



Alberta Electric System Operator

Amendments to the Rate Demand Opportunity Service and Rider C

April 8, 2025

Alberta Utilities Commission

Decision 29885-D01-2025

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Proceeding 29885

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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 amendments to the Independent System Operator (ISO) tariff, including changes to the Rate Demand Opportunity Service (Rate DOS) and Rider C, as applied for.

2 Background

2. The AESO is the ISO in Alberta, charged with multiple roles. One of those roles is to provide system access service on the transmission system through the ISO tariff. The AESO may undercollect or overcollect its forecast revenue requirement through the ISO tariff in any given year, and has a deferral account to ensure that, on an annual basis, no profit or loss results from its operation. The AESO uses Rider C and a deferral account reconciliation (DAR) to recover or refund accumulated deferral account balances, which consist of differences between revenues and costs from providing system access service to market participants.

3. Rate DOS is an opportunity rate that allows additional use of available transmission capacity that would not otherwise be used. In Decision 28989-D01-2024, the Commission approved the AESO's updates to Rate DOS application as filed.¹ Under the previously approved Rate DOS, an operating reserve charge was estimated based on forecast energy usage and forecast operating reserves costs for the entire year. In Proceeding 28989, the AESO proposed that market participants using Rate DOS would be charged operating reserve costs based on the time that they consume additional electric energy and cause such operating reserve costs, making Rate DOS consistent with other rates in the ISO tariff.

4. Although in Proceeding 28989 the AESO applied for and the Commission approved the new treatment of operating reserve charges for Rate DOS, the AESO did not address the need for an additional provision to reconcile any operating reserve cost imbalances through the collection or refund of account reconciliation amounts through Rider C. To fully implement the approved methodology, amendments to Rider C are required.

5. On March 12, 2025, the AESO filed an application with the Commission requesting approval of the following provisions to ensure that any operating reserve charge imbalances under Rate DOS can be reconciled through Rider C:

¹ Decision 28989-D01-2024: Alberta Electric System Operator, Updates to Rate Demand Opportunity Service, Proceeding 28989, July 31, 2024.

- an amendment to the terms and conditions of Rate DOS to enable the applicability of the operating reserve charge of Rider C to Rate DOS; and
- an amendment to Rider C to expand its applicability to Rate DOS.

6. The AESO also requested that the Commission approve the Rider C amendments with an effective date of five business days after Commission approval.

7. On March 13, 2025, the Commission issued notice of the application, but received no statements of intent to participate by the March 21, 2025, deadline.

3 Should the Commission approve the AESO's proposed Rate DOS and Rider C amendments?

8. For reasons that follow, the Commission finds that the proposed Rate DOS and Rider C amendments are reasonable, and approves the amendments as filed.

9. Section 14(3) of the *Electric Utilities Act* requires that the AESO be managed so that, on an annual basis, no profit or loss results from its operation. To maintain its operation without incurring any profit or loss, the AESO reconciles its costs with its revenues through Rider C and the DAR. The Commission accepts the AESO's submission that the proposed amendments will enable the applicability of the Rider C operating reserve charge to Rate DOS and therefore any operating reserve charge imbalances can be reconciled through Rider C. The Commission finds that the proposed amendments are required to properly implement the approved methodology for Rate DOS.

10. The Commission observes that the AESO's previously undertaken Rate DOS stakeholder engagement process contemplated the alignment of the Rate DOS-operating reserve charges with other rates in the ISO tariff (e.g., Rate Demand Transmission Service), which would include the use of Rider C and the DAR. The treatment of operating reserves under Rate DOS was discussed, and consensus reached with stakeholders, at the July 20, 2023, Energy Storage Working Group meeting. Also, in Proceeding 28989, the AESO proposed that operating reserve costs be calculated and charged using the same methodology as is applied in Rate Demand Transmission Service and Rate Fort Nelson Transmission Service, and no concerns were raised with this proposed treatment by the parties. Notably, no party intervened in this proceeding. The Commission concludes that market participants were made aware of, and are either neutral to or supportive of, the proposed amendments.

4 Order

11. It is hereby ordered that:

- (1) The Alberta Electric System Operator implement its proposed Rate DOS and Rider C amendments effective within five business days of this decision.

Dated on April 8, 2025.

Alberta Utilities Commission

(original signed by)

Carolyn Dahl Rees
Chair

Appendix 1 – Proceeding participants

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

Alberta Utilities Commission
Commission panel C. Dahl Rees, Chair
Commission staff M. Anderson (Commission counsel) M. Khan A. Starkov