February 14, 2020

Alberta Utilities Commission
1400, 600 Third Avenue SW
Calgary AB T2P 0G5

**Attention: Trevor Richards**

Dear Mr. Richards,

**Re:     Cenovus Energy comments on Alberta Utilities Commission ("AUC") Bulletin 2020-01 – Exploring market concerns and tariff issues related to self-supply and export reform ("Bulletin 2020-01")**

*Question 1 Please provide your views on the concerns expressed by Capital Power about the impact of unlimited self-supply and export on the energy-only market. Please comment on whether, or to what degree, such concerns may be addressed through changes to market rules or to existing transmission and distribution tariffs.*

Cenovus does not believe this concern materially impacts the market.  The vast majority of generation bids its gross generation volume into the market each hour minimizing the materiality of the impact of the metering configuration and ultimately supporting the proposed 3rd option in Bulletin 2019-16.

*Question 2 Please comment on the following:*
*(a)  The concerns expressed by AltaLink about allowing unlimited self-supply and export under the current tariff structure.*

Cenovus supports the more complete answer to questions A-D provided by the DUC but believes that Altalink has understated or ignored the value the self-supply generation has brought to all existing customers and implied that self-supply customers have only avoided their fair share of cost and have created a cost burden on other customers. The quoted 5,000 MW of generation has provided a considerable amount of environmentally efficient, cost competitive power to the grid.  It has also reduced the need for transmission that would have otherwise been required to serve the self-supplied load that without the onsite generation would been served by the generation from the AIES, removing transmission cost that would have otherwise been allocated to all consumers.  Generation built at the existing sites will continue to do this in the future helping lower cost for all customers.

*(b)  The potential impacts of changing existing tariff structures to eliminate net billing for transmission-connected generation, transmission credits for distributed-connected generation, and the Alberta Electric System Operator's use of the 12-coincident peak methodology to recover bulk transmission costs.*

The existing rate structure has been reviewed and is being reviewed appropriately in AESO tariff proceeding.  Cenovus supports the economic theory and scrutiny the 12 CP methodology has undergone since 2006 and is supportive of the existing rate design.  It provides a price signal that customers can respond to (including DG which by adding generation to the distribution system has reduced the need for bulk system transmission and should continue to do so in the future) lowering or avoiding the need for future transmission creating land and cost benefit to all consumers that the AESO can and should use for planning.  The comment about the AESO not using DG for planning purposes is a choice and is perhaps more the problem than the rate structure.
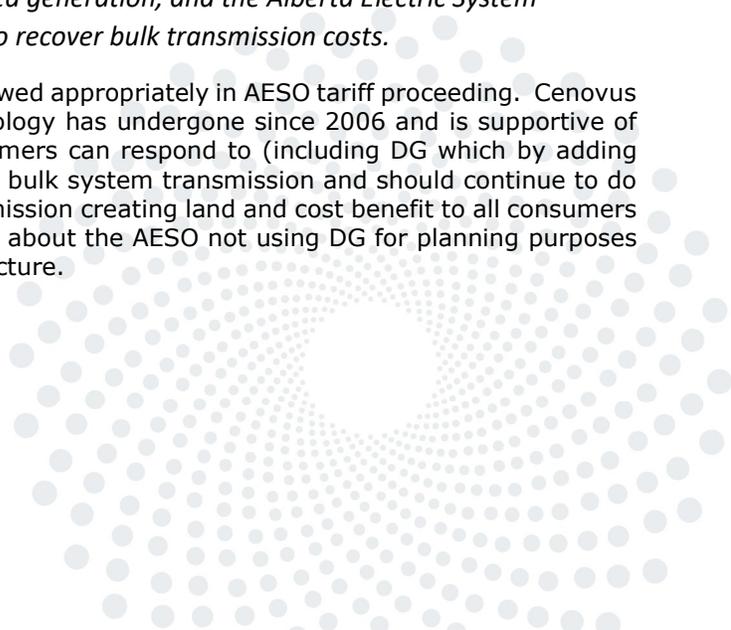
(c)  *Whether other tariff-based solutions exist to ensure that the transmission and distribution costs are fairly allocated between users.*

It's conceivable that there are other fair tariff's that fairly allocate costs between users.  Again, the AESO can make this determination and filing a fair tariff in each proceeding noting that the existing tariff structure has been reviewed and approved multiple times since 2006.  It also should be noted that Alberta has a tariff structure similar to most other markets, a tariff structure that has also been deemed fair by all those markets.

(d)  *If you believe that no changes to the current tariff framework are required please provide your rationale for that position.*

Cenovus believes that there has been enough studying and adoption of frameworks largely similar to our existing tariff to proceed into the future with the framework that has been in place since 2006.

Cenovus appreciates the time taken by the AUC to understand this issue.

Sincerely,


Grant Pellegrin