

NOTICE TO PARTICIPANTS AND STAKEHOLDERS

August 16, 2017

Re: Request for Stakeholder Comment: MSA Process for Rate Cap (Board or Council Approved Regulated Rate Tariffs) Regulation

Background

On November 22, 2016 the Government of Alberta [announced](#) that Regulated Rate Option (RRO) rates will be capped at 6.8 cents per kWh from June 2017 to June 2021. This policy was put into effect with the passing of [An Act to Cap Regulated Electricity Rates](#) (Act). The implementation of the Act for municipalities and Rural Electrification Associations that are owners (Owners) as defined in the Act is specified in the [Rate Cap \(Board or Council Approved Regulated Rate Tariffs\) Regulation](#) (Regulation). On August 14, 2017 Department of Energy provided stakeholders with a template of the prescribed deferral account statement (DAS) form and said it will be distributing a fillable version of the form as soon as possible (see attached).

The Regulation designates the MSA as the approving body for DASs, which are required to be submitted to the Minister of Energy after approval so that the Owners can receive compensation [Regulation s.5]. The Regulation provides that the MSA may determine the process by which it approves a DAS [Regulation s.6]. This document outlines the MSA's proposed process for approving a DAS and requests stakeholder comment. In the proposed process completed DASs provided to the MSA will be made public.

Approval Process

The MSA proposes to approve a DAS in the following manner:

1. Within five business days of the start of the month the Owner must provide the MSA, by email, with:
 - a. the actual consumption in kWh of regulated rate customers in each rate class determined through the final load settlement calculations for the most recent 6 months for which that information is available [Regulation s.5(2)(a)]; and
 - b. a completed DAS for the applicable calendar months, in the form prescribed by the Minister, for the MSA's approval [Regulation s.5(2)(b)]. The Owner must provide the MSA with, by email, the DAS in the electronic fillable form provided by the Minister. The MSA will not accept a DAS in any other form or by any other method.
2. On receipt of the above information, the MSA will confirm the calculation of the amounts in the DAS. If the MSA determines an error has been made in the calculation of the amounts, it will require the Owner to provide a corrected DAS.

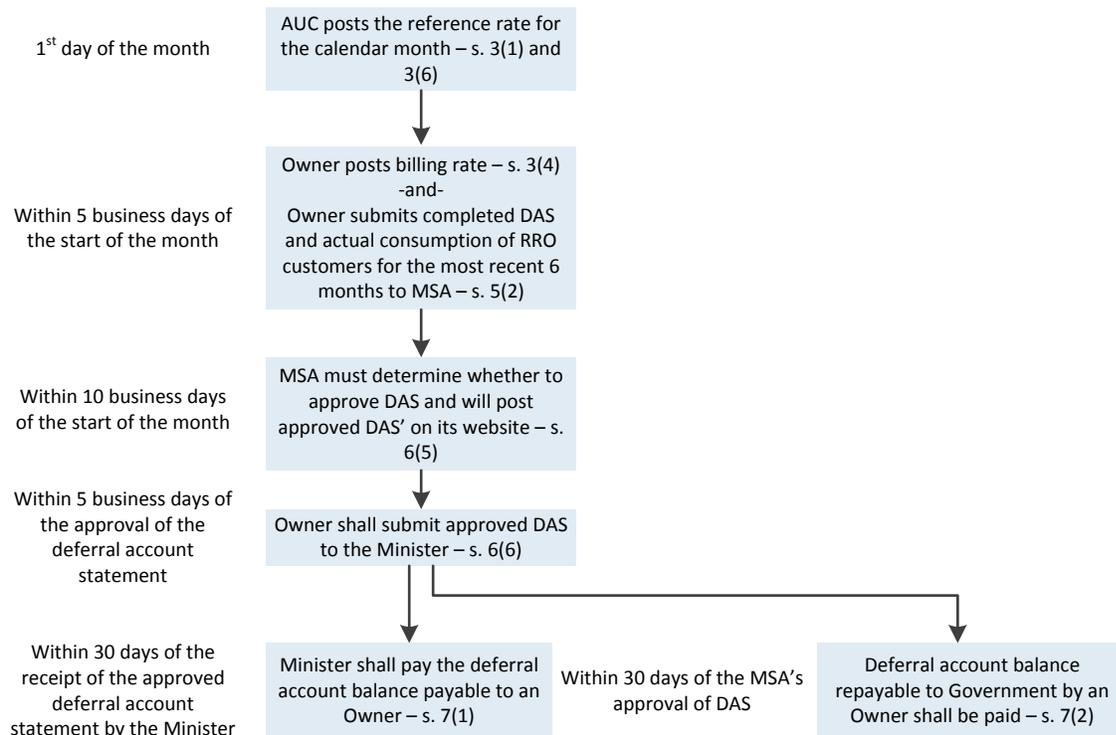
3. If the MSA confirms that the calculations are correct, it will approve the DAS by signing the DAS and posting the DAS publically on its website within ten business days of the start of the month.
4. If the information outlined in section 1 of the process is not provided within five business days of the start of the month, the MSA will not approve a DAS for that month.
 - a. The Owner may submit a DAS that includes the missed month's information in a following month if the deferral account information was based on final load settlement calculations, as outlined in s. 5(4)(b) of the Regulation.
 - b. If the deferral account information was based on forecast consumption, as outlined in 5(4)(a) of the Regulation, the Owner may submit the missed month once the final load settlement data is available.

It is important to note that an Owner is not required to provide the MSA with a DAS until the reference rate exceeds 6.8 cents per kWh [Regulation 5(3)].

Rate Cap Regulation Flow Chart

The MSA has prepared the following flow chart outlining select deadlines and requirements of the Regulation. The flow chart should serve as a quick overview, but all decisions should be based on the Owner's review of the Regulation.

On and following the first month that the reference rate exceeds 6.8 ¢/kWh, between June 1, 2017 and May 31, 2021:



Owner must apply to the MSA for final review and disposition of the owner's deferral account within six months after May 2021 – s. 8.

Consultation Process

The MSA requests that all comments on the process outlined above be submitted to stakeholderconsultation@albertamsa.ca by September 8, 2017. All comments received will be posted on the MSA's website. The MSA does not expect that another round of consultation will be required. The MSA is available to meet with stakeholders to discuss this matter at their request.

Once the approval process has been finalized, the MSA will contact all Owners with details regarding a test run of the approval process. This is expected to occur in Q4 2017.



Energy
Electricity and Sustainable Energy
Retail & Distribution Branch
9945 – 108 Street
Edmonton, AB, T5K 2G6

AR28921

August 14, 2017

Dear Stakeholder:

RE: DEFERRAL ACCOUNT STATEMENTS AND PAYMENT INFORMATION TO IMPLEMENT RATE CAP

As you know, regulations were recently introduced to implement the Regulated Rate Option Regulation rate cap. This letter contains further information on finalizing implementation arrangements.

Deferral account statements:

To account for any payments under the Regulated Rate Option Rate Cap, Regulated Rate Option providers are required to establish a deferral account. Providers are also required to submit a deferral account statement in accordance with the regulations for approval by the Market Surveillance Administrator before submitting it to the Minister of Energy for any payments. The regulation allows the Minister to prescribe the deferral account statement form. Attached is the template of the prescribed deferral account statement form (Attachment 1). Alberta Energy will be working on finalizing a fillable version of this form and will distribute this to Regulated Rate Option providers as soon as possible.

Establishing arrangements for electronic funds transfer:

Should any payments be required to Regulated Rate Option Providers, it is Alberta Energy's preference to use electronic funds transfer to facilitate these payments. To enable this to occur, Alberta Energy is requesting that your organization complete and return the attached form (attachment 2) in order for this to be established.

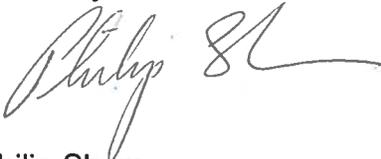
It is also possible that payments to government from providers will be required as deferral account balances are corrected with actual load settlement data. Alberta Energy is still working on how this should occur and will provide further information as soon as it is available.

Deferral account statement submissions and inquiries:

Please submit the attached information, future deferral account statements, and any questions you have regarding the rate cap, to the newly established rate cap email address: energy.ratecap@gov.ab.ca .

Should electronic funds transfer not work for your organisation, please send an email to energy.ratecap@gov.ab.ca so we can determine an alternative payment process.

Sincerely,



Philip Shum
Acting Executive Director
Retail and Distribution Branch

Cc: David James, Assistant Deputy Minister
Mark Nesbitt, Manager, Investigations and Retail, Market Surveillance
Administrator

Attachments

Attachment 1: Prescribed Template, Deferral Account Statement
Attachment 2: Electronic Funds Transfer Form

DEFERRAL ACCOUNT STATEMENT FORM PRESCRIBED UNDER Section 5 of Rate CAP (BOARD OR COUNCIL APPROVED REGULATED RATE TARIFFS) REGULATION
(Calculation of Deferral Account Amounts for Owners regulated by a BOARD OR COUNCIL)

NOTE: Areas shaded in grey to be completed by the Owner

A.) Current Delivery Month Calculation

Current Month Submission: _____ Section 5(4)(a)

Rate Class	Monthly Rate (\$/kWh) Regulation, Section 5(4)(a)(i)	Forecast Consumption (kWh) Regulation Section 5(4)(a)(ii)	Reference Rate (\$/kWh) Regulation, Section 5(4)(a)(iii)	Reimbursement Rate (\$/kWh) Regulation Section 5(4)(a)(iv)	Billing Rate (\$/kWh) Regulation Section 5(4)(a)(v)	Deferral Account Amount (\$) Regulation Section 5(4)(a)(vi) or (vii)
1						
2						
3						
4						
5						
6						
Total - Estimated (\$)						GST _____ - Section 5(4)(a)(viii) _____ - Section 5(4)(a)(viii)

B.) Recalculation based on actual consumption data

Previously Submitted Month: _____ Section 5(4)(b)

Rate Class	Monthly Rate (\$/kWh) Regulation, Section 5(4)(b)(i)	Actual Consumption (kWh) Regulation Section 5(4)(b)(ii)	Reference Rate (\$/kWh) Regulation, Section 5(4)(b)(iii)	Reimbursement Rate (\$/kWh) Regulation Section 5(4)(b)(iv)	Billing Rate (\$/kWh) Regulation Section 5(4)(b)(v)	Previous Deferral Account Amount (\$) Regulation Section 5(4)(b)(vi)	*Recalculation (\$) Regulation Section 5(4)(b)(v)	Difference (\$) Regulation Section 5(4)(b)(v)
1								
2								
3								
4								
5								
6								
Balance Adjustment (\$)							GST _____ - Section 5(4)(c) _____ - Section 5(4)(c)	

Previously Submitted Month: _____ Section 5(4)(b)

1								
2								
3								
4								
5								
6								
Balance Adjustment (\$)							GST _____ - Section 5(4)(c) _____ - Section 5(4)(c)	

C.) Deferral Account Balance (\$): Net Amount Payable by Province/(Payable by the Owner)

**Instruction:
For Recalculation, calculate the
Actual Results for applicable month
for each rate class based on final
monthly information for the
applicable month*

Document Review and Sign-off:
Name and Title of MSA Signing Authority _____

Date _____

_____ - Section 5(4)(d)

The information indicated on this form is confidential and will be used solely for the purpose of depositing your payments directly into your bank account. We will not release this information for any other purpose. If you have any questions or concerns, please follow up with your Ministry Contact.

Completion of All Fields is Mandatory. Incomplete forms will not be processed.

INSTRUCTIONS

- This form is not required if you have a PERSONALIZED voided cheque.
- Funds will only be deposited into ONE bank account.
- Funds can only be deposited in the name of the person or company who CURRENTLY receives the cheque from the Ministry.
- This form must be signed by both spouses where both spouses are registered as the payment recipients.
- This form must be signed by an official representative of the Bank
- This form must contain the "Bank Stamp"
- Please return the signed form to your Ministry Contact for processing.

Part 1
Party Authorized to Receive Payment

See sample cheque below to complete the following information:

Vendor Number (if known)

A. Name of Account Holder

Last Name/Company Name			First Name	Middle Name
Address			City/Town	
Province	Postal Code	Telephone Number (include area code)		

OPT IN - Vendor email address for electronic remittance advice _____

OPT OUT (with a check box) will not receive electronic delivery of remittance advice.

I authorize the Province of Alberta to make all payments due to me by deposit to the above account. Payment shall continue until I advise you of any change.

_____ Dated _____ Signed _____ Dated _____ Signed (if joint account)

Part 2
Bank Information

B. Name of Bank		C. Bank Address		
Type of Account (please check one): <input type="checkbox"/> Chequing <input type="checkbox"/> Savings	D. Bank Transit/Branch Number	E. Bank Number	F. Account Number	
Print Name of Financial Institution Officer	Telephone Number	Dated	Financial Institution Officer's Signature	

Sample of Personalized Cheque

A → Shirley Smith
 Name of Account Holder #102, 10222 - 102 Street
 Edmonton, Alberta T6P 1L9

Date _____ 159

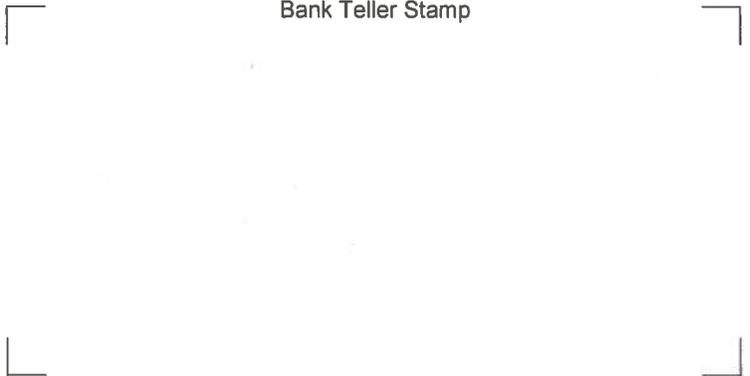
PAY TO THE ORDER OF _____ \$ _____

B → ROYAL BANK OF CANADA
 Name of Bank 107 Street & 107 Avenue Branch
 C → 10707 - 107 STREET
 Bank Address EDMONTON, ALTA. T6A 3P6

100 Dollars

⑈159⑈04509⑈003:509⑈1844⑈17⑈

↑ ↑ ↑
 D E F
 Bank Transit / Branch Number - 4 digits (add zero in front if the actual Bank ID is 3 digits) Bank Number - 4 digits (add zero in front and 12 digits between 3 and 12 digits) Account Number - between 3 and 12 digits



Please return the signed form to your Ministry Contact for processing.