



Alberta Electric System Operator

2023 Deferral Account Reconciliation

July 24, 2024

Alberta Utilities Commission

Decision 29139-D01-2024

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Proceeding 29139

July 24, 2024

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1 Decision summary

1. For the reasons discussed in this decision, the Alberta Utilities Commission approves the Alberta Electric System Operator's (AESO) request to settle its 2023 net deferral account surplus with market participants, in the amount of \$5.6 million on a final basis.

2 Introduction and background

2. The AESO is the Independent System Operator (ISO) in Alberta, charged with multiple roles. One of those roles is to provide system access service (SAS) on the transmission system through the ISO tariff. The AESO may undercollect or overcollect its forecast revenue requirement through the ISO tariff for three of its rate classes.¹ This can occur because the costs the AESO must include in its ISO tariff may change as a result of Commission decisions regarding transmission facility owner tariffs or parts of the tariff that are linked to the wholesale pool price of electricity that may differ from its forecast. Additionally, the difference between forecast and actual billing determinants that the rates in the ISO tariff are applied to may alter the AESO's collected revenue. Should the AESO undercollect or overcollect its revenue requirement through the ISO tariff, it has a deferral account in order to ensure that, on an annual basis, no profit or loss results from its operation. The current application is to reconcile the AESO's revenue and costs through the deferral account.

3. On July 4, 2024, the AESO filed the current application with the Commission requesting approval of its 2023 deferral account reconciliation (DAR) and for changes to the deferral account balances from 2019 to 2022. These reconciled variances arise between the actual costs the AESO incurred in providing SAS to market participants and the amounts recovered in rates charged to market participants for those years. The AESO requested approval of the determination and allocation of a \$5.6 million net deferral account surplus.² The AESO also requested that the Commission grant interim approval of the outstanding deferral account balance by August 6, 2024, to fulfil the objectives of prompt and accurate settlement of the outstanding balance with market participants.³

4. The Commission issued notice of the application on July 5, 2024, with the deadline to submit a statement of intent to participate (SIP) by July 12, 2024. The Commission received one SIP from ATCO Electric Ltd.; however, ATCO Electric did not object to the application and

¹ Exhibit 29139-X0002, application, paragraphs 2 and 49. The three rate classes are Rate Demand Transmission Service (Rate DTS), Rate Fort Nelson Transmission Service (Rate FTS) and Rate Primary Service Credit (Rate PSC).

² Exhibit 29139-X0002, application, paragraph 4.

³ Exhibit 29139-X0001, PDF page 1.

intended to participate only if the need emerged.⁴ The Commission reviewed the AESO's application and determined that no further process was needed.

3 Should the Commission approve the AESO's proposed 2023 DAR?

5. The AESO generally seeks approval for changes to rates in the ISO tariff in annual tariff updates. The rates are normally set prospectively for a given calendar year, and include a forecast set of billing determinants as well as the rates applied to the determinants. These billing determinants include the wholesale price of energy in the power pool and how much energy is expected to flow out of the transmission system. The AESO provided a list of the decisions in which the prospective rates were approved by the Commission.⁵

6. Over the course of a given year, the AESO uses a deferral account to address differences between actual costs and revenues incurred in providing SAS to market participants. The AESO uses Rider C to recover or refund accumulated deferral account balances, attempting to restore the deferral account balance to zero over the following calendar quarter. At the end of a given year, the AESO reconciles its deferral account on a retroactive basis through the DAR application.⁶

7. The AESO provided a list of the reconciliations performed in past DAR applications,⁷ and outlined Commission decisions that affected prior years by a significant amount.⁸ This application provides a first reconciliation of the 2023 deferral account balances and subsequent reconciliations for 2019 to 2023, as shown in the table below:

Table 1. Annual deferral account balances summary

Production year	(Shortfall) surplus amount (\$ million)	Reconciliation no.	Previous reconciliation application	Previous reconciliation production year cut-off date	Approved DAR methodology (Commission decision no.)
2023	(0.0)	1	-	-	28293-D02-2023 ⁹
2022	(1.0)	2	2022 DAR	Dec 31, 2022	22942-D02-2019 ¹⁰
2021	1.4	3	2022 DAR	Dec 31, 2022	22942-D02-2019
2020	1.3	4	2022 DAR	Dec 31, 2022	22942-D02-2019
2019	3.9	5	2022 DAR	Dec 31, 2022	22942-D02-2019
Total	5.6				

Source: Exhibit 29139-X0002, application, PDF page 5, Table 1-1.

8. The Commission accepts the calculation of the net deferral account surplus of \$5.6 million.¹¹ This includes the one-time collection or refund as required for each settlement

⁴ Exhibit 29139-X0025, statement of intent to participate, PDF page 1.

⁵ Exhibit 29139-X0002, application, paragraph 9, Table 1-3.

⁶ Exhibit 29139-X0002, application, paragraphs 11-12.

⁷ Exhibit 29139-X0002, application, paragraph 13, Table 1-4.

⁸ Exhibit 29139-X0002, application, paragraph 6, Table 1-2.

⁹ Decision 28293-D02-2023: Alberta Electric System Operator, Deferral Account Reconciliation Methodology Revision, Proceeding 28293, September 26, 2023.

¹⁰ Decision 22942-D02-2019: Alberta Electric System Operator, 2018 ISO Tariff Application, Proceeding 22942, September 22, 2019.

¹¹ The AESO summarized these amounts by market participant and settlement point in tables 4-2 and 4-3 of Exhibit 29139-X0002, application, PDF pages 25-26, paragraph 92.

point and/or market participant as described in the application and its appendixes, on a final basis.

4 Order

9. It is hereby ordered that:

- (1) The Alberta Electric System Operator's 2023 deferral account reconciliation application is approved as filed on a final basis.

Dated on July 24, 2024.

Alberta Utilities Commission

(original signed by)

Nicole Morter
Director, Electric and Gas Transmission Rates
On behalf of the Alberta Utilities Commission

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
Alberta Electric System Operator (AESO)
ATCO Electric Ltd. (ATCO Electric)

Alberta Utilities Commission
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