



Alberta Electric System Operator

2025 Independent System Operator Tariff Update

December 18, 2024

Alberta Utilities Commission

Decision 29606-D01-2024

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Proceeding 29606

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The Commission may, no later than 60 days from the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

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1 Decision summary

1. In this decision, the Alberta Utilities Commission approves the Alberta Electric System Operator's (AESO) application for its 2025 update to the Independent System Operator (ISO) tariff, including the 2025 Rider F and an update to the AESO's head office and mailing address. The Commission also approves the removal of Rider L, utility deferral adjustment, from the 2025 ISO tariff.

2 Procedural summary

2. In Decision 2010-606,¹ the Commission approved the AESO's proposal to file major tariff updates in multi-year intervals and much simpler updates on an annual basis. The simpler, annual updates permit the AESO to update the rates and local investment amounts of the ISO tariff, based on costs and billing determinants forecast by the AESO for the upcoming calendar year.

3. On November 8, 2024, the AESO filed an application with the Commission requesting approval of its 2025 update to the ISO tariff, pursuant to sections 30 and 119 of the *Electric Utilities Act*.

4. The Commission issued notice of the application on November 13, 2024, stating that it had reviewed the ISO 2025 tariff update application and determined it was routine in nature and did not include any contentious issues. The notice of application also indicated that the Commission would make its decision with no further notice or process, subject to any interested party challenging the Commission's designation of the application as routine and explaining the need for intervention. No party applied to intervene in this proceeding or challenged the Commission's designation of this application being routine by the November 27, 2024, deadline.²

3 Application and decision

5. The AESO requested approval of the following in its application:³

¹ Decision 2010-606: Alberta Electric System Operator, 2010 ISO Tariff, Proceeding 530, Application 1605961, December 22, 2010, PDF pages 104-105, paragraphs 546-551.

² Exhibit 29606-X0041, Notice of application - 2025 Independent System Operator tariff update.

³ Exhibit 29606-X0002, application, PDF page 7, paragraph 12.

- (i) The updated 2025 rate calculations included as Appendix B-1⁴ and Appendix B-2⁵ (collectively, Appendix B) of the application;
- (ii) The proposed 2025 ISO tariff Rate DTS (demand transmission service), Rate FTS (Fort Nelson demand transmission service), Rate DOS (demand opportunity service), Rate XOS (export opportunity service), Rate XOM (export opportunity merchant service), Rate PSC (primary service credit), Rate STS (supply transmission service), Rider J (wind and solar forecasting service cost recovery), and generating unit owner's contribution (GUOC) rates;
- (iii) The proposed Rider F (Balancing Pool consumer allocation rider for 2025); and
- (iv) Proposed administrative revisions to reflect a change in the AESO's head office and mailing address.

6. In the following sections, the Commission finds that the AESO's application, and the revised rates, are consistent with the methodology approved in prior decisions. The AESO's revenue requirement is reviewed in other proceedings and processes, and is not considered by the Commission in this proceeding.⁶

3.1 Does the AESO's 2025 forecast revenue requirement and rates update comply with Decision 2010-606?

7. The annual ISO tariff updates consist of the following three components:⁷

- (i) An annual revenue requirement update using the wires cost forecast methodology approved in Decision 2010-606⁸ and updated in Decision 22093-D02-2017,⁹ plus forecasts for ancillary services costs, losses costs and administration costs approved by the AESO board for the forecast year.
- (ii) Revised rate levels for each AESO rate calculated from the forecast revenue requirement and forecast billing determinants using rate calculations and the rate design approved in the most recent comprehensive tariff application.
- (iii) Annual updates to investment amounts approved in the most recent comprehensive tariff, reflecting an escalation factor based on the most recent Conference Board of Canada Alberta Consumer Price Index (CPI).

8. The AESO's application consisted of, in part, formulaic updates to its annual revenue requirement; rates, riders and maximum investment levels (MILs); and a 2025 escalation factor.

⁴ Exhibit 29606-X0004, Appendix B-1 2025 Rate Calculations.

⁵ Exhibit 29606-X0005, Appendix B-2 2025 Rate Calculations.

⁶ See Decision 22942-D02-2019: Alberta Electric System Operator, 2018 ISO Tariff Application, Proceeding 22942, September 22, 2019, Section 3.1, PDF pages 19-20, paragraphs 44-48, for a discussion of how the AESO's revenue requirement is considered in various AUC proceedings and/or other processes.

⁷ Decision 2010-606, PDF page 103, paragraph 537.

⁸ Decision 2010-606, PDF pages 104-105, paragraphs 546-551.

⁹ Decision 22093-D02-2017: Alberta Electric System Operator, 2017 ISO Tariff Update, Proceeding 22093, April 4, 2017.

3.1.1 The AESO's annual revenue requirement update

9. The AESO's revenue requirement included 2025 forecast costs related to wires, ancillary services, transmission line losses, and the AESO's own administration (which includes other industry costs and general and administrative costs) that it needs to recover through its rates. The AESO forecast a 2025 revenue requirement of \$2,570.1 million.¹⁰ This represents a decrease of \$47.6 million (or 1.85 per cent) from the 2024 total revenue requirement forecast of \$2,617.7 million. The AESO attributed the decrease to a forecast decrease of \$111.6 million (or 9.8 per cent) in 2025 ancillary services costs with an increase of \$24.0 million (or 6.1 per cent) in 2025 general and administrative costs.

10. The AESO determined the 2025 wires costs for transmission facility owners using the method approved in Decision 22093-D02-2017.¹¹

11. The AESO explained that ancillary services costs, transmission line losses costs, and the AESO's own administration costs are approved by the AESO board in accordance with the *Transmission Regulation*.¹² The AESO acknowledged that the 2025 forecast ancillary services, losses and administration costs had not, as of the filing of the application, been approved by the AESO board, and proposed to file a letter to advise the Commission of the AESO board approval once it has been received.¹³

12. The Commission is satisfied that the AESO's revenue requirement forecast has been prepared in accordance with the approved methodology.

13. The Commission acknowledges that the AESO's 2025 forecast ancillary services costs, the transmission line losses costs and the AESO's own administration costs have not been approved on a final basis. The Commission directs the AESO to submit, as a post-disposition filing, a letter confirming AESO board approval for these costs by January 31, 2025. Any difference between the forecast costs included in this application and the final AESO board-approved costs or the AESO's actual costs will have to be settled through Rider C.¹⁴

3.1.2 Rate calculations and billing determinants

14. The AESO explained that the 2025 rate calculations used the following inputs:

- (i) the 2025 forecast revenue requirement;
- (ii) the functionalization and classification of wires costs and the point-of-delivery costs function approved in Decision 22942-D02-2019; and

¹⁰ Exhibit 29606-X0004, Appendix B-1 - 2025 Rate Calculations, worksheet "B-1 Rev Req," cell H94; Exhibit 29606-X0005, Appendix B-2 - 2025 Rate Calculations, worksheet "B-1 Rev Req," cell H94.

¹¹ This methodology was described in Section 2.2.1 of the AESO's 2014 ISO tariff application and 2013 ISO tariff update, approved in Decision 2010-606, referred to in Decision 2014-242: Alberta Electric System Operator, 2014 ISO Tariff Application and 2013 ISO Tariff Update, Proceeding 2718, Application 1609765, August 21, 2014, and updated in Decision 22093-D02-2017.

¹² Exhibit 29606-X0002, application, PDF page 8, paragraph 19.

¹³ Exhibit 29606-X0002, application, PDF page 8, paragraphs 20-21.

¹⁴ Rider C – Deferral Account Adjustment Rider, applies to system access service provided under Rate DTS, Rate FTS and Rate PSC. The ISO must recover or refund through Rider C the accumulated deferral account balances, which comprise differences between revenues and costs incurred in providing system access service to market participants.

(iii) the 2025 forecast billing determinants prepared by the AESO.

15. The Commission finds that the AESO's use of its 2024 Long-term Outlook,¹⁵ which forecasts an expected load growth in 2025, as the basis to determine 2025 billing determinants in the tariff update is reasonable. Further, the Commission is satisfied that the AESO calculated 2025 rates in accordance with the approved methodology.

16. The 2025 ISO tariff Rate DTS, Rate FTS, Rate DOS, Rate XOS, Rate XOM, Rate PSC and Rate STS are set out in tables B-1 through B-16 of Appendix B to the application. In this application, Appendix B comprises two parts (appendixes B-1 and B-2) due to the new Rate DOS terms and conditions that are effective February 1, 2025, as approved in Decision 28989-D01-2024.¹⁶ Appendix B-1 contains the rates calculated based on the existing Rate DOS, and Appendix B-2 contains rates calculated based on the new Rate DOS.

17. The AESO explained that the approved updates to Rate DOS will result in an increase to Rate DTS revenue offsets of approximately \$0.8 million that will slightly reduce the rates for Rate DTS, Rate FTS, Rate PSC, Rate XOS and Rate XOM from the amounts set out in Appendix B-1.¹⁷ Because of the slight variation between rates in appendixes B-1 and B-2 and the short one-month time difference, the AESO is requesting that the Rate DTS, Rate FTS, Rate PSC, Rate XOS and Rate XOM values in Appendix B-2 be approved to take effect on January 1, 2025.

18. In summary, the AESO has proposed 2025 ISO tariff rates as follows:

(i) Appendix B-1:

- Rate DOS, effective January 1 – 31, 2025, inclusive.

(ii) Appendix B-2:

- Rate DOS, as approved in Decision 28989-D01-2024, effective February 1 to December 31, 2025, inclusive; and
- Rate DTS, Rate FTS, Rate PSC, Rate XOS and Rate XOM, effective January 1, 2025, to December 31, 2025, inclusive.

19. The Commission approves the 2025 ISO tariff Rate DTS, Rate FTS, Rate XOS, Rate XOM, Rate PSC and Rate STS as set out in tables B-1 through B-16 of Appendix B-2 to the application. The Commission approves the 2025 ISO tariff Rate DOS as set out in Table B11 of Appendix B-1 effective January 1 to January 31, 2025, followed by the approved new Rate DOS as set out in Table B11 of Appendix B-2, effective February 1 to December 31, 2025.

20. In accordance with Decision 26980-D01-2021,¹⁸ the calculation of the Rider J charge should include both wind and solar annual forecasting services costs. The Commission finds that the AESO's methodology to calculate the Rider J charge, the rate of \$0.01 per megawatt hour

¹⁵ <https://www.aeso.ca/assets/Uploads/grid/lto/2024/2024-LTO-Report-Final.pdf>

¹⁶ Decision 28989-D01-2024: Alberta Electric System Operator, Updates to Rate Demand Opportunity Service, Proceeding 28989, July 31, 2024.

¹⁷ Exhibit 29606-X0002, application, PDF page 11, paragraph 38.

¹⁸ Decision 26980-D01-2021: Alberta Electric System Operator, 2022 Independent System Operator Tariff Update and Rider J Amendment Application, Proceeding 26980, December 17, 2021, PDF page 9, paragraphs 27-28.

(MWh), which allows it to recover current period costs and under-collected amounts from prior years, to be reasonable and is therefore approved.

21. Finally, the Commission approves the elimination of Rider L (utility deferral adjustment) from the ISO tariff effective January 1, 2025, as it is no longer in effect. Rider L was approved by the Commission in Decision 26684-D01-2021¹⁹ and was closed as of June 18, 2022, in accordance with the Commission Decision 26684-D02-2022.²⁰

3.1.3 Annual updates to maximum investment levels

22. In accordance with Decision 2010-606, the tariff update should include an update to MIL amounts that were approved in the 2018 ISO tariff application escalated using additional Statistics Canada cost index values and the most recent Conference Board of Canada forecast of the Alberta CPI. The AESO included the updated calculation to the MILs in Appendix C²¹ of its application.

23. The Commission is satisfied that MIL amounts, escalated by a factor of 1.1949, which is based on a composite of specified recent inflation indices, are consistent with the rate calculation methodology previously approved by the Commission in Decision 3473-D01-2015 (Errata)²² and the investment amount first approved in Decision 22942-D02-2019. The updated MILs are approved as filed.

4 Annual updates to generating unit owner's contribution

24. In Decision 27777-D01-2022,²³ the Commission approved the AESO's proposed process to calculate the GUOC rates and the GUOC rates that are currently in effect.²⁴ The proposed GUOC rates for 2025 have no changes relative to the approved 2024 GUOC rates.

25. The proposed rates for the six planning regions, effective January 1, 2025, are as follows:

Table 1. 2025 generating unit owner's contribution rates

Planning region	Current rate (\$/megawatt)
Northwest	10,000
Northeast	30,000
Edmonton	20,000
Central	40,000
Calgary	30,000
South	50,000

Source: Exhibit 29606-X0002, application, Table 5-1 -2025 Generating Unit Owners Contribution Rates.

¹⁹ Decision 26684-D01-2021: Utility Payment Deferral Program, Rate Rider – Electricity, Proceeding 26684, August 18, 2021.

²⁰ Decision 26684-D02-2022: Alberta Electric System Operator, Utility Payment Deferral Program, Rate Rider – Electricity, Proceeding 26684, June 17, 2022.

²¹ Exhibit 29606-X0006, Appendix C - 2025 Escalation Factor and Investment Levels.

²² Decision 3473-D01-2015 (Errata): Alberta Electric System Operator, 2014 ISO Tariff Compliance Filing Pursuant to Decision 2014-242, Module I, Proceeding 3473, Application 1610935-1, June 17, 2015.

²³ Decision 27777-D01-2022: Alberta Electric System Operator, 2023 ISO Tariff Update, Proceeding 27777, December, 21, 2022.

²⁴ Decision 27777-D01-2022, PDF page 9, paragraph 25.

26. The Commission is satisfied that the GUOC rates are consistent with the rate calculation methodology previously approved by the Commission in Decision 27777-D01-2022. These amounts are approved as filed.

5 Rider F

27. Historically the AESO has submitted yearly Balancing Pool Consumer Allocation Rider F applications as standalone filings, separate from the yearly ISO tariff updates. The Commission approved the 2024 Rider F of \$1.30 per MWh in Decision 28628-D01-2023.²⁵ A revision history of Ride F can be found in [Appendix 3](#) of this decision. The Commission notes that including Rider F within the yearly ISO tariff updates increases efficiency and reduces regulatory burden.

28. In this application the AESO requested approval of the proposed Rider F of \$1.30 per MWh, which is unchanged from the previously approved Rider F.

29. The Balancing Pool is a corporation established by Section 75 of the *Electric Utilities Act* to carry out the powers and duties set out there.²⁶ Pursuant to Section 82 of the *Electric Utilities Act*, the Balancing Pool must prepare a budget for each fiscal year setting out its estimated revenues and expenses. Based on the forecast revenues and expenses in its budget, the Balancing Pool must determine an annualized amount that will be refunded to (or collected from) electricity market participants over the year.

30. Following receipt of the Balancing Pool's annualized amount, the AESO is required to include this amount in its tariff,²⁷ which is done through Rider F. The AESO's proposed Rider F would levy this charge to all Rate DTS and Rate DOS market participants, except for the City of Medicine Hat and BC Hydro at Fort Nelson, British Columbia.

31. The Commission approves the proposed Rider F as filed.

6 Address change

32. The AESO requested approval of changes to subsection 12.4(1)(c) of Section 12, Miscellaneous and to Appendix A, *System Access Service Agreement Proformas* of the ISO tariff, effective January 1, 2025, to reflect its change in head office and mailing address as set out in Appendix G-1.²⁸

33. The Commission approves these changes as filed.

²⁵ Decision 28628-D01-2023: Alberta Electric System Operator, 2024 Balancing Pool Consumer Allocation Rider F, Proceeding 28628, November 27, 2023.

²⁶ The Balancing Pool duties are set out in Section 85 of the *Electric Utilities Act*.

²⁷ Section 82(5) of the *Electric Utilities Act*.

²⁸ Exhibit 29606-X0034, Appendix G-1 - Clean Section 12, Miscellaneous.

7 Order

34. It is hereby ordered that:

- (1) The Alberta Electric System Operator's 2025 Independent System Operator tariff update application is approved, effective January 1, 2025.

Dated on December 18, 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)

Alberta Utilities Commission
Delegated authority N. Morter, Director, Electric and Gas Transmission Rates
Commission staff M. Blais R. Cassidy

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. The Commission acknowledges that the AESO’s 2025 forecast ancillary services costs, the transmission line losses costs and the AESO’s own administration costs have not been approved on a final basis. The Commission directs the AESO to submit, as a post-disposition filing, a letter confirming AESO board approval for these costs by January 31, 2025. Any difference between the forecast costs included in this application and the final AESO board-approved costs or the AESO’s actual costs will have to be settled through Rider C..... paragraph 13

Appendix 3 – Revision history of Ride F

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Appendix 3 -
Revision history of Ri
(consists of 2 pages)



ISO Tariff – Rider F Balancing Pool Consumer Allocation Rider

Applicability

1(1) Rider F applies to **system access service** provided under:

- (a) Rate DTS, *Demand Transmission Service*; and
- (b) Rate DOS, *Demand Opportunity Service*.

1(2) Notwithstanding subsection 1(1) above, Rider F does not apply to **system access service** provided to:

- (a) the City of Medicine Hat; or
- (b) BC Hydro at Fort Nelson, British Columbia.

1(3) Rider F applies in all **settlement periods** from January 1, 2025 to December 31, 2025.

Rider

2 The **ISO** must determine Rider F as a charge of \$1.30/MWh of **metered energy** during the **settlement period**.

Terms

3 The terms and conditions of the **ISO tariff** form part of this rider.

Revision History

Effective	Description
2025-01-01	Updated charges, as applied for in the 2025 ISO tariff update application.
2024-01-01	Updated to reflect \$1.30/MWh charge for 2024 consumption, as approved in Commission Decision 28628-D01-2023 issued November 27, 2023.
2023-01-01	Updated to reflect \$2.20/MWh charge for 2023 consumption, as approved in Commission Decision 27694-D01-2021 issued October 27, 2022.
2022-01-01	Updated to reflect \$2.20/MWh charge for 2022 consumption, as approved in Commission Decision 26979-D01-2021 issued November 24, 2021.
2021-01-01	Updated to reflect \$2.30/MWh charge for 2021 consumption, as approved in Commission Decision 26040-D01-2020 issued on December 2, 2020.
2020-01-01	Updated to reflect \$2.50/MWh charge for 2020 consumption, as approved in Commission Decision 24982-D01-2019 issued on November 25, 2019.
2019-01-01	Updated to reflect \$2.90/MWh charge for 2019 consumption, as approved in Commission Decision 24037-D01-2018 issued on November 26, 2018.
2018-01-01	Updated to reflect \$3.10/MWh charge for 2018 consumption, as approved in Commission Decision 23163-D01-2017 issued on December 15, 2017.



ISO Tariff – Rider F
Balancing Pool Consumer Allocation Rider (continued)

Effective	Description
2017-01-01	Updated to reflect \$1.10/MWh charge for 2017 consumption, as approved in Commission Decision 22248-D01-2016 issued on December 16, 2016.
2016-01-01	Updated to reflect \$3.25/MWh credit for 2016 consumption, as approved in Commission Decision 21031-D01-2015 issued on December 3, 2015.
2015-01-01	Updated to reflect \$5.50/MWh credit for 2015 consumption, as approved in Commission Decision 2014-317 issued on November 13, 2014.
2014-01-01	Updated to reflect \$5.50/MWh credit for 2014 consumption, as approved in Commission Decision 2013-425 issued on November 28, 2013.
2013-01-01	Updated to reflect \$5.50/MWh credit for 2013 consumption, as approved in Commission Decision 2012-306 issued on November 14, 2012.
2012-01-01	Updated to reflect \$5.50/MWh credit for 2012 consumption, as approved in Commission Decision 2011-476 issued on December 14, 2011.
2011-07-01	Revised and reformatted all subsections, as approved in Commission Decision 2011-275 issued on June 24, 2011.