

Bulletin 2021-16

July 21, 2021

Alberta Electric System Operator bulk and regional rate design application – participant costs

The Alberta Electric System Operator (AESO) is currently consulting on proposed changes to the design of the bulk and regional rates under its Rate Demand Transmission Service (Rate DTS) and the tariff treatment of energy storage. The AESO will file an application with the Commission by no later than October 15, 2021.

Bulk and regional charges account for a significant portion of transmission wires costs. The existing rate design has been largely in place since 2006. The Commission is aware of the significant amount of stakeholder interest in this upcoming application and that revisions to the bulk and regional rate design may have significant impacts for different customers or customer groups. Many of these customer groups are not ordinarily eligible to claim the costs of their participation in AUC proceedings pursuant to [Rule 022: Rules on Costs in Utility Rate Proceedings](#).

As a result of the significant stakeholder interest, and in an effort to promote the efficient processing of the AESO's application, the Commission will consider applications for cost eligibility from customer groups who are proposing to actively participate in this AESO bulk and regional tariff proceeding, including customer groups who are not ordinarily eligible to claim costs under Rule 022. The Commission may also be prepared to consider, in more limited circumstances, relaxing the application of the scale of costs for an expert (Rule 022, Appendix A) if a customer group who is granted eligibility to claim costs demonstrates that the scale of costs will be inadequate to retain the necessary expertise to address the application and contribute in a meaningful way to the Commission's understanding of the issues. However, the Commission is also mindful that the costs awarded to participants in AUC proceedings are ultimately recovered from ratepayers. As such, the Commission wants to ensure the costs awarded are limited to what is reasonable and necessary in the circumstances. This includes limiting the cost recovery for a customer group to the portion of its costs that it is not able to fund through other sources of revenue.

The Commission recognizes that potentially impacted customers and customer groups have been involved in the AESO's engagement and understand the nature of the upcoming application. The Commission therefore considers that many prospective parties already understand the scope of the issues they wish to address in association with the AESO's application and would be able to assess their budgetary needs for an effective intervention at this time. **The Commission invites any customer group that intends to actively participate in this upcoming proceeding and claim costs for all, or a portion of, the costs of its participation in the proceeding, to submit an application for costs eligibility by no later than August 11, 2021.**

The Commission expects to order the AESO, as the applicant, to pay the costs awarded for eligible interveners that do not have their own hearing cost reserve account or other mechanism to recover AUC-approved hearing costs. **The AESO may provide any comments it has on the proposed approach and on the applications for costs eligibility filed by no later than August 18, 2021.**

The Commission has created Proceeding 26711 for the purpose of addressing intervener costs and parties should file their costs submissions on the record of this proceeding.

The Commission encourages all parties with similar interests to work together where possible in order to minimize duplication and regulatory costs. Where parties appear to have similar interests but choose to file separate submissions, the Commission may award partial budgets to promote greater collaboration and encourage efficiency. The Commission also requests parties to propose some form of partial cost recovery where they have the means to fund a portion of their participation themselves.

The contents of the application should:

- Describe the prospective participant's interest in the subject matter of this proceeding.
- Describe the issues the participant plans to address and how its participation will contribute to the Commission's understanding of the issues.
- Outline the degree to which the party intends to participate; for example, preparing and filing evidence and appearing before the Commission.
- Identify if the prospective participant is requesting full or partial cost recovery. Explain why the participant does not have the means to raise sufficient financial resources to enable or support in part its participation in the proceeding without the cost recovery requested.
- Include a budget, in accordance with Section 6 of Rule 022, indicating the use of the funding.
- Indicate whether the participant has a need for advanced funding.
- Where a participant is asking to recover fees for an expert that exceed the scale of costs, address why the scale is inadequate in the circumstances.

Additional considerations:

- The Commission will consider an advance of costs up to 50 per cent of a participant's budget.
- The Commission reminds prospective parties that a determination of costs eligibility or an advance of costs is not a full indemnity for incurred costs. The Commission will make its final assessment of costs to be awarded at the conclusion of the AESO bulk and regional rate design application proceeding, upon its review of the claimants' costs claims prepared in accordance with Section 9 of Rule 022.
- The Commission may disallow all or part of any costs claimed if a claimant fails to meet the criteria under Section 11 of Rule 022. Disallowances may result in the Commission ordering a party to return a portion of any advanced funding it was awarded.

Should you have any questions, please contact Kristjana Kellgren by email at kristjana.kellgren@auc.ab.ca or by telephone at 780-427-8558, or Heather Gnenz by email at heather.gnenz@auc.ab.ca or by telephone at 403-592-4419.

Alberta Utilities Commission