



MARKET
SURVEILLANCE
ADMINISTRATOR

Regulatory and Enforcement Activities: Q4 2025

February 9, 2026

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

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1. REGULATORY AND ENFORCEMENT MATTERS

1.1. MSA comments on AESO initiatives

The Market Surveillance Administrator (MSA) provided [comments](#) to the Alberta Electric System Operator (AESO) regarding its Reliability Standards Sync Up Project on December 19, 2025. The MSA acknowledged the importance of the project, as alignment with NERC and WECC standards ensures consistency in technical and operational practices and strengthens Alberta's voice in future industry reliability initiatives.

The MSA supports the AESO's aim to accelerate the adoption of a substantial number of reliability standards. However, the MSA noted that the initiative does not establish a roadmap for achieving and maintaining timely alignment with NERC reliability standards. The MSA maintains that a formal and transparent process is required to ensure continued alignment with NERC standards, particularly as NERC plans to accelerate the standards development process.

To support this objective, the MSA emphasized the need for technical and compliance guidance, industry training, and planning to support implementation.

The MSA also raised concerns regarding the degree of regionalization introduced into many of the proposed standards. Specifically, the MSA observed that modifications:

- may affect the ability to address reliability and security risks in a manner consistent with other jurisdictions,
- introduce interpretations or deviations without clear technical justification, and
- impair effective collaboration with neighboring entities and the broader reliability community.

The MSA is concerned that changes to applicability, requirements, and definitions without a clear articulation of how these modifications enhance system reliability or security, elevate both implementation and compliance risks.

The MSA encourages the AESO to develop and publish clear, transparent criteria for determining when Alberta-specific regionalization is necessary. These instances should be limited in scope, technically justified, and demonstrably linked to Alberta-specific reliability risks.

The MSA also emphasized that effective and collaborative stakeholder engagement is essential to setting priorities, shaping and reviewing standard content and definitions, and ensuring reliable and efficient implementation of any Alberta-specific modifications.

1.2. Presentation on the Compliance Process

The MSA posted a summary presentation on December 2, 2025 regarding an [Overview of Enforcement Processes](#). The presentation speaks to the MSA's mandate and current Compliance Process and is intended help guide conversations, both to refresh market participants' understanding of the current process, but also to assist with the consideration of scope in the recently launched stakeholder consultation (see next item).

1.3. Consultation on the Compliance Process and Investigation Procedures

On November 25, 2025, the MSA published a [Notice](#) regarding the initiation of a stakeholder consultation on its enforcement processes, with the MSA seeking initial feedback on whether the consultation is necessary and on the initial scope assessment provided in the Notice. This initial feedback was due on January 16, 2026.

The MSA received feedback from nine parties which are published on the MSA [website](#). The nine submissions agreed that a consultation is warranted at this time, so the MSA has decided to proceed with the next steps in the consultation process. The submissions also provided comments on both the MSA's proposed scope and on additional scope items that should be considered. The MSA appreciates the feedback received and is now reviewing the comments and preparing a draft version of the integrated process document.

The revised timeline for the remaining stages of the consultation is as follows, reflecting feedback received that requested additional time be allowed to provide comment on the draft document:

Activity	Timeline
Publish updated statement of scope and draft document	February 27, 2026
Technical meeting on draft document	March 19, 2026
Comments due on draft document and other stakeholder suggestions and critiques	April 16, 2026
Publish revised document and MSA decision	June 5, 2026

1.4. Issue assessment for Alberta Reliability Standard EOP-011 Requirement 6

In the fourth quarter of 2025, the MSA conducted an issue assessment of the AESO compliance with Reliability Standard EOP-011-AB-1 requirement R6. The motivating reasons for the assessment were (1) to understand whether the AESO is obligated to issue an Energy Emergency Alert (EEA) when the available supply cushion reaches zero Megawatts (MW) for any amount of time, (2) whether the AESO's past decisions to or not to issue EEAs was consistent with the reliability standard, and (3) whether the AESO's revised process on [Grid Condition Communications](#) impacts compliance with the standard.

Based on the MSA's own review of the reliability standard and in consultation with other experts, there is no clear requirement stemming from EOP-011-AB-1 R6 for the AESO to declare an EEA when the supply cushion reaches zero MW. While ISO rule 202.2 and guidance from the ID2012-006R indicate that a zero-supply cushion can be a factor in declaring an EEA, the requirement for a declaration also depends on reserve status and other system conditions at the time.

The MSA then conducted a review of system conditions for the period from January 1, 2023, to October 31, 2025, that considered factors such as supply adequacy, market supply cushion, curtailments, issued directives, available transfer capability, and contingency reserves. In the review, the MSA found that the past decisions to or not to declare an EEA were in accordance with EOP-011-AB-1 Appendix 1. The assessment showed that when a 'grid alert' was issued to the public, conditions generally met the thresholds for either an EEA2 or EEA3 as defined in Appendix 1 of EOP-011-AB-1.

Based on the review of relevant documents, the assessment of system condition data, and the MSA's consideration of the AESO's revised communications process, the MSA is satisfied that the AESO is meeting its compliance obligation for EOP-011-AB-1 R6.

1.5. Discontinuance of MSA Investigation File 24-062 with the AESO

On December 19, 2024, the MSA provided a Notice of Investigation to the AESO in MSA file 24-062 pertaining to possible contraventions by the AESO of sections 17(a) and 18(1) of the *Electric Utilities Act*. The scope of that investigation included the AESO's management of available transfer capacity on the BC/Montana Alberta Tie Line (MATL) interties, the AESO's procurement and management of Load Shed Service for imports and Fast Frequency Response, and whether the AESO has provided importers with a reasonable opportunity to exchange electric energy through the power pool. For clarity, the investigation in relation to MSA File number 24-062 is separate and distinct from the investigation previously disclosed by the MSA in AUC Proceeding 28829 with file number 24-015¹.

During the course of the Investigation, the MSA became aware of recent changes to the legislative regime through the *Energy and Utilities Statutes Amendment Act, 2025* (EUSAA), amendments to the *Transmission Regulation*², and the Minister's Direction Letter to the AESO dated October 14, 2025 (Minister's Letter)³. In particular, the EUSAA provides that the AESO is not required to ensure unconstrained access to the transmission system for any electricity market participant. Further, the amended *Transmission Regulation* directs the AESO to procure ancillary services sufficient to support import flows at or near 300 MW on MATL and the Minister's Letter directs the AESO to take all reasonable efforts to enable the full restoration of MATL available transfer capability⁴. Given these circumstances, the MSA views this investigation as moot and has decided

¹ [28829_X0060](#)

² [Order in Council 249/2025](#)

³ [Minister's Letter](#)

⁴ [Minister's Letter](#)

to discontinue it in accordance with section 5.1 of the MSA Investigation Procedures and section 43(1) of the *Alberta Utilities Commission Act*.

1.6. Advisory opinion request

The MSA received a request for an advisory opinion consistent with the [MSA Advisory Opinion Process](#) on October 1, 2025. As stipulated in the process, after providing the original opinion to the applicant, the MSA publishes a version of the advisory that maintains the confidentiality of the applicant and any commercially sensitive information.

Background

A controllable generator has a rough zone above its usual minimum stable generation where it cannot maintain stable output but can ramp through the zone reliably. For example, suppose the rough zone for a generator is fixed at between 30 MW to 60 MW with a maximum capability of 100 MW. The generator offers both energy and contingency reserves during the same hour and there is some combination of energy and contingency reserve dispatches where, if the unit were to receive a directive for contingency reserves, the combined output would put it in the rough zone.

Proposal

The applicant proposed the following:

1. Prior to T-2, the generator offers operating blocks at \$0/MWh, such that it is dispatched through the energy market merit order to a level below the rough zone. Operating blocks including and above the rough zone are priced such that they are out-of-merit and are not dispatched.
2. The generator offers and is dispatched to provide contingency reserves during the same hour as the generator is dispatched to provide energy through the merit market order.
3. Within T-2, the generator receives a directive to provide contingency reserves which, when added to the energy dispatches to the generator, would result in it having to operate in the rough zone.
4. To avoid the generator having to operate in the rough zone:
 - a. Applicant would make a MW restatement for its out-of-merit operating block reducing the MW associated with that block by the amount of energy necessary to move the generator's output above the rough zone; and
 - b. Applicant would make a MW restatement for its in-merit \$0/MWh operating block, increasing the MW by the amount of energy necessary to move the generator's output above the rough zone.

5. Following the restatements described in 4(a) and (b), the generator would be dispatched to provide energy above the rough zone.
6. Upon the end of the contingency reserve directive, the applicant would make MW restatements returning its in-merit and out-of-merit operating blocks to the *status quo ante*.

Advisory opinion

The MSA's opinion is that avoiding the rough zone is not an acceptable operating reason within the meaning of ISO Rule 203.3 and no MW restatement or AC restatement may be made for that reason within T-2.

ISO Rule 203.3 permits MW restatements within T-2 only where the restatement is necessary for an acceptable operational reason.⁵ The Consolidated Authoritative Document Glossary (CADG) defines an acceptable operational reason, among other things, as:

re-positioning a generating source asset within the energy market to manage physical or operational constraints associated with the source asset.⁶

The applicant provides the following examples of reasons for restatements contemplated in the proposal:

“Repositioning due to OR directive and physical constraint”

“Repositioning to provide OR directive and avoid unit rough zone.”

While the rough zone arises out of the generator's physical characteristics, it is not a constraint on that asset. The rough zone limits the possible combinations of offers from the generator, but it does not reduce the total MW the generator is capable of delivering. In all scenarios described in the proposal, the generator remains capable of the same total real power output. Were this not the case, the generator would not have additional capacity available to jump the rough zone as contemplated in the proposal.

In addition, the MW restatements contemplated in the proposal are not required to manage the rough zone. As noted above, the generator remains fully capable at all times. It is also apparent that the rough zone is fixed and does not change over time as a result of prevailing conditions. What changes, and what must be managed, are energy dispatches and contingency reserve directives based on offers made outside T-2, not physical or operational constraints.

⁵ ISO Rule 203.3, s. 4(2)

⁶ CADG, at p 1. the applicant relies only on the cited reason in support of the proposal, and it appears that none of the other acceptable operational reasons listed would apply.

Conclusion

Based on the information provided, and for the reasons set out above, the MSA's opinion is that avoiding the Rough Zone is not an acceptable operating reason within the meaning of ISO rule 203.3. Accordingly, the \$0 Block Restatement Practice would contravene ISO rule 203.3, *Energy Restatements*.

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 October 1 to December 31, 2025, the MSA closed 84 ISO rules compliance matters, as reported in Table 1. An additional 21 matters were carried forward to the next quarter. During this period 42 matters were addressed with NSPs, totalling \$25,250 in financial penalties, with details provided in Table 2.

Table 1: ISO rules compliance outcomes from October 1 to December 31, 2025

ISO Rule	Forbearance	Notice of Specified Penalty	No Contravention	Total
201.1	1	-	-	1
201.3	-	1	-	1
201.7	4	-	-	4
203.1	-	2	1	3
203.3	8	13	-	21
203.4	6	2	-	8
203.6	5	2	1	8
205.3	2	5	-	7
205.4	-	1	-	1
205.5	3	-	-	3
205.6	7	12	-	19
306.4	-	1	-	1
306.5	1	2	-	3
503.21	1	-	-	1
505.3	1	-	-	1
505.4	1	1	-	2
Total	40	42	2	84

Table 2: Specified penalties issues from October 1 to December 31, 2025, for contraventions of the ISO rules

Market participant	Total specified penalty amount by ISO rule (\$)											Total (\$)	Matters
	201.3	203.1	203.3	203.4	203.6	205.3	205.4	205.6	306.4	306.5	505.4		
ATCO DB Solar GP Services Ltd.		1,000								500		1,500	4
Alberta Pacific Forest Industries Inc.						250						250	1
AlbertaEx, L.P.					250							250	2
Canadian Hydro Developers, Inc.						250						250	1
Capital Power (CBEC) L.P.						250	250					500	2
Cardston Spring Coulee Solar Limited Partnership			500								500	1,000	2
Concord Coaldale Partnership			500									500	1
Concord Drumheller Partnership			500									500	1
Concord Joffre Partnership			1,000									1,000	2
Concord Monarch Partnership			250									250	1
Concord Stavely Partnership			500									500	1
Concord Vulcan Partnership			500									500	1
EPCOR Distribution & Transmission Inc.									500			500	1
Enel X Canada Ltd.								1,000				1,000	2
Enfinite Corporation						250		1,000				1,250	3
Heartland Generation Ltd.								250				250	1
Irrican Power Ltd.								1,000				1,000	2
Lethbridge One Solar Corp			1,000									1,000	2
Mercer Peace River Pulp Ltd.				250								250	1
Mondi Hinton Inc.	500											500	1
Pembina Pipeline Corporation						250		250				500	2
Taber Solar 2 Inc.				250								250	1
TransAlta Generation Partnership			250									250	1
TransCanada Energy Ltd.			250									250	1
Travers 3 Solar LP			500									500	1
Voltus Energy Canada Ltd.								10,750				10,750	4
Total	500	1,000	5,750	500	250	1,250	250	14,250	500	500	500	25,250	42

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

201 General (Markets)

203 Energy Market

205 Ancillary Services Market

306 Outages and Disturbances

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 October 1 to December 31, 2025, the MSA addressed 9 O&P ARS compliance matters (Table 3). 50 O&P ARS matters were carried forward to the next quarter. During this period, 3 matters were addressed with NSPs, totalling \$5,500 in financial penalties (Table 4). For the same period, the MSA addressed 46 CIP ARS compliance matters, as reported in Table 5, and 13 matters were addressed with NSPs, totalling \$120,625 in financial penalties. 144 CIP ARS matters were carried forward to next quarter.

Table 3: O&P ARS compliance outcomes from October 1 to December 31, 2025

Reliability Standard	Forbearance	Notice of Specified Penalty	No Contravention	Total
COM-001	1	-	-	1
COM-002	2	-	1	3
PER-006	-	1	-	1
PRC-001	1	1	-	2
PRC-005	1	-	-	1
VAR-501	-	1	-	1
Total	5	3	1	9

Table 4: Specified penalties issued from October 1 to December 31, 2025, for contraventions of O&P ARS

Market Participant	Total specified penalty amounts by ARS (\$)			Total (\$)	Matters
	PER-006	PRC-001	VAR-501		
AltaLink L.P., by its general partner, AltaLink Management Ltd.		2,500		2,500	1
CNOOC Petroleum North America ULC	1,500			1,500	1
Milner Power II Limited Partnership by its General Partner, Milner Power II Inc.			1,500	1,500	1
Total	1,500	2,500	1,500	5,500	3

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

COM Communications
 PER Personnel Performance, Training, and Qualifications
 PRC Protection and Control
 VAR Voltage and Reactive

Table 5: CIP ARS compliance outcomes from October 1 to December 31, 2025

Reliability Standard	Forbearance	Notice of specified penalty	No Contravention	Total
CIP-002	1	-	1	2
CIP-003	1	1	-	2
CIP-004	11	4	1	16
CIP-005	1	1	-	2
CIP-006	1	2	-	3
CIP-007	6	3	2	11
CIP-010	3	1	-	4
CIP-011	4	1	-	5
CIP-014	1	-	-	1
Total	29	13	4	46

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