

NOTICE TO MARKET PARTICIPANTS AND STAKEHOLDERS

July 29, 2025

RE: Draft Final Parameters Consultation – July 14 stakeholder responses

BACKGROUND

The *Rate of Last Resort Regulation* (AR 262/2005) (RoLR Regulation) requires the following of the MSA:

1. Monitoring and reporting on the financial performance of Rate of Last Resort (RoLR) providers following the implementation of energy price setting plans (EPSPs).¹
2. Establishing parameters for RoLR providers' acceptable financial performance.²
3. Consulting with directly affected persons regarding parameters for what constitutes acceptable financial performance of a RoLR providers.³
4. Notifying the relevant Regulatory Authority if a RoLR provider's financial performance falls outside the parameters established by the MSA.⁴

The MSA initiated its stakeholder consultation on Rate of Last Resort Regulation MSA activities on December 20, 2024 (Parameters Consultation).⁵ This stakeholder consultation is being held according to the MSA's Stakeholder Consultation Process.⁶

The MSA released its Draft Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (Draft Parameters) for stakeholder comment on March 14, 2025.⁷

Following receipt of stakeholder comments, the MSA established the July 2025 Report Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (July

¹ RoLR Regulation, s. 11.2(1).

² *Ibid.*, s. 11.2(4).

³ *Ibid.*, s. 11.2(3).

⁴ *Ibid.*, s. 11.2(6).

⁵ [Notice Re MSA stakeholder consultation on Rate of Last Resort Regulation MSA activities](#), December 20, 2024.

⁶ [MSA Stakeholder Consultation Process](#), August 11, 2016.

⁷ [Notice Re Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation](#), March 14, 2025.

2025 Parameters) on May 1, 2025.⁸ The MSA produced financial performance reports evaluating and assessing RoLR providers' financial performance in accordance with the July 2025 Parameters by July 1, 2025 (July 2025 Reports). The July 2025 Parameters were only intended to be used to produce the July 2025 Reports, and the MSA continued to consult on final parameters to be used for subsequent reports produced twice annually.

The MSA released its Draft Final Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (Draft Final Parameters) for stakeholder comment on May 20, 2025.⁹ Stakeholder comments pertaining to the Draft Final Parameters were received by July 14, 2025, following an extension to the stakeholder comment deadline.¹⁰

All records produced in this stakeholder consultation can be found on the MSA's website [here](#).

STAKEHOLDER COMMENTS

The MSA received responses from four RoLR providers. These responses are being made public in accordance with the MSA's Stakeholder Consultation Process, and have been attached to this Notice as Appendix A. Responses were received from:

- City of Lethbridge Electric Utility
- ENMAX Energy
- EPCOR Energy Alberta GP Inc.
- EQUUS REA Ltd.

The MSA appreciates comments received from all stakeholders throughout this consultation.

One RoLR provider submitted confidential comments on the MSA's July 2025 Financial Performance Report along with its comments on the Draft Final Parameters. While the MSA's Stakeholder Consultation Process contemplates the publication of all comments received, the redacted comments are not relevant to and were not considered in relation to the Draft Final Parameters. Accordingly, the MSA has redacted that RoLR provider's comments unrelated to the Draft Final Parameters.

⁸ [Notice Re MSA stakeholder consultation on Rate of Last Resort MSA activities – April 11 stakeholder responses](#), May 1, 2025.

⁹ [Notice Re MSA stakeholder consultation on Rate of Last Resort MSA activities – Draft Final Parameters](#), May 20, 2025.

¹⁰ [Notice Re Draft Final Parameters Consultation Timeline Amendments](#), June 20, 2025.

NEXT STEP

The MSA will review the stakeholder responses submitted by RoLR providers and will determine if additional consultation steps are warranted. The MSA will notify stakeholders of any further consultation steps in short order.

APPENDIX A: JULY 14, 2025 STAKEHOLDER COMMENTS

July 14, 2025

Andrew Wilkins
Director, Market Assessment
Market Surveillance Administrator
440 2 Ave SW
Calgary, AB T2P 5E9

Dear Mr. Wilkins,

We are writing in response to the MSA's Draft Final Parameters, Draft Final RRD Workbook, and Rationale, as per your instructions of June 20th, along with the MSA's July 2025 Report.

DRAFT Final – Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation

- LEU does not agree that the MSA's request for RoLR site information will help to improve the accuracy of its site and load data, as set out in Appendix B.3. The MSA seems to be getting too deep in trying to create models that in the end will never be accurate enough at this point in the process.
- Indicative RRD Threshold – there is no explanation or rationale why there needs to be two different RRD thresholds. A case example would be helpful to justify the need for two different RRD thresholds. Right now it seems the numbers were pulled out of a hat.
- LEU appreciates the review period, but there are no timelines listed in A.2, but there are timelines for every other item with the document, see A.3 deadlines – RoLR provider timelines. The only timeline listed for the MSA is under A.1 – Frequency of reporting.
- Under A.5 - Validation of Data, LEU does not understand how the MSA can make the determination that data is deficient if it does not appear to be reasonable. This area is vague as there are no reasonable estimation methodologies and assumptions listed as to how and why MSA will replace or may exclude data for the worksheet in determining acceptable financial performance.

Rationale – Draft Final Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation

- LEU is pleased to see that the MSA understands that financial performance is based on the two term as per the regulation.
- LEU welcomes the ability to provide forecast monthly revenue and costs to the MSA as part of their data submissions.
- LEU likes the statement on page 7 – “The MSA developed the Indicative RRD Threshold to allow for the possibility that RoLR providers may earn a return other than the approved return without their financial performance being unacceptable.”

Financial Performance Report

- Every conclusion reached suggests that financial performance is unacceptable, and yet the conclusion is that performance “falls within acceptable parameters.” Missing rationale and discussion as to why this is the case.
- The MSA’s validation tests indicated: Moving forward, do all the validation tests must fail to consider a rate re-opener or do certain tests carry more weight regarding what would cause a rate re-opener. Clarification is needed here. And again, why would your forecasts be considered as more accurate than the forecasts made by LEU?
- Be specific as to which version of settlement is used (daily, monthly, interim, final) when the MSA is comparing AESO invoices to settlement. Which lines in the AESO invoice is the MSA using?
- Explain why a 1% threshold is reasonable. How much does the MSA expect settlement volumes to vary based on the version of settlement? What analysis or evidence do you rely on?
- Again, why are your forecasting assumptions more accurate?
- Why not ask what the hedges were for, and you asked what hedges we are using for the RoLR and provided those hedges to you. You did not ask for all our hedges and if I was doing speculative hedging I would not have provided those numbers with you since they are not part of RoLR costs.
- Explain why any threshold is necessary/reasonable. Indicate whether the MSA is following established regulatory precedent and evaluating prudence based on what was known or should have been known at the time the hedge was purchased. If not, why not? What standard is the MSA using and why?

- Again, why was a threshold of 150% chosen to account for any potential differences between RoLR cost volumes forecasted by the MSA? Rationale is needed or clarification on why 150% is an appropriate variance?
- What are reasonable estimation methodologies and assumptions? Clearer picture here as you just made a general statement but did not back it up.
- Provide a definition, description, and purpose of the IRM; it is still not clear whether Lethbridge does or does not have an IRM because documentation to date does not define IRM.
- Narrative is unclear and potentially misleading. It is not the MSA's role to comment on whether the utility is following its own bylaw and mis-stating expenses, but this appears to be what the MSA is doing. Phrasing and choice of words ("[costs] ...are overstated," and "is not reasonable" are examples.
- To the extent that the MSA wishes to have the utility report expenses in a different manner than the bylaw, please provide more explicit directions and examples in your template and documentation.
- The utility does not operate a competitive retail affiliate. All volumes associated with the city as a retailer are for RoLR (and a negligible amount for default supply). If the MSA reaches a preliminary conclusion that there is a 50% variance in volume, the MSA is in error. Please contact the city immediately.
- How can you determine that your calculated total RoLR volume was more accurate than LEU's submitted volume data without providing details on how you got a more accurate number than LEU.
- Missing a discussion of how the MSA is forecasting site counts and volumes to evaluate financial performance: inputs, assumptions, method, etc. Missing is any information for the reader to assess the credibility and reasonableness of the MSA's forecast.

We are encouraged by the communication with the MSA both in a formal and less formal setting, as this will benefit both parties in accomplishing the task set forth by the Alberta Government. We urge the MSA to contact us if you have any questions or require clarification.

Sincerely,
<sent by email>
Michael Zimmer
City of Lethbridge



July 14, 2025

**Market Surveillance Administrator
#600, 440 – 2nd Avenue SW
Calgary, AB**

Attention: James Conville, Manager

Dear James Conville:

Re: ENMAX Energy Corporation's ("ENMAX Energy") Rate of Last Resort ("RoLR") submission regarding the Market Surveillance Administrator ("MSA") Financial Performance Metrics stakeholder consultation

The MSA has conducted a stakeholder consultation to develop financial performance metrics to enable the MSA's mandate per Section 11.2 of the RoLR Regulation to provide reporting on RoLR providers financial performance and, if required, make recommendations to reopen the RoLR providers RoLR energy rate. ENMAX Energy has actively participated in this stakeholder consultation, including providing financial data, with submissions on January 17, March 20, April 11, May 15, and June 4, 2025. ENMAX Energy maintains its position put forth in those submissions and will not repeat them here.

On June 20, 2025, the MSA amended the timeline for the consultation on the draft final parameters. The MSA indicated it would give RoLR providers an opportunity to review the July 2025 financial reports before making final stakeholder submissions on July 14, 2025.

On June 30, 2025, the MSA provided the July 2025 Financial Report for ENMAX Energy as a RoLR provider in Calgary, Red Deer, Cardston and Ponoka ("MSA July 2025 Report"). The MSA made a detailed evaluation of ENMAX Energy's financial performance based on actual and forecast data, an assessment of whether ENMAX Energy's financial performance falls within acceptable parameters, and the MSA's recommendation on whether a rate reopener should be initiated.

ENMAX Energy appreciates the consultation effort throughout the process by the MSA. ENMAX Energy believes that the overarching framework for assessing financial performance is workable. This is evidenced by the limited comments and feedback in this submission, which are relatively small but notable changes or clarifications that would be beneficial going forward.

ENMAX Energy accepts the findings in the MSA's report and has three submissions regarding materiality, the use of actuals as opposed to modeled results in one instance, and the ability to recreate one MSA estimate. Most notably, ENMAX Energy submits that the magnitude of differences or discrepancies should be taken into consideration when making findings or conclusions. For example, as explained more

in the confidential materials below, a discrepancy of 0.0016% should not render data inaccurate, inconsistent or not reflective of actuals.

ENMAX Energy would like to work with the MSA to validate the data sources and timing to ensure consistency between the data and calculations by the MSA and by ENMAX Energy.

Below, ENMAX outlines its specific feedback relating to each of the above noted findings. A public and redacted version is submitted as in previous submissions during this consultation.

[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED]

Please contact the undersigned at twilde@enmax.com for further correspondence on this, or related matters.

Sincerely,

Trevor Wilde
Director, Regulatory
ENMAX Corporation



2000 – 10423 101 St NW, Edmonton, AB
T5H 0E8 Canada
epcor.com

July 14, 2025

By email
Market Surveillance Administrator
Suite 600, 440 2nd Avenue SW
Calgary, AB T2P 5E9

Attn : James Conville, Manager, Retail and Rate of Last Resort

RE: Comments on Market Surveillance Administrator's ("MSA's") Draft of the Final Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation ("Draft Final Parameters")

This letter is in response to the MSA's May 20, 2025 request for stakeholder feedback on the MSA's Draft Final Parameters and draft Appendix C Data Submissions Workbook ("Draft Final RRD Workbook").

EPCOR Energy Alberta GP Inc., in its role as a general partner of EPCOR Energy Alberta Limited Partnership, ("EEA"), acknowledges that the development of common parameters for all providers aligned with the RoLR Regulation is complex and appreciates the additional context provided in the Rationale for the Draft Final Parameters. EEA remains committed to working together to ensure that both the MSA and Rate of Last Resort ("RoLR") providers achieve the policy objectives set out by the Government of Alberta in the RoLR Regulation and supports the MSA in carrying out its mandate to create appropriate performance metrics for the RoLR providers that are distinctly approved and measurable, and will avoid triggering a rate-reopener unnecessarily.

With that in mind, EEA has no additional comments for considerations by the MSA in the current Draft Final Parameters or Draft Final RRD Workbook.

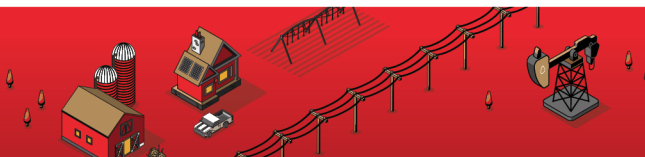
EEA has also had an opportunity to review its July 1st report and will reserve any specific questions for a separate discussion with the MSA. I look forward to our next discussion and please feel free to contact me at (780) 412-3694 if you have any questions.

Sincerely,

[Electronically Submitted]

Nadia Bayda

Senior Manager, Regulatory and Business Analytics
EPCOR Energy Alberta GP Inc.



June 30, 2025

Market Surveillance Administrator

Attention: Nancy Bishay, Executive Director, External Engagement and Corporate Services

#600, 440 – 2 Avenue SW

Calgary AB T2P 5E9

VIA EMAIL: nancy.bishay@albertamsa.ca

Dear Ms. Bishay:

RE: Rate of Last Resort Regulation MSA activities – Draft Final Parameters

EQUS appreciates the opportunity to provide feedback with respect to the items outlined in the MSA's communication to EQUS, dated May 20, 2025, which includes:

1. The Draft Final Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (Draft Final Parameters),
2. The Draft Final Appendix C RRD Data Submissions and Metrics Workbook (Draft Final RRD Workbook), and
3. The Rationale for the Draft Final Parameters (Rationale).

EQUS recognizes that this feedback opportunity is specifically in relation to the materials submitted by the MSA and not the Rate of Last Resort Regulation itself, of which we do have opinions. Those opinions will be shared with the Ministry of Affordability and Utilities in due course.

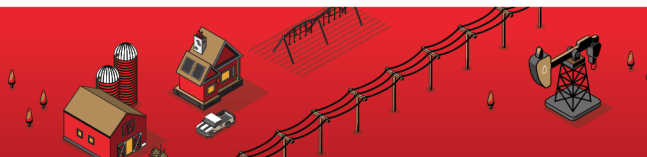
Please find enclosed as Schedule "A" hereto, EQUS's feedback on each of the three (3) elements you've supplied and have requested stakeholder feedback on. Anything not specifically referenced can be considered endorsement by EQUS.

Sincerely,

Brian Hennings for
Charlene Glazer

Vice President, Finance

cc. James Conville, Manager, Retail and Rate of Last Resort – via email – james.conville@albertamsa.ca



SCHEDULE "A" EQUS FEEDBACK

With respect to **The Draft Final Parameters for Acceptable Financial Performance**, EQUS can accept the MSA's definition and calculations of:

- a. Realized Return Divergence (RRD),
- b. Divergence from Implied Return (DIR),
- c. Adjusted Divergence Margin (ADM), and
- d. Realized Return Margin (RRM).

EQUS also appreciates the MSA's exclusion of the energy charge components associated with complying with the term-to-term 10% collar (i.e. Non-prevailing term energy charge components), in its Adjusted RoLR Energy Revenue (ARER) definition and associated calculation.

The timing of ARER data submissions expected by the RoLR provider as specified by the MSA in 2.4.4, which defines due dates of May 1 and October 1, will only be able to capture actual volumes served up to March 31 and August 31, respectively. These deadlines do seem to exclude a significant percentage of actuals when making any financial assessments, especially in the final reporting period for the conclusions to be made on performance for a whole RoLR term.

EQUS has no objection to the purpose, definition, and calculation of the Energy Revenue-Recovered Costs (ERRC) as outlined in 2.5 and all of its associated elements.

In relation to the Forecast RRD metric outlined in 2.6, EQUS has concerns with the MSA making a forecast of the realized return divergence, especially considering the RoLR is for a term of two (2) years. Customers are free to come and go from the regulated rate and their decisions are driven by many market-driven factors as well as externalities. If the forecast is simply being used for information's sake, then EQUS believes it is unnecessary. If the forecast is being used as a basis for making a pre-emptive determination of the RoLR provider's RRD for the purposes of triggering a rate reopener proceeding, EQUS strongly objects.

The Indicative RRD Threshold in section 2.7 seems reasonable on the surface; however, EQUS is concerned with the timing of such a calculation and the potential to trigger a rate reopener proceeding should the actuals throughout the balance of the RoLR term have a potential impact on the total RRD for the whole term.

EQUS appreciates the MSA's recognition of the Relative Risk Exposure (RRE) Parameter in section 3. While EQUS hopes that it has appropriately recognized and accounted for its risks in serving the RoLR, having the ability to identify and rationalize any uncompensated risks for consideration by the MSA in determining financial performance is fair and reasonable.

As mentioned earlier, the Frequency of Reporting outlined in Appendix A.1 and the Deadlines outlined in A.3 do not accommodate the inclusion of all actuals for the entire four (4) periods being reported. This does seem to be a problem with the expectations of the MSA and the timing specified in the Regulation itself. While EQUS is not providing feedback on the Regulation, the MSA could consider compressing its data processing & calculation efforts in order to receive one (1) extra month's actual results (i.e. RoLR consumption and Consumer Awareness Surcharge remittance data) as part of the data sets, which would add more certainty to any results.

EQUS has no additional comments with respect to the contents of Appendix A.

EQUS has only one comment with respect to Appendix B. As stated previously, Other Data Submission Requirements in B.3 which outlines the requirement for the RoLR provider to submit Site-level data in point 1, seems an onerous and unnecessary undertaking. If volumetric forecasts are needed, the RoLR provider can provide estimated consumption levels for the forecast period.

With respect to **The Draft Final Appendix C RRD Data Submissions and Metrics Workbook**, EQUS generally finds the workbook reasonably straightforward and can accommodate most of the required inputs of its RoLR-related data with only one exception. Specifically, EQUS finds the Site-level detail being requested in the Other Data tab an unnecessary element given the macro calculations being conducted. While the MSA's rationale of "improving the accuracy" of its forecast RRD metric, outlined in 2.6, EQUS feels that this level of minutiae does not appear to serve any reasonable purpose for conducting the MSA's mandate. Further, its inclusion seems redundant with the collection and processing of data already actively conducted by the MSA in order to produce the MSA Retail Statistics report. As such, EQUS believes Site-level data should be excluded from the RRD Data Submissions and Metrics Workbook.

With respect to **The Rationale for the Draft Final Parameters**, EQUS applauds the MSA's articulation of the principles used to guide its activities in assessing an RoLR provider's Realized Risk Divergence (RRD) and its Relative Risk Exposure (RRE). Given the variety of RoLR providers and their potentially unique approach to an EPSP, EQUS also agrees with the facts presented as backup for the Draft Final Parameters.

The document provides thoughtful positioning and commentary which EQUS is generally in agreement with. As stated previously, the absence of actuals for each six (6) month reporting period is a significant limitation on the accuracy of the calculated outcomes. Given the deadlines of May 1 and October 1 for data submission, EQUS does not believe that the MSA should undertake any sort of forecasting with respect to future customer movement or consumption. Should forecast volumetrics be expected, that should fall under the reporting requirements of the RoLR provider.

EQUS wholeheartedly agrees with the MSA that RoLR Tariffs should only be opened in exceptional circumstances. Ultimately, due care and attention to the calculations and causal factors need to be

considered prior to triggering a rate re-opener proceeding as the problem could be self-correcting during the balance of the term.

We recognize the MSA's need to accommodate the wide variety of EPSPs in making fair and consistent assessments of financial performance. Given the thorough review and synthesis of the Regulation and the subsequent diligence put into our EPSP, EQUUS is confident in our approach to risks, methodologies, calculations, and ultimately the result of a fair and reasonable rate being charged to our customers.

EQUUS has no additional commentary to submit with respect to the three (3) items provided by the MSA. Should the MSA require clarification or additional information, feel free to contact either:

Charlene Glazer
Vice President, Finance
Office: 403.227.7532
Toll-Free: 310-EQUUS (3787)
CGlazer@equus.ca

or

Brian Hennings
General Counsel
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BHennings@equus.ca