

April 25, 2025

Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

Attention: Nicole Morter
Director, Electric and Gas Transmission Rates

Re: ATCO Electric (ATCO)
Feedback on the Draft Version of the Time-varying Rates Report

ATCO Electric (ATCO) would like to extend our sincere gratitude for the opportunity to provide feedback on the “Time Varying Rates – Assessment of Cost and Benefits” (the Report). ATCO appreciates the effort and thought that has gone into such an important initiative as part of the overall energy transition in the province of Alberta. ATCO supports the findings, benefits, and the next steps identified in the Report. Upon a detailed review of the Report, ATCO provides a few clarifying items that could be considered in a future draft. Due to limited information, ATCO was not able to verify the quantitative analysis carried out by the external experts referenced in the Report.

Clarifying items that could be considered in a future draft of the Report

1. **Alignment with other potential initiatives such as Demand-Side Management (DSM):** ATCO proposes including a reference around time-varying rates complementing or working in sync with the enablement of DSM programming. For example, a rebate program for smart charges, in addition to time-varying rates, can enhance the adoption curve and provide the necessary tools for customers to take advantage of time-varying rates. Acknowledging DSM would provide the reader with an enhanced view of the benefits of time-varying rates when complemented with other initiatives such as DSM in providing the best value to customers.

2. **Flexible wording around utility-specific time-varying programs:** While ATCO supports further consultation with distribution utilities, retailers, and the AESO as outlined in paragraph 75, ATCO recommends incorporating more flexible wording regarding utility-specific implementation, design timelines, and benefits recognition to better inform the reader of the report. More flexible wording would accommodate and recognize two specific differences amongst distribution utilities:

- (i) That each utility is at different stages of implementation of the necessary infrastructure to enable time-varying rates. This includes not only the metering infrastructure (e.g., AMI) but also the various IT systems required to enable AMI and time-varying rates.
- (ii) Each Alberta utility has distinct customer profiles, not only in terms of base energy consumption (e.g., residential habits and types of commercial businesses) but also regarding electric vehicle (EV) use (e.g., commuting distance, typical use, charging habits) and EV adoption (e.g., pace and penetration). These varied customer behaviors may lead to different time-varying rates and benefits by service territory.

Furthermore, as many of the benefits are focused on the commodity cost, ATCO notes that it would be helpful for the reader to be aware of the assumptions (if any) made around retailer costs that will be passed on to customers, such as the added costs for IT and billing system upgrades necessary to enable time-varying rates as outlined in the Report.

3. **Potential pitfalls to avoid undesired new peaks:** Recognition of potential pitfalls and solutions can also inform the reader. One common concern observed in other jurisdictions is the inadvertent creation of a new demand peak or shadow peak. For instance, shifting EV charging from the current peak hours to start at the first hour of the off-peak period can result in a new peak at that time. To mitigate this issue, many jurisdictions have been implementing a two or three-staged time-varying rate, which has helped smooth out or avoid the creation of a new peak. Given the deregulated market in Alberta, striking the balance between enabling

time-varying rates (both the wires and energy charge) while addressing potential utility system issues, such as avoiding a new peak, could potentially be challenging and should be explored to determine the most effective path forward.

ATCO would like to once again thank the Commission for the opportunity to provide feedback on the Report as well as taking on this initiative as Alberta embarks on the energy transition journey.

Should you have any questions, please do not hesitate to contact the undersigned at greg.marghella@atco.com.

Yours truly,

Greg Marghella
Senior Manager, Regulatory