

This quarterly report provides stakeholders with an update on the Alberta Electric System Operator's (AESO) year-to-date operating results in comparison to year-to-date forecasted Transmission Operating Costs and budgeted Own Costs¹, as identified in its [2024 Business Plan and Budget](#). Reference the Business Plan published on the AESO's website for additional information to fully understand the various updates provided.

Financial Update – As of June 30

Transmission Operating Costs (\$ million)

| | 2024 Actual | 2024 Forecast | Variance (\$) | Variance (%) |
|---|----------------|------------------|------------------|-----------------|
| Wires costs | 975.6 | 968.6 | 7.0 | 0.7 |
| Operating reserves | 115.2 | 176.3 | (61.1) | (34.7) |
| Transmission line losses | 82.4 | 99.1 | (16.7) | (16.9) |
| Other ancillary services | 20.7 | 27.7 | (7.0) | (25.3) |
| Total Transmission Operating Costs | 1,193.9 | 1,271.8 | (77.9) | (6.1) |

Numbers may not add due to rounding

Wires costs year-to-date are \$7.0 million or 0.7 per cent higher than forecast primarily due to AUC decisions on tariff applications.

Operating reserves costs are impacted by actual volumes, hourly pool prices and operating reserve prices. Operating reserve costs year-to-date are \$61.1 million or 34.7 per cent lower than forecast primarily due to the impact of a lower average pool price than forecast, more than offsetting the impact of higher volumes than forecast. The average hourly pool price of \$72 per megawatt hour (MWh) is 22.6 per cent lower than the forecast of \$93 per MWh. Operating reserve volumes financially settled are 3,250 gigawatt hours (GWh) compared to the forecast of 3,173 GWh, representing a 2.4 per cent increase.

Transmission line losses costs are \$16.7 million or 16.9 percent lower than the forecast due to the impact of a 22.6 per cent lower average pool price, more than offsetting the increase of 10.5 per cent in actual line loss volumes (1,149 GWh compared to the forecast of 1,040 GWh).

¹ Includes Other Industry, General and Administrative, Amortization and Depreciation, Borrowing and Project Costs.

Other Ancillary Services

| Other Ancillary Services Costs (\$ million) | | | | |
|--|----------------|------------------|------------------|-----------------|
| | 2024 Actual | 2024 Forecast | Variance (\$) | Variance (%) |
| Frequency services* | 11.0 | 21.0 | (10.0) | (47.6) |
| Transmission must-run – Contracted and Conscripted | 4.4 | 1.8 | 2.6 | 144.4 |
| Reliability services | 1.4 | 1.4 | - | - |
| Black start | 1.4 | 1.4 | (0.1) | (3.9) |
| Transmission constraint rebalancing | 2.4 | 2.0 | 0.4 | 20.0 |
| Total Other Ancillary Services | 20.7 | 27.7 | (7.0) | (25.3) |

Numbers may not add due to rounding

*Includes load shed service, fast frequency response, transferred frequency response, and voluntary load curtailment.

Frequency services costs are \$10.0 million or 47.6 per cent lower than forecast primarily due to lower arming requirements.

Transmission must run (TMR) costs are \$2.6 million or 144.4 per cent higher than forecast primarily due to unforeseeable events requiring TMR services in the northwest area.

Transmission constraint rebalancing (TCR) costs are \$0.4 million or 20.0 per cent higher than forecast primarily due to a higher magnitude of rebalancing events.

| Other Industry Costs (\$ million) | | | | |
|-----------------------------------|----------------|----------------|------------------|-----------------|
| | 2024 Actual | 2024 Budget | Variance (\$) | Variance (%) |
| AUC fees – Transmission | 5.0 | 5.6 | (0.6) | (10.7) |
| AUC fees – Energy Market | 5.0 | 4.2 | 0.8 | 19.0 |
| WECC/WPP/NERC costs | 1.6 | 1.6 | (0.0) | (2.0) |
| Regulatory process costs | 0.6 | 1.1 | (0.5) | (45.5) |
| Total Other Industry Costs | 12.2 | 12.5 | (0.4) | (2.9) |

Numbers may not add due to rounding

Other industry costs are \$0.4 million or 2.9 per cent lower than budget, primarily due to fewer complex regulatory proceedings and litigation matters being heard before the AUC than anticipated.

General and Administrative Costs (\$ million)

| | 2024 Actual | 2024 Budget | Variance (\$) | Variance (%) |
|---|----------------|----------------|------------------|-----------------|
| Staff costs | 45.3 | 48.1 | (2.8) | (5.8) |
| Contract services and consultants | 2.1 | 4.2 | (2.2) | (50.9) |
| Administration | 2.4 | 3.2 | (0.7) | (23.3) |
| Facilities | 2.4 | 2.5 | (0.2) | (6.6) |
| Computer services and maintenance | 5.8 | 6.0 | (0.2) | (3.2) |
| Telecommunications | 0.7 | 0.7 | (0.0) | (0.3) |
| Total General and Administrative Costs | 58.7 | 64.8 | (6.1) | (9.4) |

Numbers may not add due to rounding

General and administrative costs are \$6.1 million or 9.4 per cent lower than budget, primarily due to the timing of planned hires and unanticipated vacancies (impacting staff costs), the timing of initiatives requiring consulting and legal services (impacting contract services and consultants), and the timing of travel, training, and meals (impacting administration).

Amortization and Depreciation and Borrowing Costs (\$ million)

| | 2024 Actual | 2024 Budget | Variance (\$) | Variance (%) |
|---|----------------|----------------|------------------|-----------------|
| Amortization of right-of-use assets, intangible assets and depreciation of property, plant and equipment | 12.7 | 12.3 | 0.4 | 3.1 |
| Borrowing costs | 0.2 | 0.2 | (0.0) | (14.0) |

Numbers may not add due to rounding

Amortization and depreciation costs are \$0.4 million or 3.1 per cent higher than budget due to the timing of when assets are placed into service.

Borrowing costs are consistent with budget.

| Project Costs ² (\$ million) | | | | | | | |
|--|------------------------|----------------------|-----------------------|-------------|-------------------|-----------------|--------------------------------------|
| | Total Project Approved | Prior Year(s) Actual | Spent in 2024 to-date | ETC in 2024 | ETC Future Yr.(s) | Total Cost Est. | Variance Approved to Total Cost Est. |
| Strategic-Related Initiatives | | | | | | | |
| Enabling Transformation | 9.0 | 2.0 | 3.8 | 2.5 | 0.3 | 8.6 | (0.4) |
| Energy Management System (EMS) Sustainment | 13.0 | 9.6 | 1.8 | 0.9 | - | 12.3 | (0.8) |
| Critical Initiatives | | | | | | | |
| Business System Modernization | 0.7 | 0.3 | 0.0 | 0.4 | - | 0.7 | 0.0 |
| Productivity & Critical Systems Modernization | 10.2 | 1.2 | 3.8 | 3.1 | 0.5 | 8.5 | (1.7) |
| Other Capital Initiatives & Lifecycle Funding | | | | | | | |
| | 17.1 | 2.9 | 4.3 | 9.3 | 0.4 | 16.9 | (0.2) |
| Special* | 29.8 | 1.3 | 7.8 | 17.6 | 8.0 | 34.7 | 4.9 |
| Total Capital | 79.9 | 17.3 | 21.6 | 33.7 | 9.1 | 81.7 | 1.8 |

Numbers may not add due to rounding

*AESO Downtown Office Relocation

| General Project Costs (\$ million) | |
|--------------------------------------|-------------|
| Spent to Date June 30, 2024 | 21.6 |
| Total Capital Budget for 2024 | 51.6 |
| Remaining Budget | 30.0 |

² Project Costs have historically been presented as the Capital Program; however, changes in accounting policy interpretation, combined with an increase in software as a service procurements have led to uncertainty in the classification as Capital or General and Administrative until such time as the contract is entered into.