MARKET SURVEILLANCE ADMINISTRATOR

Regulatory and Enforcement Activities: Q3 2025

November 10, 2025

Taking action to promote effective competition and a culture of compliance and accountability in Alberta's electricity and retail natural gas markets

www.albertamsa.ca

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1. REGULATORY AND ENFORCEMENT MATTERS

1.1. MSA public database

The MSA will be launching a public reporting site, data.albertamsa.ca, in mid-November that includes enforcement-related data covering the determinations made by the Market Surveillance Administrator (MSA) in relation to Independent System Operator (ISO) Rule and Alberta Reliability Standard (ARS) compliance. This site is intended to supplement the reporting in the MSA's quarterly report on Regulatory and Enforcement Activities by making it easier to query and download the data presented in sections 2 and 3 of this report.

What follows is a description of key concepts related to the reported enforcement data:

The MSA initiates matters based on self-reports from market participants, referrals from the ISO or Western Electricity Coordinating Council (WECC), complaints, and surveillance by the MSA itself; the public data refers to the source of the matter as the Category. The MSA reports on a matter in its report on Regulatory and Enforcement Activities once a final determination has been reached and the matter has been closed. There are five possible determinations for a given matter, which the public reporting refers to as the Outcome:

- Discontinuance: At any point in the process, the MSA concludes a matter because it is frivolous, trivial, vexatious, or otherwise does not warrant investigation.

- No contravention: The MSA determines that there is no contravention of an ISO Rule or ARS in relation to the matter. Historical data includes 'Withdrawn', which is a determination equivalent to no contravention.

- Forbearance: The MSA determines that there was a contravention of an ISO Rule or ARS in relation to the matter, but that the specific circumstances warrant forbearance.

- Notice of Specified Penalty (NSP): The MSA determines that there was a contravention of an ISO Rule or ARS in relation to the matter and that a penalty within the requirements of Alberta Utility Commission (AUC) rules 19 or 27 is warranted.

- Administrative Enforcement: The MSA determines that there was a contravention of an ISO Rule or ARS in relation to the matter and that a proceeding before the Alberta Utilities Commission is warranted.

Consistent with AUC Rules 19 and 27, the MSA publishes the company name, and the asset identifier if applicable, after an NSP has been paid or 45 days after it was issued, whichever comes first. The published data shows the amount of the NSP and provides a link to the pdf notice on the MSA's website that includes more detail about the contravention and the determination that the MSA reached.

For all other enforcement determinations, the MSA does not reveal the identity of the company or asset and does not provide links to any additional information as doing so could discourage the

self-reporting of suspected contraventions, hindering the culture of compliance in Alberta's electrical industry.

As directed by AUC Rule 27, the MSA does not reveal the company name or other details in relation to critical infrastructure protection reliability standards. All such standards are identified by a "CIP" prefix to the ARS and only the close out date, category, outcome and reliability standard will be reported.

The data on the public reporting site can by queried by date and extracted in CSV or Excel formats for further analysis and reporting. The published data is available from late 2015 onwards; compliance reporting and penalties reporting from 2008 onwards is available on the https://www.albertamsa.ca/ website in pdf form.

1.2. MSA comments on AESO initiatives

On July 4, the MSA provided comments to the AESO regarding its Fast Frequency Response Plus (FFR+) proposal.[1] In these comments, the MSA addressed the three core criteria that the AESO identified as being required for a competitive FFR market and explained the benefits of a competitive market over negotiated contracts. The MSA also highlighted the similarities between FRR and the current operating reserve products that have generally produced competitive outcomes that could inform the structure of a FFR market.

Following the AESO issuing an addendum to the original FFR+ rationale document, the MSA provided additional comments on September 22.[2] In these comments, the MSA maintained that there appear to be sufficient conditions for establishing a competitive market for FFR and discussed the risks of long-term contracting including prior examples where subsequent changes resulted in issues or inefficiencies. In the circumstance where the AESO determines that it must pursue contracts, the MSA gave advice in relation to minimizing the contracted volume and duration as well as exploring opportunities to reduce the cost of procurement through participation in the OR markets and addressing barriers to participation including from the additional services that AESO proposed bundling into the FFR+ contracts.

On October 20, the MSA provided comments to the AESO regarding the Proposed REM ISO Rules.[3] The AESO requested comments on whether the proposed rules are "clear and concise," "complete (to the extent possible)," "practically implementable," and "consistent with the statutory scheme." In these comments, the MSA provided a non-exhaustive list of examples from the proposed rules in five categories: the use of information documents, discretionary actions by the AESO, subjective requirements and conditions, drafting errors and omissions, and implementation concerns. Finally, the MSA noted the AESO's planned stakeholder session on

[1] Alberta MSA Notice – MSA comments regarding AESO's FFR+ Proposal, July 4, 2025

[2] Alberta MSA Notice – MSA further comments regarding the AESO's FFR+ Proposal Addendum, September 22, 2025

[3] Alberta MSA Notice – MSA comments regarding the AESO's proposed REM Rules, October 20, 2025

Allowable Dispatch Variance and recommended the AESO ensure the proposed tighter tolerances are technically feasible to support enforceability.

1.3. Content in self-reports

The MSA has observed a recent trend in self-reports and mitigation plans submitted by market participants where there is insufficient information for the MSA to reach a determination without issuing information requests. Where the MSA is required to issue information requests, this can significantly delay the processing of a matter, and lead to additional cost and effort for the affected market participant. Section 6.3 of the MSA's Compliance Process describe the required content for self-reports of contraventions; the two sections are substantively similar with references to AUC Rules 19 and 27 as well as different handling of mitigation plans as applicable to the ISO Rules and ARS processes and both sections specify that the detail provided reflect the complexity of the event. For example:

> **6.3 Self-Reporting**
>
> The MSA supports and encourages the Self-Reporting of contraventions of Reliability Standards. A Self-Report provides evidence to the MSA that a Market Participant has a Compliance Program in place to identify such issues. A Self-Reported contravention is more likely to receive Forbearance than a contravention referred by the Compliance Monitor. In cases where a Specified Penalty is appropriate for a Self-Reported contravention, the discount indicated in AUC Rule 027 will be applied.
>
> Self-Reports must be submitted in accordance with section 3 of the MSA Compliance Process. The MSA will acknowledge receipt of all Self-Reports and provide a MSA file number for each matter for future reference.
>
> The MSA will not however, recognize a Self-Report filed after a compliance audit has been initiated, if the Self-Report pertains to suspected non-compliance within the current audit period and is within the audit scope communicated in the Compliance Monitor's notice of pending audit. In this context, the MSA will consider the audit process to be initiated once the deadline for submission of audit evidence to the Compliance Monitor has passed.
>
> The MSA will conduct an assessment of the reported conduct and will thereafter remain the primary point of contact for the Market Participant until the conclusion of its determination of the issue.
>
> The Self-Report form solicits Information to help the MSA understand and assess the contravention. The level of detail provided should reflect the complexity of the event. Market Participants are invited to comment on the reliability impact of the contravention, with a supporting rationale including any relevant mitigating circumstances. The MSA will consider the mitigating circumstances. These may

support the case for Forbearance, particularly if it can be demonstrated that the contravention is not part of a recurring problem.

The MSA notes the following information which, if not provided in a self-report, may result in additional information requests to the market participant or the rejection of the self-report.

- The start and end dates of each contravention included in the self-report information provided to the MSA as well as the number of contravention events within the contravention period.

- For ARS, both the standard and the requirement that the contravention relates to; if multiple standards and requirements may have been contravened as part of a single event, all such standards and requirements should be included in the self-report.

- For ARS Operation and Maintenance (O&P) related submissions, as appropriate to the requirement, provide a listing of the affected facilities, the total number of impacted devices, facilities, and/or personnel as well as the percentage of the total population of devices, facilities, and/or applicable personnel affected by the contravention.

- For ARS CIP-related submissions, a list of the facilities, BES cyber assets and BES cyber systems, associated Physical Access Control Systems, Electronic Access Control or Monitoring Systems and/or Protected Cyber Assets.

- The actual or potential impact of the contravention posed to reliable operations with specific reference to any mitigating internal controls that reduced that impact.

- Identify the root cause and any contributing causes, if known.

- Ensure any included mitigation plan action addresses all instances and causes of the noncompliance. The mitigation plan actions should include relevant, measurable, and realistic milestones with proposed completion dates.

- Describe any additional actions that reduce or eliminate the risk while mitigation is in progress.

1.4. Direct Energy customer information sharing investigation

Following an investigation, the MSA was satisfied that Direct Energy Partnership (DEP) and Direct Energy Regulated Services (DERS) each contravened subsection 17(2) of the *Code of Conduct Regulation* AR 58/2015 (Code of Conduct) and section 6 of the *Electric Utilities Act* SA 2003 c E-5.1 (EUA) (collectively, the “Contraventions”).

DERS is a “regulated rate supplier” within the meaning of the Code of Conduct, and DEP is its “affiliated provider” under the Code of Conduct. The Contraventions arose out of an arrangement where customer billing information from DERS was used create a “pass/fail” signal provided to DEP for its prospective customers. A “fail” signal was provided to DEP if a prospective customer

had a sufficiently high credit risk and outstanding bill with DERS. It resulted in the prospective customer having to contact and settle the outstanding bill with DERS before DEP provided competitive retail services.

Subsection 17(2) of the Code of Conduct prohibits arrangements between a regulated rate supplier and its affiliated provider which create an unfair competitive advantage for either of them. Subsection 18 of the Code of Conduct deems the affiliated provider's use, for a sales purpose, of customer information shared with it by the regulated rate supplier to create a competitive advantage for the affiliated provider, as prohibited under subsection 17(2). When DEP used DERS customer billing information to assess the financial eligibility of DEP's new customers and decide whether it would sell to them (or cancel their contract), DEP used DERS customer information shared with it for a prohibited sales purpose.

DEP and DERS fully cooperated with the MSA's investigation. After they received the MSA's summary of findings from its investigation, DEP and DERS took remedial steps and agreed to the imposition of conditions to prevent recurrence of the Contraventions. The MSA, DEP and DERS reached a comprehensive settlement agreement that provided for:

(a) DEP, DERS, and their affiliates avoiding the future use of DERS customer information to assess prospective customers' financial eligibility;

(b) DEP paying an administrative penalty of $90,000, including:

  (i) $70,000 as the approximate assumed benefit received by DEP; and

  (ii) $20,000 as an additional administrative penalty;

(c) DERS paying an administrative penalty of $20,000; and

(d) DERS and DEP paying the MSA $20,000 for the costs of its investigation.

The Commission approved the settlement agreement in Decision 30325-D01-2025, a copy of which is available here.

1.5. NSPs issued related to section 206.2 of the ISO rules

On September 12, 2025, the MSA issued two NSPs to the AESO related to section 206.2 of the ISO rules, *Interim Unit Commitment Directives* (ISO rule 206.2). ISO rule 206.2 requires the AESO to conduct a forecast of supply cushion, called anticipated supply cushion. When the anticipated supply cushion is determined to be below the threshold of 932 MW, the AESO must issue unit commitment directives to eligible long lead time assets to minimize the anticipated supply cushion deficit. The AESO must issue unit commitment directives that minimize the deficit to the extent reasonable according to relative economic merit by determining the least cost unit commitment directive or combination of unit commitment directives. The two events are summarized as follows.

On February 11, 2025, the AESO determined that the anticipated supply cushion was less than the threshold for settlement intervals later that day. While it was feasible to issue a unit commitment directive to an eligible long lead time asset to minimize the anticipated supply cushion deficit, the AESO did not issue a unit commitment directive.

On March 31, 2025, the AESO determined that the anticipated supply cushion was less than the threshold for settlement intervals on April 1, 2025. To minimize the deficit, the AESO issued a unit commitment directive to an eligible long lead time asset. The ISO subsequently issued a second unit commitment directive to another eligible long lead time asset to address the same deficit; however, this unit commitment directive was not required to minimize the anticipated supply cushion deficit. Therefore, the AESO did not issue the least cost unit commitment directive or combination of unit commitment directives to minimize the anticipated supply cushion deficit.

2. ISO RULES ENFORCEMENT

The ISO rules promote orderly and predictable actions by market participants and facilitate the operation of the Alberta Interconnected Electric System (AIES). The MSA enforces the ISO rules and endeavours to promote a culture of compliance and accountability among market participants, thereby contributing to the reliability and competitiveness of the Alberta electric system. If the MSA is satisfied a contravention has occurred and determines that a notice of specified penalty (NSP) is appropriate, then AUC Rule 019 guides the MSA on how to issue an NSP.

From July 1 to September 30, 2025, the MSA closed 96 ISO rules compliance matters, as reported in Table 1. An additional 216 matters were carried forward to the next quarter. During this period 21 matters were addressed with NSPs, totalling $783,000 in financial penalties, with details provided in Table 2.

Table 1: ISO rules compliance outcomes from July 1 to September 30, 2025

ISO rule	Forbearance	Notice of specified penalty	No contravention	Total
201.7	15	1	-	16
201.10	2	-	-	2
203.3	3	-	-	3
203.4	30	4	3	37
203.6	3	-	1	4
205.4	-	1	-	1
205.5	1	3	-	4
205.6	5	2	-	7
206.2	5	2	-	7
301.2	1	1	-	2
304.9	1	-	-	1
306.4	1	-	-	1
306.5	-	3	-	3
502.6	-	1	-	1
502.8	-	1	-	1
502.16	1	-	-	1
503.6	2	-	-	2
503.16	-	1	-	1
505.3	1	-	-	1
505.4	-	1	-	1
Total	**71**	**21**	**4**	**96**

Table 2: Specified penalties issues from July 1 to September 30, 2025, for contraventions of the ISO rules

Market participant	Total specified penalty amounts by ISO rule ($)												Total ($)	Matters
	201.7	203.4	205.4	205.5	205.6	206.2	301.2	306.5	502.6	502.8	503.16	505.4		
AECG Forty Mile Wind LP							500						**500**	**1**
Alberta Electric System Operator						1,750							**1,750**	**2**
Cancarb Ltd.								500					**500**	**1**
Capital Power (CBEC) L.P.									250				**250**	**1**
Capital Power (G3) Limited Partnership		250											**250**	**1**
Cascade Power Project Limited Partnership												250	**250**	**1**
Forty Mile Granlea Wind GP Inc.		250						500					**750**	**2**
Garden Plain I LP		250											**250**	**1**
Linde Canada Inc.					1,000								**1,000**	**2**
MEG Energy Corp.	500												**500**	**1**
Subra Limited Partnership											500		**500**	**1**
TA Alberta Hydro LP			250	775,000									**775,250**	**4**
TransAlta Corporation		250								500			**750**	**2**
Wild Rose 2 Wind Inc.								500					**500**	**1**
Total	**500**	**1,000**	**250**	**775,000**	**1,000**	**1,750**	**500**	**1,500**	**250**	**500**	**500**	**250**	**783,000**	**21**

The ISO rules listed in Table 2 fall into the following categories:

201 General (Markets)
203 Energy Market
205 Ancillary Services Market
206 Interim Market Power Mitigation
301 General (System Reliability and Operations)
306 Outages and Disturbances
502 Technical Requirements
503 Technical and Operating Requirements
505 Legal Owners of Generating Facilities

3. ARS ENFORCEMENT

The MSA assesses market participant compliance with Alberta Reliability Standards (ARS) and issues NSPs where appropriate.

The ARS ensure the various entities involved in grid operation have practices in place, including procedures, communications, coordination, training, and maintenance to support the reliability of the AIES. ARS apply to both market participants and the AESO. ARS are divided into two categories: Operations and Planning (O&P) and Critical Infrastructure Protection (CIP). The MSA's approach to compliance with ARS focuses on promoting awareness of obligations and a proactive compliance stance. The MSA's process, in conjunction with AUC rules, provides incentives for robust internal compliance programs, and self-reporting.

In accordance with AUC Rule 027, NSPs for CIP ARS contraventions are not made public, nor is any information related to the nonpayment or dispute of a CIP ARS NSP. CIP matters often deal with cyber security issues and there is concern that granular public reporting may itself create a security risk. As such, the MSA only reports aggregated statistics regarding CIP ARS outcomes.

From July 1 to September 30, 2025, the MSA addressed 24 O&P ARS compliance matters (Table 3). 46 O&P ARS matters were carried forward to the next quarter. During this period, 19 matters were addressed with NSPs, totalling $196,250 in financial penalties (Table 4). For the same period, the MSA addressed 48 CIP ARS compliance matters, as reported in Table 5, and 26 matters were addressed with NSPs, totalling $1,128,900.00 in financial penalties. 149 CIP ARS matters were carried forward to next quarter.

Table 3: O&P ARS compliance outcomes from July 1 to September 30, 2025

Reliability standard	Forbearance	Notice of specified penalty	Total
COM-001	-	1	1
EOP-005	-	2	2
EOP-008	-	3	3
FAC-008	4	1	5
PER-005	-	2	2
PRC-001	-	1	1
PRC-004	-	1	1
PRC-005	1	3	4
PRC-019	-	2	2
PRC-025	-	2	2
VAR-002	-	1	1
Total	5	19	24

Table 4: Specified penalties issued from July 1 to September 30, 2025, for contraventions of O&P ARS

Market participant	Total specified penalty amounts by ARS ($)											Total ($)	Matters
	COM-001	EOP-005	EOP-008	FAC-008	PER-005	PRC-001	PRC-004	PRC-005	PRC-019	PRC-025	VAR-002		
ATCO Electric Ltd.		2,500										2,500	1
City of Medicine Hat			4,000		16,000							20,000	5
Forty Mile Granlea Wind GP Inc.											5,000	5,000	1
Garden Plain I LP								12,500				12,500	1
Imperial Oil Resources Ltd.	10,000											10,000	1
Milner Power II Limited Partnership by its General Partner, Milner Power II Inc.									5,000	12,500		17,500	2
TA Alberta Hydro LP		7,500				18,750	37,500			12,500		76,250	4
TransAlta Cogeneration LP								12,500				12,500	1
TransAlta Generation Partnership				15,000					12,500			27,500	2
TransCanada Energy Ltd.								12,500				12,500	1
Total	**10,000**	**10,000**	**4,000**	**15,000**	**16,000**	**18,750**	**37,500**	**37,500**	**17,500**	**25,000**	**5,000**	**196,250**	**19**

The ARS outcomes listed in Table 3 and Table 4 are contained within the following categories:

BAL Resource and Demand Balancing
COM Communications
EOP Emergency Preparedness and Operations
FAC Facilities Design, Connections, and Maintenance
PER Personnel Performance, Training, and Qualifications
PRC Protection and Control
VAR Voltage and Reactive

Table 5: CIP ARS compliance outcomes from July 1 to September 30, 2025

Reliability standard	Forbearance	No contravention	Notice of specified penalty	Total
CIP-002	1	2	-	3
CIP-003	2	-	1	3
CIP-004	5	-	7	12
CIP-005	-	-	1	1
CIP-006	2	-	2	4
CIP-007	1	1	8	10
CIP-010	6	1	6	13
CIP-011	-	-	1	1
CIP-014	1	-	-	1
Total	18	4	26	48

The ARS outcomes listed in Table 5 are contained within the following categories:

CIP-002	BES Cyber System Categorization
CIP-003	Security Measurement Controls
CIP-004	Personnel and Training
CIP-005	Electronic Security Perimeter(s)
CIP-006	Physical Security of BES Cyber Systems
CIP-007	System Security Management
CIP-010	Configuration Change Management and Vulnerability Assessments
CIP-011	Information Protection
CIP-014	Physical Security