



ALBERTA

Affordability and Utilities

*Office of the Minister
MLA, Highwood*

Aaron Engen
President and Chief Executive Officer
Alberta Electric System Operator
3000, 240 – 4 Avenue SW
Calgary AB T2P4H4
aaron.engen@aeso.ca

Dear Aaron Engen:

I would like to express my appreciation to the Alberta Electric System Operator (AESO) for its continued commitment to advancing the Government of Alberta's electricity policy objectives. This includes your work on advancing the transition to an Optimal Transmission Planning framework and preparations for the implementation of the Restructured Energy Market.

Alberta's government is committed to delivering an electricity system that is resilient, cost-effective, and positioned to support the province's long-term growth. Consistent with these objectives, and following the AESO's work to establish incumbent volume allocations under the Incumbency Transition Payment (ITP) framework, I am writing to outline the next steps to support implementation of the incumbency recognition framework.

The Government of Alberta requests the AESO publish—via AESO Newsletter—an update on the Government of Alberta policy related to the ITP framework. Please share the enclosed Incumbency Transition Payment Allocations list, which includes all incumbent assets currently in commercial service, as well as approved projects recognized as incumbents, including each asset's allocated volume and the technology specific allocation factor. I note that the design of the ITPs includes a \$100 per megawatt-hour differential limit. Finally, I would also like to highlight the ability for an incumbent to request a one-time review of its asset's allocation factor and the \$100 per megawatt-hour differential limit with the Market Surveillance Administrator after one year of ITP implementation.

This information will provide incumbents with early visibility of their ITPs in advance of the government's publication of the Incumbency Recognition Regulation and related legislative amendments.

Thank you for your continued collaboration and commitment.

Sincerely,

A handwritten signature in blue ink, appearing to read 'RJ Sigurdson', with a stylized flourish at the end.

RJ Sigurdson
Minister

Enclosure

cc: Derek Olmstead
Administrator & CEO, Market Surveillance Administrator