

## Quarterly Stakeholder Report Third Quarter (July-September 2024)

The Alberta Electric System Operator’s (AESO) year-to-date operating results are provided in comparison to year-to-date forecasted Transmission Operating Costs and budgeted Own Costs<sup>1</sup>, as identified in its 2024 Business Plan and Budget. Reference the AESO [AESO Business Plan](#) for additional information.

### Financial Update – As of September 30

Transmission Operating Costs (\$ million)				
	2024 Actual	2024 Forecast	Variance (\$)	Variance (%)
Wires costs	1,463.5	1,452.9	10.6	0.7
Operating reserves	199.2	244.3	(45.1)	(18.5)
Transmission line losses	121.4	136.0	(14.6)	(10.7)
Other ancillary services	33.7	41.6	(7.9)	(19.0)
<b>Total Transmission Operating Costs</b>	<b>1,817.8</b>	<b>1,874.9</b>	<b>(57.1)</b>	<b>(3.0)</b>

*Numbers may not add due to rounding*

Wires costs year-to-date are \$10.6 million or 0.7 per cent higher than forecast primarily due to Alberta Utilities Commission (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 \$45.1 million or 18.5 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 \$67 per megawatt hour (MWh) is 23.1 per cent lower than the forecast of \$87 per MWh. Operating reserve volumes financially settled are 4,933 gigawatt hours (GWh) compared to the forecast of 4,824 GWh, representing a 2.3 per cent increase.

Transmission line losses costs are \$14.6 million or 10.7 per cent lower than the forecast due to the impact of a 23.1 per cent lower average pool price, more than offsetting the increase of 10.5 per cent in actual line loss volumes (1,691 GWh compared to the forecast of 1,531 GWh).

<sup>1</sup> Includes Other Industry, General and Administrative, Amortization and Depreciation, Borrowing and Project Costs.

### Other Ancillary Services Costs (\$ million)

	2024 Actual	2024 Forecast	Variance (\$)	Variance (%)
Frequency services*	21.8	31.6	(9.8)	(31.0)
Transmission must-run – Contracted and Conscripted	4.7	2.8	1.9	67.9
Reliability services	2.1	2.1	-	-
Black start	2.0	2.1	(0.1)	(4.8)
Transmission constraint rebalancing	3.0	3.0	0.0	0.6
<b>Total Other Ancillary Services</b>	<b>33.7</b>	<b>41.6</b>	<b>(7.9)</b>	<b>(19.0)</b>

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 \$9.8 million or 31 per cent lower than forecast primarily due to lower arming requirements.

**Transmission must run (TMR)** costs are \$1.9 million or 67.9 per cent higher than forecast primarily due to unforeseeable events requiring TMR services in the northwest area.

Remaining costs are comparable to forecast.

### Other Industry Costs (\$ million)

	2024 Actual	2024 Budget	Variance (\$)	Variance (%)
AUC fees – Transmission	7.9	8.4	(0.5)	(6.0)
AUC fees – Energy Market	7.3	6.3	1.0	15.9
WECC/WPP/NERC costs	2.4	2.4	(0.0)	(1.1)
Regulatory process costs	1.0	1.7	(0.7)	(41.2)
<b>Total Other Industry Costs</b>	<b>18.6</b>	<b>18.8</b>	<b>(0.2)</b>	<b>(1.1)</b>

Numbers may not add due to rounding

Other industry costs are \$0.2 million or 1.1 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	70.5	71.8	(1.3)	(1.8)
Contract services and consultants	4.7	6.3	(1.6)	(25.0)
Administration	3.7	4.6	(0.9)	(19.4)
Facilities	3.5	4.1	(0.6)	(13.8)
Computer services and maintenance	9.0	9.1	(0.1)	(1.5)
Telecommunications	1.1	1.1	0.0	0.2
<b>Total General and Administrative Costs</b>	<b>92.5</b>	<b>97.0</b>	<b>(4.5)</b>	<b>(4.6)</b>

*Numbers may not add due to rounding*

General and administrative costs are \$4.5 million or 4.6 per cent lower than budget, primarily due to the timing of planned hires and unanticipated vacancies more than offsetting increased benefits costs (impacting staff costs), the timing and reprioritization of initiatives requiring consulting and external 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 (%)
<b>Amortization of right-of-use assets, intangible assets and depreciation of property, plant and equipment</b>	<b>18.8</b>	<b>18.8</b>	<b>0.0</b>	<b>0.1</b>
<b>Borrowing costs</b>	<b>0.2</b>	<b>0.3</b>	<b>(0.0)</b>	<b>(14.3)</b>

*Numbers may not add due to rounding*

Amortization and depreciation and borrowing costs are comparable to budget.

Project Costs <sup>2</sup> (\$ 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.
<b>Strategic-Related Initiatives</b>							
Enabling Transformation	13.7	2.0	4.8	4.2	1.6	12.6	(1.1)
Energy Management System (EMS) Sustainment	13.0	9.6	2.4	0.5	-	12.4	(0.6)
<b>Critical Initiatives</b>							
Business System Modernization	0.7	0.3	0.0	0.3	-	0.6	(0.1)
Productivity & Critical Systems Modernization	10.9	1.2	5.5	2.3	0.5	9.5	(1.5)
<b>Other Capital Initiatives &amp; Lifecycle Funding</b>	19.2	2.9	7.4	5.5	1.1	16.9	(2.3)
<b>Special*</b>	34.7	1.3	16.0	8.4	8.1	33.8	(1.0)
<b>Total Capital</b>	<b>92.4</b>	<b>17.3</b>	<b>36.1</b>	<b>21.2</b>	<b>11.3</b>	<b>85.8</b>	<b>(6.6)</b>

Numbers may not add due to rounding

\*AESO Downtown Office Relocation

General Project Costs (\$ million)	
Spent to Date September 30, 2024	36.1
<b>Total Project Budget for 2024</b>	<b>55.3</b>
Remaining Budget	19.2

<sup>2</sup> 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.