

Settlement Timing Working Group

Meeting Summary

Meeting Date: June 17, 2010
Location: Alberta Utilities Commission
Calgary Office
Fifth Avenue Place, 4th Floor
425-1st Street SW

Time: 10:00 to 14:00
Facilitator: Kirsty McDougall
AESO

1. Introductions

Name:	Organization:
Ketan Lakhani	AESO
Kirsty McDougall	AESO
Bruce Ramsay	ATCO Electric
Nap Pepin	ATCO Electric
Anne Glass	AUC
Catherine Pham	AUC
Rob Thomas	AUC
Bettyann Skagen	Battle River REA
Julia Wareing	Cognera
Maureen Jeske	Direct Energy
Paul Gellesta	ENMAX Energy
Bruce Chretien	ENMAX Power
Terry Ryan	ENMAX Power
Lisa Lamers-Zuger	EPCOR Distribution & Transmission
Eva Mo	EPCOR Energy Alberta
Joel Milne-Epp	EPCOR Energy Alberta
Tammy Haydey	EPCOR Energy Alberta
Angela Corsi	FortisAlberta
Natalia Andreeva	FortisAlberta
Ngan Duong	Just Energy
David Lenz	Valeo Power
John Hutchison	Valeo Power

2. Review of Progress to Date

Based upon the ranking of the objectives by market participants, the top 3 ranked objectives were:

- Improve billing accuracy

- Transparency, consistency and fairness
- Reduce risk/financial certainty sooner.

There was no dividing line or consistency of responses between those coming from retailers and those coming from distribution companies.

3. Further discussion on Settlement Timing Topics

AUC proposal based on last meeting's discussion: AUC proposed moving interim settlement to 1 month after monthly settlement (during the 2nd month after flow) and final settlement 2 months after that (during the 4th month after flow). Then, at the end of 1 year, there would be an automated process for capturing all changes due to meter reads and site changes that would normally result in a PFAM (Automated PFAM Adjustments) which would basically be another settlement run. After that, credit adjustments would be settled via a manual PFAM when instigated by the retailer. After the 1-year mark, distributors would not have the option of generating a PFAM. The daily and monthly settlements would remain unchanged.

- Discussion: Retailers liked that the proposed approach aligned with gas, but they did not want to have to wait for the 1-year mark to be reimbursed by the AESO when a read or other information comes in shortly after final settlement. They would prefer to have LSAs monitor their data and produce PFAMs whenever there are changes to site information or meter reads that would result in adjustments. For LSAs, the single adjustment through a post-final settlement run would cost them nothing, whereas monitoring their data to identify situations requiring a PFAM would involve system changes.
- ACTION: LSAs to provide to the AUC by June 30, 2010 estimates of costs to change their systems to monitor reads and site information for changes that would result in PFAMs and then produce PFAMs from the results in an automated fashion.
- Discussion: Retailers stated that making the decision to change the timing of settlement runs would be difficult to do without data to support it. The issue of not having the data readily available was discussed again. The LSAs indicated that they have some reports that could provide some useful information for the decision-making. However, the data that could be easily provided by the LSAs would not be comprehensive, nor would it be consistent from LSA to LSA. The retailers decided that they would manage with data that would be readily available. Further discussion took place as to whether the data that the LSAs could easily provide could involve kWhs or just percentage of sites. If kWhs were needed, special reports would have to be designed. It was also noted that significant analysis of this type took place for gas (which had worse meter reading performance) and the industry accepted the proposed timing based on that (and it has worked well in the year since implementation).
- ACTION: LSAs to provide readily available statistics related to the percentage of their sites that are read at various stages and the number and percentage remaining unread at various stages. The data is to be provided to the AUC by June 23, 2010 and will then be forwarded to the remainder of the group.
- Discussion: The group discussed whether or not there are any changes that should be made to Rule 021 for the 2011 version, since it was not looking doable to get agreement on major changes (see above) in time for the 2011. The AUC suggested eliminating the

distinction between MEA and SEA. Currently, there is confusion in the marketplace regarding reads that come in after final settlement. Some distributors treat them as MEA and at least one treats them as SEA. The proposed rule change is to apply MEA rules to all errors and remove the distinction. Applying such rules would affect deadlines, timing and materiality. There were no objections to this proposed rule change, but a decision about materiality would be necessary.

- Decision: Participants agreed to removing the MEA and SEA classifications from the Rule and applying the current MEA rules to all adjustments. As far as materiality, without major changes (see above) there should not be any materiality limits. Materiality limit discussions should be kept for major changes to the settlement processes that may or may not be ready for the next version of the Rule.
- Discussion: The AUC asked if there were other changes that should be made to the PFAM/settlement processes for the next version. None were suggested.
- Discussion: After addressing the 2011 changes, the group suggested going back to discussing what the automated PFAM process should look like in the major change scenario. Frequency, materiality and handling of debit adjustments of more than a year were discussed.
- Interim decision: LSAs would check at a minimum monthly to identify all sites where meter reads come in after final settlement or where there are changes to reads or to site characteristics that would result in PFAMs. They would only produce PFAMs if the total error past final settlement is at least 50 kWhs in either direction. If the error means a debit adjustment to the retailer is required and the duration of the error is for more than a year, the LSA would calculate the portion of the error that falls within the 1-year limit and only PFAM that portion. If it is a credit adjustment, the LSA would not limit the PFAM to one year and would PFAM the entire post-final portion.

4. Next meeting

The next meeting will be a teleconference to be held on Monday, July 5th, 10:00am - 12:00pm.