

March 30, 2012

Market Participants Receiving System Access Service Under Rate DTS or Rate FTS

Dear Market Participant:

Re: **Revised Deferral Account Adjustment Rider C Charge for Second Quarter of 2012**

The AESO advises market participants that Deferral Account Adjustment Rider C for the second quarter of 2012 will be maintained at the same level as for the first quarter of 2012, rather than increasing as originally published on February 29. The revised Rider C charge will be a \$2.84/MWh charge and will continue to apply until further notice to all system access services provided under:

- Demand Transmission Service Rate DTS and
- Fort Nelson Demand Transmission Service Rate FTS.

In accordance with its obligation to calculate and publish Rider C at least 30 calendar days prior to the beginning of a calendar quarter, the AESO originally published the second quarter Rider C as a \$3.31/MWh charge on February 29, 2012. On March 8, 2012, Alberta Energy requested the Alberta Utilities Commission put in a process to limit increases in the current rates or charges for transmission and distribution service. On March 13, 2012, the Commission issued Bulletin 2012-03 which described the approach it will use for currently-pending and new applications filed with it. Refer to the attached documents from Alberta Energy and the Commission for more information.

The AESO's calculation of a Rider C amount does not require specific application to or approval from the Commission, and instead is completed in accordance with the methodology approved by the Commission in ISO tariff application proceedings. Despite this, the AESO interprets the intent of Alberta Energy's request and of Bulletin 2012-03 to clearly be to ensure transmission and distribution rates and riders do not exceed their current levels. The AESO considers it would be appropriate and consistent with this intent to maintain Rider C at the first quarter amount of \$2.84/MWh rather than increase it to the originally-calculated second quarter amount of \$3.31/MWh.

The AESO will therefore maintain Rider C as a \$2.84/MWh charge until the Government of Alberta responds to the Retail Market Review Committee's recommendations, consistent with the request in Alberta Energy's letter. The AESO estimates that maintaining Rider C as a \$2.84/MWh charge will result in a deferral account balance shortfall of \$6.1 million at the end of the second quarter of 2012.

This change to Rider C has no impact on Losses Calibration Factor Rider E, which will decrease from a charge of 0.01% in the first quarter of 2012 to a credit of 0.36% in the second quarter of 2012, as published on March 29, 2012.

If you have questions or would like to discuss this further, please contact:

John Martin
Director, Tariff Applications
403-539-2465
john.martin@aeso.ca

Carol Moline
Director, Accounting and Treasury
403-539-2504
carol.moline@aeso.ca

Bulletin 2012-03

March 13, 2012

Government of Alberta request regarding electricity rates

The purpose of this bulletin is to advise stakeholders of the Alberta Utilities Commission's approach to the Minister of Energy's request to maintain electricity rates and to solicit stakeholder comments.

The Alberta Utilities Commission (AUC) received a letter dated March 8, 2012 from the Minister of Energy requesting that the Commission maintain current electricity rates pending a review of regulated electricity energy charges by an independent committee. A copy of that letter is attached.

The Commission will use the following approach to respond to the request:

- The Commission will use a consistent approach to all relevant applications that are currently pending but not finally disposed of prior to the request and all new applications filed after the request.
- The AUC will continue to process and complete the record for these applications but will not issue decisions that result in rate increases. However, the Commission will approve applications that maintain existing rates or result in rate reductions.
- This approach by the AUC will remain in effect until the government of Alberta responds to the independent committee's recommendations.
- This approach in no way impacts the AUC's responsibility to determine rates that are just and reasonable and satisfy all legal requirements.

The Commission recognizes that this approach may have unanticipated consequences depending on the specific nature and timing of individual applications. Parties are asked to provide submissions on those applications of interest to them under the applicable proceeding number by March 16, 2012, through the filing services on the AUC website (www.auc.ab.ca).

Questions regarding this matter should be directed to Mike Hagan by email at mike.hagan@auc.ab.ca or by telephone at 780-427-9369.

Robert D. Heggie
Chief Executive

Attachment



ALBERTA
ENERGY

*Office of the Minister
MLA, Foothills-Rockyview*

AR10765

MAR 08 2012

Mr. Willie Grieve
Chair
Alberta Utilities Commission
Fifth Avenue Place
425 - 1 Street SW, Suite 400
Calgary, Alberta T2P 3L8

Dear Mr Grieve:

The Government of Alberta announced a retail market review on February 23, 2012. The price of electricity, also called the energy charge, established through the Regulated Rate Option, will be the subject of the review by an independent committee, the Retail Market Review Committee, appointed by the Government of Alberta. The Retail Market Review Committee will review the policy underlying how the default energy charge or Regulated Rate Option is established. It will also consider the ability to reduce the volatility and costs associated with electricity.

Therefore, the Government of Alberta requests that the Alberta Utilities Commission (AUC) put in effect a process to prevent cost increases for all other costs on Albertans' electric bills. This request asks the AUC to limit increases in the current rates or charges for transmission and distribution service, associated billing or administration costs and rate riders typically established to collect deferred balances. The price of electricity itself and municipal franchise or local access fees are excluded from this request.

.../2

Alberta 

Mr. Willie Grieve

- 2 -

Effective immediately, I respectfully request that the AUC ensure these rates or charges do not exceed their current levels. The request will remain in effect until the Government of Alberta responds to the Retail Market Review Committee's recommendations.

The AUC's jurisdiction to approve these rates is unquestioned.

Sincerely,



Ted Morton
Minister of Energy