021 deferral account reconciliation (DAR) and for changes to the deferral account balances from 2014 to 2021. These reconciled variances arise between the actual costs the AESO incurred in providing SAS to market participants and the amounts recovered in rates charged to market participants for those years. The AESO requested approval of the determination and allocation of a \$9.5 million net deferral account surplus.²

4. The AESO requested that the Commission approve an interim decision by September 6, 2022, because, in its estimation, the \$9.5 million surplus represented a material amount to its market participants. The AESO stated that if an interim decision was issued by the date requested, it would be able to refund participants in September 2022.

¹ Exhibit 27547-X0002.01, application, paragraphs 2 and 38. The three rate classes are Rate Demand Transmission Service (Rate DTS), Rate Fort Nelson Transmission Service (Rate FTS), and as of January 1, 2018, Rate Primary Service Credit (Rate PSC) as well.

² Exhibit 27547-X0002.01, application, paragraph 3.

3 Application details

5. The AESO generally seeks approval for changes to rates in the ISO tariff in annual tariff updates. The rates are normally set prospectively for a given calendar year, and include a forecast set of billing determinants as well as the rates applied to the determinants. These billing determinants include the wholesale price of energy in the power pool and how much energy is expected to flow out of the transmission system. The AESO provided a list of the decisions in which the prospective rates were approved by the Commission.³

6. Over the course of a given year, the AESO uses a deferral account to address differences between actual costs and revenues incurred in providing SAS to market participants. The AESO uses Rider C to recover or refund accumulated deferral account balances, attempting to restore the deferral account balance to zero over the following calendar quarter. At the end of a given year, the AESO reconciles its deferral account on a retroactive basis through the DAR application.

7. The AESO provided a list of the reconciliations performed in past DAR applications,⁴ and outlined multiple Commission decisions that affected prior years by a significant amount.⁵ The methodology for performing these reconciliations changes from time to time. The AESO identified how the revised DAR methodology is applied to 2017 and future production years based on recent changes in methodology approved in the last comprehensive AESO tariff application.⁶

8. EPCOR Distribution & Transmission Inc. registered to participate in the proceeding, and requested that the Commission issue an approval by August 31, 2022, to allow EPCOR to incorporate the DAR true-up in its 2021 transmission access charge deferral account (TACDA) true-up application to be included in its 2023 cost-of-service review compliance filing to Decision 26617-D02-2022.^{7 8}

9. The Commission accepts the calculation of the net deferral account surplus of \$9.5 million.⁹ This includes the one-time collection or refund as required for each settlement point and/or market participant as described in the application and its appendixes, on a final basis. By releasing this decision on August 18, 2022, the Commission has satisfied EPCOR's request for an earlier approval date to allow for the DAR true-up to be incorporated in its upcoming TACDA true-up application.

³ Exhibit 27547-X0002.01, application, paragraph 7, Table 1-3 Summary of ISO Tariff Decisions.

⁴ Exhibit 27547-X0002.01, application, paragraph 11, Table 1-4 Summary of Deferral Account Reconciliation Decisions.

⁵ Exhibit 27547-X0002.01, application, paragraph 5, Table 1-2 Highlighted Deferral Amounts.

⁶ Exhibit 27547-X0002.01, application, paragraph 13; Decision 22942-D02-2019: Alberta Electric System Operator, 2018 ISO Tariff Application, Proceeding 22942, September 22, 2019, paragraph 279.

⁷ Exhibit 27547-X0040, EDTI-submission-Proceeding 27547, paragraph 2.

⁸ Decision 26617-D02-2022: ENMAX Power Corporation, EPCOR Distribution & Transmission Inc., 2023 Cost-of-Service Review – Reasons for Approval of Negotiated Settlements, Proceeding 26617, July 28, 2022, paragraph 63.

⁹ The AESO summarizes these amounts by market participant and settlement point in tables 4-2 and 4-3 of Exhibit 27547-X0002.01, application, PDF pages 27-28, paragraph 96.

4 Order

10. It is hereby ordered that:

- (1) The Alberta Electric System Operator's 2021 deferral account application is approved as filed on a final basis.

Dated on August 18, 2022.

Alberta Utilities Commission

(original signed by)

Kristjana Kellgren
Executive Director, Rates Division
On behalf of the Alberta Utilities Commission

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
Alberta Electric System Operator (AESO)
EPCOR Distribution & Transmission (EPCOR)

Alberta Utilities Commission
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