

July 28, 2021

To Market Participants and Other Interested Parties

Dear Stakeholder:

Re: **Corrected Loss Factors and True-Up Adjustments for 2006 Under Module C of Alberta Utilities Commission (“Commission”) Proceeding 790, Complaints Regarding the ISO Transmission Loss Factor Rule and Loss Factor Methodology**

In an update on June 28, 2021 on loss factor activities under Module C, the AESO advised stakeholders it was in the process of recalculating the Module C loss factors for all years from 2006 to 2016 to reflect the correction of errors in system topologies. The AESO is implementing the corrections from 2006 forward to 2016 and will publish the corrected loss factors and resulting adjustments for each year as they become available. The AESO will then financially settle the adjustments in conjunction with the “true-up” settlement process described in the *Module C Settlement Procedure* document posted on the AESO website. Cash settlement is expected to occur in December 2021.

The AESO has now implemented the system topology corrections for 2006, recalculated and published the loss factors for 2006, and estimated and published the resulting adjustments, as follows:

- The corrected 2006 loss factors and workbook showing calculations for 2006 loss factors are available on the AESO website at www.aeso.ca ► Grid ► Grid-Related Initiatives ► Loss factors ► Loss factors recalculation for 2006-2016 ► 2006 recalculated loss factors.
- Access to the corrected 2006 system topologies can be requested through the process for which a link is provided on the same page. Stakeholders who previously received access to the 2006 system topologies will automatically be provided access to the corrected system topologies.
- There have been no changes to other information used for the recalculated loss factors for 2006.
- The estimated Module C true-up adjustments for 2006 are available on the AESO website at www.aeso.ca ► Grid ► Grid-Related Initiatives ► Loss factors ► Loss factors recalculation for 2006-2016 ► Module C Adjustment Charges and Refunds.

Table 1 lists the significant system topology corrections that were implemented for 2006. As well, minor corrections were implemented in the following planning areas:

- South Region: Area 6 – Calgary; Area 44 – Seebe
- Central Region: Area 42 – Hanna
- Edmonton Region: Area 60 – Edmonton; Area 40 – Lake Wabamun; Area 31 – Wetaskiwin
- Northeast Region: Area 25 – Fort McMurray; Area 33 – Fort Saskatchewan
- Northwest Region: Area 19 – Peace River; Area 23 – Valleyview

Table 1 – Significant System Topology Corrections Implemented for 2006 Module C Loss Factor Calculations

Planning Area	Description of Error	Affected Facilities	Affected Months
South Region			
Area 53 – Fort Macleod	Exclusion of facilities in service	170L line, Peigan – Fort Macleod	Jan-May 2006
Area 53 – Fort Macleod	Inclusion of facilities not in service	243S substation	Jan-Jul 2006
Area 53 – Fort Macleod	Incorrect line characteristics	725L line, Windy Flats – Lethbridge	Jan 2006 – Dec 2007
Area 54 – Lethbridge	Inclusion of facilities not in service	315S substation	Jan-Sep 2006
Area 54 – Lethbridge	Incorrect line characteristics	820AL line, Coaldale – Chin Chute	Oct 2006 – Mar 2007
Area 52 – Vauxhall	Inclusion of facilities not in service	83S substation	Jan-Nov 2006
Northeast Region			
Area 28 – Cold Lake	Incorrect configuration	700S, 721S, 826S substations	Jan-May 2006
Area 25 – Fort McMurray	Inclusion of facilities not in service	9L08, 9L09 lines, MacKay River – Joslyn	Dec 2006 – Aug 2007
Area 25 – Fort McMurray	Inclusion of facilities not in service	9L66 line, Joslyn – Bitumont	Dec 2006 – Aug 2007

System topologies reflecting the corrections summarized above have been used to determine corrected Module C loss factors for 2006. If settled on their own, adjustments from the corrected loss factors would total approximately \$0.5 million of charges and \$0.5 million of refunds for 2006. As discussed in the AESO's June 28 update, the amounts are significantly less than the initial Module C adjustments settled in May 2021, which comprised \$66.9 million of charges and \$67.1 million of refunds for 2006.

As mentioned above, adjustments from the corrected loss factors will be settled as part of the Module C true-up process described in the *Module C Settlement Procedure* document. The true-up settlement is expected to include the recovery of approximately \$2.3 million of Module C charges for 2006 that the AESO has to date been unable to collect from dissolved corporations. Any Module C charges for 2006 that remain uncollected after the AESO has exhausted all reasonable means of collection will be recovered through Rider E in the true-up adjustments for 2006 in accordance with Commission directions in Module C.

The total true-up adjustments estimated for 2006 comprise approximately \$2.9 million of charges and \$0.1 million of refunds, including adjustments from the corrected loss factors, adjustments to recover the \$2.3 million of expected uncollectible charges for 2006, and interest to the expected date of cash settlement in December 2021. Any imbalance for 2006 that remains after the true-up settlement process

will be addressed by way of Rider E on a going forward basis, as described in the *Module C Settlement Procedure* document.

The AESO will update the *Module C Settlement Procedure* document to include additional information on the true-up settlement process, including the schedule for expected settlement activities. The updated document will be posted in the near future and will be announced in the AESO stakeholder newsletter at that time.

As mentioned above, the AESO will continue to publish the corrected loss factors and associated adjustments for each remaining Module C year as the corrections and adjustments for each year become available.

Stakeholders can access Module C data, results, and related information on the AESO website at www.aeso.ca ► Grid ► Grid-Related Initiatives ► Loss factors ► Loss factors recalculation for 2006-2016. Module C stakeholder updates and related information, including technical meeting presentations, are available at www.aeso.ca ► Grid ► Grid-Related Initiatives ► Loss factors ► Stakeholder engagement.

The AESO will provide further stakeholder updates when additional information becomes available. In the meantime, stakeholders may contact Milton Castro-Núñez at milton.castro-nunez@aesoc.ca or John Martin at john.martin@aesoc.ca with any concerns or questions.

Yours truly,

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