



**EPCOR Utilities Inc.
EPCOR Distribution & Transmission Inc.
EPCOR Energy Alberta GP Inc.**

**Consultation on the issue of
power plant self-supply and export
AUC Bulletin 2020-01**

February 14, 2020

1.0 EPCOR'S SUBMISSION

1. EPCOR Utilities Inc. ("EPCOR") provides its comments in response to the Commission's request for comments in its Bulletin¹ of January 9, 2020.
2. Specifically, EPCOR provides its comments relating to Question 1, the market concerns identified by Capital Power; and Question 2, the tariff issues raised by AltaLink. The responses reflect the careful consideration of the issues raised by, and input from, EPCOR Distribution & Transmission Inc. ("EDTI"), a distribution system owner and transmission facility owner and EPCOR Energy Alberta GP Inc. ("EEA"), the provider of RRO service in the EDTI and FortisAlberta Inc. distribution service areas. EPCOR also brings the perspective of a competitive retailer and a developer of distribution-system connected generation in Alberta.
3. EPCOR is supportive of the development of both transmission-system connected generation and distribution-system connected generation ("DCG"), including alternative and renewable generation, and will continue to facilitate its development under the currently applicable Regulations and Rules. In developing its response to the Commission's questions, EPCOR considered the comments of the other parties including Capital Power and AltaLink as well as the position it expressed in its response to Bulletin 2019-16. While EPCOR believes that option 3, unlimited self-supply and export, will best serve customers in Alberta's current energy deregulated market it also understands that this position is not without some impacts to the market.

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.

4. EDTI believes that some amount of self-supply, for example micro-generation, is desirable to facilitate customer choice, however EDTI also acknowledges the concerns raised by Capital Power regarding the impacts of self-supply on the energy-only market. EDTI also believes that the structure of the current AESO DTS tariff may incent customers to self-supply which may have further impacts on the energy-only market. EDTI further submits that the issues

¹ Bulletin 2020-01.

governing self-supply and export and the related issues of the AESO DTS tariff are complex and that resolution will require further study.

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.*
- (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.*
- (c) Whether other tariff-based solutions exist to ensure that the transmission and distribution costs are fairly allocated between users.*
- (d) If you believe that no changes to the current tariff framework are required please provide your rationale for that position.*

5. EDTI agrees with AltaLink that under certain circumstances customers with self-supply may be able to avoid charges under the DTS tariff. EDTI believes that these behaviors may result in some customers of the transmission system not paying for the full value of being connected to the transmission grid leading to cross-subsidization of transmission system costs between customers. EDTI also agrees with AltaLink that allowing unlimited self-supply, with all else being equal, may lead to more cross-subsidization of transmission system costs between customers. EDTI believes that certain changes to the design of the DTS tariff, for example the rate design methodology for bulk system charges, may help ensure that all customers pay for the full value of services received.

6. EDTI considers that “net billing for transmission-connected generation” as described by AltaLink and the ability of some transmission system customers to self-supply and export to be the same issue in that the full load at these sites may not be subject to the transmission tariff and that this possibility may lead to these customers not paying their fair share of the transmission system costs. The elimination of net billing for transmission-connected generation/elimination

of the ability to self-supply will reduce or eliminate the ability of customers with behind the fence generation to avoid paying a fair share of transmission system costs by ensuring that the entire load consumed on site being subject to the DTS tariff.

7. EDTI agrees with AltaLink that transmission credits provided to distribution connected generators by some DFOs do not reduce the cost of the transmission system and leads to cross-subsidization of distribution-connected generation by other customers of the distribution system. EDTI does not support the existing transmission credits for distribution-connected generation. Elimination of transmission credits provided to distribution-connected generation will eliminate the cross subsidization identified above and will better align the cost signals between distribution-connected generation and transmission-connected generation.

8. EDTI agrees with AltaLink that the Alberta Electric System Operator's use of the 12-coincident peak methodology to recover bulk transmission costs may result in some customers with self-supply not paying their fair share of transmission system costs. The replacement of the 12-coincident peak methodology for the recovery of bulk-system charges with a methodology which more fairly allocates costs to customers will help to reduce or eliminate the cross-subsidization of costs between customers and may reduce the incentive for customers to self-supply.

9. EDTI considers that tariff-based solutions likely exist to ensure that all customers of the transmission system pay a fair share of the costs for the value received. Further EDTI considers that tariff-based solutions which help ensure customers pay a fair share of transmission system costs may also lessen the impact of self-supply on the energy-only market.

10. EDTI considers that these issues are complex and critical to the efficient delivery of energy in Alberta. As such a broad and in-depth consultation involving all stakeholders is warranted in order to develop any required changes to policy, legislation, market rules and distribution and transmission tariffs.

11. EPCOR has endeavored to provide thoughtful, comprehensive comments to the Commission's questions, with a view to assisting the Commission in reporting to the Government and to further the development of a sound, principled policy framework and regulatory regime that will promote the economic and orderly development of the electricity industry in Alberta.

12. EPCOR would be pleased to respond to any follow-up questions from the Commission with respect to its comments.

13. All of which is respectfully submitted on February 14, 2020.

EPCOR Utilities Inc.

[Submitted Electronically]

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14. All notices and communications relating to this submission should be directed to EPCOR and its counsel as follows:

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