



# AUC

Alberta Utilities Commission

**ENMAX Energy Corporation**

**Regulated Rate Option -  
Energy Price Setting Plan**

**Monthly Filings for Acknowledgment  
2017 Quarter 3**

**Costs Award**

**February 7, 2018**

**Alberta Utilities Commission**

Decision 23006-D01-2018: ENMAX Energy Corporation  
Regulated Rate Option -  
Energy Price Setting Plan  
Monthly Filings for Acknowledgement 2017 Quarter 3  
Costs Award  
Proceeding 23006

February 7, 2018

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## **1 Introduction**

1. On March 17, 2010, ENMAX Energy Corporation (ENMAX or EEC) filed an application with the Alberta Utilities Commission to enter into negotiations with customer representatives in respect of a regulated rate option (RRO) energy price-setting plan (EPSP) for the period from July 1, 2011 to June 30, 2014.
2. On May 11, 2010, the Commission issued Decision 2010-207<sup>1</sup> in which it approved ENMAX's request to commence negotiations. Decision 2010-207 also approved the participation of the Consumers' Coalition of Alberta (CCA) and the Office of the Utilities Consumer Advocate, as the consultation parties, in the negotiated settlement process.
3. By letter dated April 19, 2011, ENMAX requested approval of a negotiated settlement for the 2011-2014 EPSP, applicable to regulated rate option customers in ENMAX's service area. ENMAX conducted the negotiated settlement in accordance with the AUC Rule 018: *Rules on Negotiated Settlements*.
4. On December 13, 2011, the Commission issued Decision 2011-486<sup>2</sup> approving the settlement agreement in respect of ENMAX's 2011-2014 EPSP (current EPSP).
5. Subsections 7(a) and 7(e) of the current EPSP provided the following direction with respect to the filing of monthly energy prices arising out of the EPSP:

### **7. Regulated Rate Option Monthly Rate**

- (a) For each Month, Eligible Customers will be responsible for paying ENMAX the rates calculated in accordance with Appendix 2 of the EPSP.
- ...
- (e) No later than 5 Business Days prior to the start of each Month, ENMAX will file with the AUC the regulated rate option energy rate for that Month and the calculation of that rate, in accordance with Appendix 2 of the EPSP, and will provide the Consultation Parties with a copy of the filing.<sup>3</sup>

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<sup>1</sup> Decision 2010-207: ENMAX Energy Corporation Regulated Rate Option Energy Price Setting Plan Request to enter into a Negotiated Settlement, Application 1605992, Proceeding 550, May 11, 2010.

<sup>2</sup> Decision 2011-486: ENMAX Energy Corporation Application for Approval of a Settlement Agreement in respect of the 2011-2014 Energy Price Setting Plan: Part B – Settlement Agreement, Application 1607214, Proceeding 1174, December 13, 2011.

<sup>3</sup> Ibid., Appendix 3 – Negotiated Settlement Agreement Energy Price Setting Plan ENMAX Energy Corporation

6. Section 8 of the current EPSP addresses the costs and expenses of the independent advisor:

Within 30 days following the receipt of invoices from the Independent Advisor, ENMAX will pay the reasonable costs and expenses incurred by the Independent Advisor in connection with this EPSP. The rates charged by the Independent Advisor will not exceed the scale of costs established by the AUC.<sup>4</sup>

7. On March 3, 2014, the Commission issued Decision 2014-051,<sup>5</sup> a transition period decision, with respect to the regulated rate tariffs and proposed EPSPs for each of the three RRO providers including ENMAX.<sup>6</sup> The decision allowed the operation of ENMAX's current EPSP after June 30, 2014, which was the date the current EPSP was set to expire. The Commission found with respect to ENMAX:

...The Commission has given significant weight to the fact that EEC's EPSP was arrived at through negotiations between EEC and customer representatives. In approving EEC's negotiated EPSP, the Commission was satisfied that the interests of all the parties involved, including EEC's, were served. The Commission considers that continuing with the existing EPSP balances the reasonable opportunity for EEC to recover its prudent costs and expenses, while recognizing the principles of certainty and reasonable rates in customers' monthly bills through energy charges that are not subject to deferral accounts, true-ups, or rate riders under sections 3(2) and 6(2) of the *Regulated Rate Option Regulation*.

Accordingly, the Commission finds that keeping the energy charges during the transition period at the level set in the current EPSP, which was negotiated, is fair and reasonable. Consequently, EEC shall adhere to the EPSP approved in Decision 2011-486, until the Commission otherwise directs.<sup>7</sup>

8. On October 5, 2017, the CCA submitted a costs claim application related to its 2017 Quarter 3 costs.

9. On October 13, 2017, ENMAX submitted its costs claim application for the costs of the independent advisor, Forte Business Solutions Ltd., related to Quarter 3 of 2017.

10. Both costs claims were filed in accordance with Decisions 2011-486 and 2014-051.

11. No comments were received from parties on the costs claims of ENMAX or the CCA. On December 15, 2017, the CCA submitted a revised application to correct errors in a timesheet for its consultant. The Commission considers the close of record for this costs proceeding to be December 15, 2017.

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2011-2014 Regulated Rate Option Tariff, pages 35 and 36 of 69 (pdf).

<sup>4</sup> Ibid., Appendix 3 – Negotiated Settlement Agreement Energy Price Setting Plan ENMAX Energy Corporation 2011-2014 Regulated Rate Option Tariff, page 36 of 69 (pdf).

<sup>5</sup> Decision 2014-051: Direct Energy Regulated Services, ENMAX Energy Corporation and EPCOR Energy Alberta Inc., Regulated Rate Tariff and Energy Price Setting Plans – Generic Proceeding: Part A – Transition Period, Application 1610120, Proceeding 2941, March 3, 2014.

<sup>6</sup> The other two regulated rate option providers are Direct Energy Regulated Services and EPCOR Energy Alberta GP Inc.

<sup>7</sup> Ibid., paragraphs 63 and 64.

## 2 Commission's authority to award costs

12. When assessing costs claims related to an EPSP, the Commission takes guidance from Rule 022: *Rules on Costs in Utility Rate Proceedings* (Rule 022). Appendix A of Rule 022 also prescribes a Scale of Costs applicable to all costs claimed.

13. In exercising its discretion to award costs, the Commission will, in accordance with Section 11 of Rule 022, consider whether the independent advisor acted responsibly in carrying out its duties under an EPSP, and whether the costs claimed are reasonable, and directly and necessarily related to the independent advisor's responsibilities.

14. The Commission's assessment of costs of the consultation parties is also subject to Rule 022 and the Commission's discretion. The Commission must consider whether the activities undertaken by the consultation parties to the EPSP are reasonable and directly and necessarily related to the activities performed. The Commission expects that statements of justification will provide enough information for the Commission to understand all material components of the costs claimed.

## 3 Assessment of costs

### 3.1 ENMAX Energy Corporation

15. ENMAX submitted a costs claim application for recovery of costs paid in the total amount of \$31,073.55 for the independent advisor, Forte Business Solutions Ltd. The claim requested approval of 120.00 hours, with respect to the following costs:

- \$30,000.00 for work performed in July, August and September 2017.
- \$1,073.55 in disbursements billed to Forte Business Solutions Ltd. representing ENMAX's one half share for Intercontinental Exchange system fees for July to September 2017.<sup>8</sup>

16. The independent advisor provided marketing and pricing information to ENMAX and consultation parties, reviewed and advised parties on various aspects of pricing and technical matters, performed trade reviews, and provided other ongoing activities related to the operation of the EPSP in Quarter 3 of 2017.

17. The Commission has reviewed the costs claim for Forte Business Solutions Ltd. and the fees claimed are in accordance with the Scale of Costs. The Commission finds that the tasks described and the hours claimed are reasonable and directly and necessarily related to the EPSP activities for Quarter 3 of 2017.

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<sup>8</sup> The Intercontinental Exchange system provides internet access to the Alberta Flat and Peak Products listed by the Natural Gas Exchange for trading purposes. Under the current Energy Price Setting Plan, ENMAX Energy Corporation is responsible for one half of the Intercontinental Exchange system access fees as an owner providing regulated rate services consistent with the *Regulated Rate Option Regulation*, AR 262/2005, as amended from time to time. Direct Energy Regulated Services, a current RRO provider is equally responsible for the other half of Intercontinental Exchange system fees.

18. Accordingly, the Commission approves the costs claim submitted by ENMAX for the independent advisor for Quarter 3 of 2017 in the total amount of \$31,073.55.

### **3.2 Consumers' Coalition of Alberta**

19. The CCA submitted a costs claim in the total amount of \$5,118.75. The CCA requested approval of \$4,875.00 in fees for 19.50 hours of consulting services provided by Mr. Azad Merani of Regulatory Services Inc., and GST of \$243.75.

20. The claim for Regulatory Services Inc. includes work performed by Mr. Merani for: review of ENMAX's daily bids from the independent advisor, review of monthly load forecasting, review of revised bids and correspondence from ENMAX traders regarding daily trade summaries, and other EPSP activities related to Quarter 3 of 2017.

21. The Commission has reviewed the costs claim for consulting services provided by Regulatory Services Inc. and the fees claimed are in accordance with the Scale of Costs. The Commission finds that the tasks described and hours claimed are reasonable and directly and necessarily related to the EPSP activities for Quarter 3 of 2017.

22. Accordingly, the Commission approves the CCA's costs related to 2017 Quarter 3 activities in the total amount of \$5,118.75, which is composed of \$4,875.00 in consulting fees and GST of \$243.75.

## **4 Order**

23. It is hereby ordered that:

- 1) ENMAX Energy Corporation shall pay external costs in the amount of \$31,073.55 to the independent advisor, Forte Business Solutions Ltd.
- 2) ENMAX Energy Corporation shall pay intervener costs of \$5,118.75 to the Consumers' Coalition of Alberta.

Dated on February 7, 2018.

### **Alberta Utilities Commission**

*(original signed by)*

Derrick Ploof  
Director, Retail, Energy and Water - Edmonton  
On behalf of the Alberta Utilities Commission