



## **Alberta Electric System Operator**

### **2026 Independent System Operator Tariff Update**

**November 25, 2025**

**Alberta Utilities Commission**

Decision 30427-D01-2025

Alberta Electric System Operator

2026 Independent System Operator Tariff Update

Proceeding 30427

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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 2026 update to the Independent System Operator (ISO) tariff, including the 2026 Rider F.

## **2 Procedural summary**

2. In Decision 2010-606,<sup>1</sup> 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 7, 2025, the AESO filed an application with the Commission requesting approval of its 2026 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 12, 2025, stating that it had reviewed the ISO 2026 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 21, 2025, deadline.<sup>2</sup>

## **3 Application and decision**

5. The AESO requested approval of the following in its application:<sup>3</sup>

- (i) The updated 2026 rate calculations included as Appendix B-1<sup>4</sup> and Appendix B-2<sup>5</sup> (collectively, Appendix B) of the application;

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

<sup>2</sup> Exhibit 30427-X0030, Notice of application – 2026 Independent System Operator tariff update.

<sup>3</sup> Exhibit 30427-X0002, application, PDF page 5, paragraph 10.

<sup>4</sup> Exhibit 30427-X0004, Appendix B-1 2026 Rate Calculations.

<sup>5</sup> Exhibit 30427-X0005, Appendix B-2 2026 Rate Calculations.

- (ii) The proposed 2026 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; and
- (iii) The proposed Rider F (Balancing Pool consumer allocation rider for 2026).

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.<sup>6</sup>

### **3.1 Does the AESO's 2026 forecast revenue requirement and rates updated comply with Decision 2010-606?**

7. The annual ISO tariff updates consist of the following three components:<sup>7</sup>

- (i) An annual revenue requirement updated using the wires cost forecast methodology approved in Decision 2010-606<sup>8</sup> and updated in Decision 22093-D02-2017,<sup>9</sup> 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 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 2026 escalation factor.

#### **3.1.1 The AESO's annual revenue requirement update**

9. The AESO's revenue requirement included 2026 forecast costs related to wires, ancillary services, transmission line losses, and the AESO's own administration costs (which includes other industry costs and general and administrative costs) that it needs to recover through its rates. The AESO forecast a 2026 revenue requirement of \$2,636.9 million.<sup>10</sup> This represents an increase of \$66.7 million (or 2.5 per cent) from the 2025 total revenue requirement forecast of

<sup>6</sup> 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.

<sup>7</sup> Decision 2010-606, PDF page 103, paragraph 537.

<sup>8</sup> Decision 2010-606, PDF pages 104-105, paragraphs 546-551.

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

<sup>10</sup> Exhibit 30427-X0004, Appendix B-1 - 2026 Rate Calculations, worksheet "B-1 Rev Req," cell H91; Exhibit 30427-X0005, Appendix B-2 - 2026 Rate Calculations, worksheet "B-1 Rev Req," cell H91.

\$2,570.1 million. The AESO attributed the increase to a forecast increase of \$25.8 million (or 10.2 per cent) in 2026 ancillary services costs, an increase of \$23.5 million (or 1.2 per cent) in 2026 wires costs, an increase of \$9.5 million (or 8.8 per cent) in 2026 general and administrative costs, and an increase in losses costs of \$7.17 million (or 5.5 per cent).

10. The AESO determined the 2026 wires costs for transmission facility owners using the method approved in Decision 22093-D02-2017.<sup>11</sup>

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*.<sup>12</sup> 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.<sup>13</sup>

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 2026 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 the AESO board approval for these costs by February 2, 2026. Any difference between the forecast costs included in this application and the final AESO board-approved costs of the AESO's actual costs will have to be settled through Rider C.<sup>14</sup>

### 3.1.2 Rate calculations and billing determinants

14. The AESO explained that the 2026 rate calculations used the following inputs:

- (i) the 2026 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
- (iii) the 2026 forecast billing determinants prepared by the AESO.

15. The Commission finds that the AESO's use of its updated DTS energy forecast,<sup>15</sup> developed using a methodology similar to that applied to create the AESO's 2024 Long-Term Outlook, which forecasts an expected load growth in 2026, as the basis to determine the 2026

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<sup>11</sup> 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.

<sup>12</sup> Exhibit 30427-X0002, application, PDF page 7, paragraph 17.

<sup>13</sup> Exhibit 30427-X0002, application, PDF page 7, paragraph 19.

<sup>14</sup> 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.

<sup>15</sup> Exhibit 30427-X0002, application, PDF page 12, paragraph 49.

billing determinants in the tariff update is reasonable. Further, the Commission is satisfied that the AESO calculated 2026 rates in accordance with the approved methodology.

16. The 2026 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 were approved in Decision 28989-D01-2024<sup>16</sup> and effective February 1, 2025. Appendix B-2 contains the rates calculated based on the existing Rate DOS that will remain in effect for one market participant in 2026 as part of the transition plan approved by the Commission in Decision 28989-D01-2024, and Appendix B-1 contains rates calculated based on the new Rate DOS.

17. In summary, the AESO has proposed 2026 ISO tariff rates as follows:

(i) Appendix B-1:

- Rate DOS, as approved in Decision 28989-D01-2024, effective January 1 to December 31, 2026, inclusive; and
- Rate DTS, Rate FTS, Rate PSC, Rate XOS and Rate XOM, effective January 1, 2026, to December 31, 2026, inclusive.

(ii) Appendix B-2:

- Rate DOS, effective January 1-31, 2026, inclusive for one market participant.

18. The Commission approves the 2026 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-1 to the application. The Commission approves the 2026 ISO tariff Rate DOS as set out in Table B11 of Appendix B-2 effective January 1 to December 31, 2026.

19. In accordance with Decision 26980-D01-2021,<sup>17</sup> 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 (MWh), which allows it to recover current period costs and under-collected amounts from prior years, to be reasonable and is therefore approved.

### **3.1.3 Annual updates to maximum investment levels**

20. 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 C<sup>18</sup> of its application.

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

<sup>17</sup> 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.

<sup>18</sup> Exhibit 30427-X0006, Appendix C – 2026 Escalation Factor and Investment Levels.

21. The Commission is satisfied that MIL amounts, escalated by a factor of 1.2129, 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)<sup>19</sup> 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

22. In Decision 27777-D01-2022,<sup>20</sup> the Commission approved the AESO's proposed process to calculate the GUOC rates and the GUOC rates that are currently in effect.<sup>21</sup> The proposed GUOC rates for 2026 reflect a change from the approved 2025 GUOC rates for the Central planning region. There are no other changes proposed to the GUOC rates for 2026 relative to the 2025 GUOC rates.

23. The proposed rates for the six planning regions, effective January 1, 2026, are as follows:

**Table 1. 2026 generating unit owner's contribution rates**

Planning region	Current rate (\$/MWh)	Proposed 2026 rate (\$/MWh)
Northwest	10,000	10,000
Northeast	30,000	30,000
Edmonton	20,000	20,000
Central	40,000	50,000
Calgary	30,000	30,000
South	50,000	50,000

Source: Exhibit 30427-X0002, application, Table 5-1 – 2026 Generating Unit Owners Contribution Rates.

24. AESO stated that the change to the Central planning region GUOC rates reflects the current substantial interest in the Central East region. Although the Central East Transfer Out (CETO) Project aims to reduce congestion, the strong interest for generation projects in the Central region is expected to continue following the construction of CETO.<sup>22</sup>

25. 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, and that the change to the Central planning region is reasonable. These amounts are approved as filed.

#### 5 Rider F

26. In this application, the AESO requested approval of the proposed Rider F of \$1.26 per MWh, which is a decrease from the previously approved Rider F of \$1.30 per MWh.

<sup>19</sup> 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.

<sup>20</sup> Decision 27777-D01-2022: Alberta Electric System Operator, 2023 ISO Tariff Update, Proceeding 27777, December 21, 2022.

<sup>21</sup> Decision 27777-D01-2022, PDF page 9, paragraph 25.

<sup>22</sup> Exhibit 30427-X0002, application, PDF page 15, paragraph 68.



27. 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.<sup>23</sup> 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.

28. Following receipt of the Balancing Pool's annualized amount, the AESO is required to include this amount in its tariff,<sup>24</sup> 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.

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

## **6 Order**

30. It is hereby ordered that:

- (1) The Alberta Electric System Operator's 2026 Independent System Operator tariff update application is approved, effective January 1, 2026.

Dated on November 25, 2025.

### **Alberta Utilities Commission**

*(original signed by)*

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

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<sup>23</sup> The Balancing Pool duties are set out in Section 85 of the *Electric Utilities Act*.

<sup>24</sup> Section 82(5) of the *Electric Utilities Act*.

**Appendix 1 – Proceeding participants**

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

Alberta Utilities Commission
Delegated authority N. Morter, Director, Electric and Gas Transmission Rates
Commission staff S. Sharma

## 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 2026 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 the AESO board approval for these costs by February 2, 2026. Any difference between the forecast costs included in this application and the final AESO board-approved costs of the AESO's actual costs will have to be settled through Rider C. .... paragraph 13