Quarterly Stakeholder Report
Second Quarter (April - June 2026)

The Alberta Electric System Operator's (AESO) year-to-date operating results are provided in comparison to year-to-date forecasted Operating Costs and budgeted Own Costs[1], as identified in its *2026 Business Plan and Budget*.

Financial Update – As of June 30

Operating Costs ($ million)	2026 Actual	2026 Forecast	Variance ($)	Variance (%)
Wires costs	1,025.1	1,024.8	0.3	-
Operating reserves	96.5	86.6	9.9	11.4
Transmission line losses	67.3	62.1	5.1	8.3
Other ancillary services	41.3	33.2	8.1	24.5
Unit commitment costs	1.4	0.4	1.0	255.1
Total Operating Costs	**1,231.6**	**1,207.1**	**24.5**	**2.2**

Numbers may not add due to rounding

Operating reserves costs are impacted by actual volumes, hourly pool prices and operating reserve prices. Operating reserve costs year-to-date are $9.9 million or 11.4 per cent higher than forecast primarily due to an increase in offer prices resulting in higher than average settled price despite pool prices being lower than forecast. Operating reserve volumes financially settled are 3,326 gigawatt hours (GWh) compared to the forecast of 3,349 GWh, representing a 0.7 per cent decrease. The average hourly pool price of $31 per megawatt hour (MWh) is 41.5 per cent lower than the forecast of $53 per MWh.

Transmission line losses costs are $5.1 million or 8.3 per cent higher than forecast primarily due to an increase in volumes more than offsetting the lower than forecast pool price. Actual year-to-date volumes of 1,518 GWh are 8.9 per cent higher than the forecast of 1,394 GWh.

Unit commitment costs relate to directives issued in accordance with the Supply Cushion Regulation. More directives have been issued than anticipated year-to-date due to increased frequency of the supply cushion falling below the threshold.

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

Other Ancillary Services Costs ($ million)				
	2026 Actual	**2026 Forecast**	**Variance ($)**	**Variance (%)**
Frequency response, black start and balancing services*	19.7	23.1	(3.4)	(14.7)
Transmission must-run – contracted and conscripted	14.0	4.7	9.3	199.5
Transmission constraint rebalancing	6.2	4.0	2.2	54.8
Reliability services	1.4	1.4	-	-
Total Other Ancillary Services	**41.3**	**33.2**	**8.1**	**24.5**

Numbers may not add due to rounding

**Includes fast frequency response, black start and transferred frequency response.*

Frequency response, black start and balancing services costs are $3.4 million or 14.7 per cent lower than forecast primarily due to lower availability and arming requirements for fast frequency response.

Transmission must run (TMR) costs are $9.3 million or 199.5 per cent higher than forecast primarily due to an increase in events requiring TMR services in the northwest area.

Transmission constraint rebalancing costs are $2.2 million or 54.8 per cent higher than forecast primarily due to a higher magnitude of rebalancing events.

The remaining costs are comparable to forecast.

Other Industry Costs ($ million)				
	2026 Actual	**2026 Budget**	**Variance ($)**	**Variance (%)**
AUC fees – Transmission	6.2	6.4	(0.2)	(2.6)
AUC fees – Energy Market	3.9	4.7	(0.8)	(17.4)
WECC/WPP/NERC costs	1.7	1.7	0.0	1.5
Regulatory process costs	0.1	1.6	(1.4)	(90.9)
Total Other Industry Costs	**11.9**	**14.3**	**(2.4)**	**(16.7)**

Numbers may not add due to rounding

AUC fees are lower than forecast primarily due to lower than anticipated administration fees.

Regulatory process costs are $1.4 million or 90.9 per cent lower than forecast primarily due to: (1) fewer complex regulatory proceedings and litigation matters being heard before the AUC than anticipated year-to-date; and (2) cost recovery claims for REM Stakeholder Engagement activities accrued in 2025 and paid in 2026 were notably lower than anticipated, resulting in a credit adjustment in 2026 actual costs.

The remaining costs are comparable to forecast.

General and Administrative Costs ($ million)				
	2026 Actual	2026 Budget	Variance ($)	Variance (%)
Staff costs	57.0	62.2	(5.1)	(8.2)
Contract services and consultants	7.6	9.4	(1.8)	(19.3)
Administration	3.0	3.7	(0.7)	(18.7)
Facilities	2.4	2.7	(0.3)	(11.6)
Computer services and maintenance	8.4	8.9	(0.5)	(5.7)
Telecommunications	0.8	0.8	(0.1)	(6.7)
Total	**79.3**	**87.8**	**(8.5)**	**(9.7)**
Project Implementation Costs*	13.6	18.4	(4.7)	(25.9)
Total General and Administrative Costs	**92.9**	**106.1**	**(13.3)**	**(12.5)**

Numbers may not add due to rounding

**Cloud computing projects costs now included in G&A as per IFRS*

Staff costs are $5.1 million or 8.2 per cent lower than budget primarily due to delays in planned hires and unanticipated vacancies.

Contract services and consultants costs are $1.8 million or 19.3 per cent lower than budget primarily due to the timing of initiatives requiring such services.

Administration costs are $0.7 million or 18.7 per cent lower than budget primarily due to the timing of various administrative costs.

Facilities costs are $0.3 million or 11.6 per cent lower than budget primarily due to lower operating and utilities costs than anticipated.

Computer services and maintenance and Telecommunications costs are comparable to budget.

Amortization and Depreciation and Borrowing Costs ($ million)				
	2026 Actual	2026 Budget	Variance ($)	Variance (%)
Amortization of right-of-use assets, intangible assets and depreciation of property, plant and equipment	**13.9**	**14.2**	**(0.3)**	**(2.1)**
Borrowing costs	**0.6**	**0.6**	**(0.0)**	**(1.9)**

Numbers may not add due to rounding

Amortization and depreciation and borrowing costs are comparable to budget.

Project Costs[2] ($ million) – Multi-year Spend Summary

	Total Project Approved	Prior Years Actuals	2026 Actuals	ETC[3] Current Year	ETC Future Years	Total Cost Estimate	Variance Approved to Total Cost Estimate
Strategic-Related Initiatives							
Enabling Transformation	21.5	4.7	3.8	6.5	2.5	17.4	(4.1)
Energy Management System (EMS) Sustainment	4.2	1.9	0.8	1.1	0.2	4.0	(0.2)
REM IT	118.7	39.4	28.5	39.0	100.0	206.9	88.1
Critical Initiatives							
Business System Modernization	3.6	-	0.7	2.1	-	2.9	(0.7)
Productivity & Critical Systems Modernization	6.4	2.3	1.8	1.7	-	5.7	(0.7)
Other Capital Initiatives & Lifecycle Funding	22.1	8.1	5.3	8.0	-	21.4	(0.7)
Total Capital	**176.5**	**56.4**	**40.8**	**58.5**	**102.7**	**258.4**	**81.9**

Numbers may not add due to rounding

General Project Costs ($ million) – 2026 Spend Summary	
2026 Actuals	**40.8**
Total Project Budget for 2026	**119.7**
Remaining Budget	**78.9**

REM IT is a significant initiative that encompasses the design and implementation of information technology required to support the Restructured Energy Market (REM). The base build is intended to provide the minimal requirements to operate the new market, with subsequent spend anticipated to build out additional capability and improvements. The initial stage is estimated at $206.9M for launch in 2028. Total approved budget does not yet reflect all of this anticipated spend because approvals for additional budget are being submitted in tranches as the project progresses.

[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 procurement, have led to uncertainty in the classification as Capital or General and Administrative until such time as the contract is entered into.

[3] ETC - Estimate to complete.