MARKET SURVEILLANCE ADMINISTRATOR

Rate of Last Resort Report: 2025

March 25, 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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TABLE OF CONTENTS

REPORT AT A GLANCE

The MSA did not recommend that any RoLR energy charge or EPSP be re-opened in 2025

The MSA established the July 2025 Parameters and Final Parameters and used them to assess fifteen Rate of Last Resort (RoLR) providers' financial performance in reports provided to them on June 30, 2025, and December 27, 2025, respectively. The MSA assessed RoLR providers' financial performance over the 2025 to 2026 RoLR term using the Realized Return Divergence (RRD) and Relative Risk Exposure (RRE) parameters. While the RRD results for several RoLR providers were outside the RRD thresholds, the MSA determined their financial performance was acceptable given their approved risk margins. The MSA determined that no RoLR providers were exposed to significant uncompensated risks. The MSA did not recommend that any RoLR energy charge or energy price setting plan (EPSP) be re-opened in 2025.

Regulated site counts fell faster in 2025 than in 2024

The MSA estimates regulated site counts totaled approximately 406,200 sites at the end of 2025. Regulated site counts fell by 79,700 in 2025, over twice the decline in 2024. Commission-regulated providers' site counts declined by 16% in 2025, while providers for REAs and municipalities' site counts fell by 19% in 2025. Three RoLR providers had zero sites by the end of 2025. The MSA forecasted RoLR site counts would reach 314,400 sites by the end of 2026.

Regulated site enrolments decreased and regulated site exits increased in 2025

Most RoLR sites at the end of 2025 were enrolled on regulated rates for over a decade, but recently enrolled sites have comprised increasing shares of regulated sites since 2023. 52% of Commission-regulated providers' sites that enrolled on regulated rates in 2008 or earlier left their regulated rate provider between 2023 and 2025. Commission-regulated provider site exits increased by 20% and enrolments fell by 1% in 2025 compared to 2024. 1% more competitive retail sites deliberately switched to a Commission-regulated provider in 2025 than in 2024. Commission-regulated provider site exits increased in January 2025 and April 2025; most of these sites enrolled with affiliated retailers. Some sites that enrolled on the RoLR in 2025 may exit the RoLR more slowly than sites that enrolled on the Regulated Rate Option (RRO) in 2024.

Regulated rate providers and regulated rate customers vary in their load concentration and consumption levels, respectively

85% of net site losses for Commission-regulated providers between 2023 and 2025 were from residential site losses. Most Commission-regulated providers' load in 2025 was from residential sites, while a plurality of load for providers for REAs and municipalities was from commercial or industrial sites. Regulated sites' consumption varies by site and customer type. The median monthly consumption for all regulated rate customer types declined between 2023 and 2025. Load concentration varies between regulated rate providers but generally increased in 2025.

Apartment customers are an increasing share of regulated sites in southern Alberta municipal service areas and may have different switching dynamics in recent years

While most apartment customers in southern Alberta municipal service areas are served by competitive retailers, apartment sites' share of regulated residential sites in those areas increased

from 38% to 43% between 2023 and 2025. Regulated apartment sites consume less electricity than non-apartment sites and have more consistent consumption profiles between months. Average consumption for regulated apartment and non-apartment sites fell between 2024 and 2025. These trends may impact the stability and magnitude of RoLR provider load.

Regulated apartment sites that enrolled before 2023 were more likely to switch to competitive retailers than non-apartment sites, while regulated apartment sites that enrolled in 2023 and 2024 were generally less likely to switch than non-apartment sites. Apartment sites have been more likely to enrol on regulated rates than non-apartment sites since 2023 because of customer moves. Over 99% of apartment sites may have had retailer choice in 2023 and 2024; they were more likely to be on regulated rates than apartment sites that may not have had retailer choice.

Regulated market shares declined in 2025 across most customer types

Regulated rate providers' market share among eligible electricity customers declined to 20% at the end of 2025 and is forecasted to decrease to 15% by the end of 2026. Regulated market shares declined across all customer types except industrial sites between 2023 and 2025. Regulated market shares among residential sites declined in all service areas in 2025.

RoLR energy charges are expected to increase in future terms and generally outpace competitive fixed rate increases

The RoLR energy charge for customers in the ENMAX service area is forecasted to be 12.82 ¢/kWh in the 2027 to 2028 RoLR term with increases in subsequent RoLR terms. Current and forecasted RoLR energy charges are generally not expected to fall below competitive retail electricity prices or lead to increases in customer migration to the RoLR.

The magnitude and volatility of regulated electricity bills declined in 2025

Annual electricity bills for average regulated apartment and non-apartment customers generally declined in 2025. Energy bill charges were a lower proportion of bills in 2025 than in 2024. 2025 bills were less volatile between months than bills between 2021 and 2024.

Switching incentives have increased since 2025 but remain low for apartment customers

Average residential RoLR customers in the ENMAX service area could expect to save between $16 and $20/contract-month by switching to competitive fixed rate contracts on January 1, 2025. The range of expected savings increased to between $20 and $28/contract-month by March 1, 2026. Apartment RoLR customers had lower expected savings from switching on March 1, 2026 ($10 to $18/contract-month) than non-apartment customers ($25 to $36/contract-month).

Vulnerable customers may make up greater shares of regulated sites than in prior years

More regulated sites were on load limiters in 2025 (4.4%) than in 2024 (4.0%). Around 29,700 regulated sites at the end of 2025 had not left their regulated rate provider since having a load limiter removed. These sites may be vulnerable customers if they are unable to switch to a competitive retailer for financial reasons. 7.3% of regulated sites at the end of 2025 had not left their regulated rate provider after a load limiter removal, a larger share than at the end of 2024 (6.2%).

1 THE RATE OF LAST RESORT

1.1 Regulated rates

Customers that either cannot or have not enrolled with a competitive retailer are automatically assigned to receive service from a regulated rate provider at regulated rates.[1]

Each owner of an electric distribution system is required to provide or arrange for the provision of regulated rates to eligible customers in its distribution service area (service area) under a regulated rate tariff (RRT).[2] All eligible customers within an owner's service area must be provided the option to receive electricity service from the regulated rate provider.[3] A regulated rate provider must charge its customers a rate for the supply of electric energy (energy charge) set in accordance with an energy price setting plan (EPSP) approved by its regulatory authority as a component of its RRT.

The Regulated Rate Option (RRO) was introduced alongside retailer choice in 2001[4] to ensure customers that did not choose a competitive retailer continued to receive electricity services under regulated rates. On January 1, 2025, the RRO was replaced by the Rate of Last Resort (RoLR) as the regulated rate in the province. Customers that have not enrolled with a competitive retailer and are expected to consume less than 250 MWh annually have been eligible to receive electricity services from their RRO or RoLR provider since 2001.

For most of its history, RRO energy charges were set based on monthly forward electricity prices and varied each month. In contrast, RoLR energy charges are fixed for two-year terms (RoLR term) and adjustments between RoLR terms are limited to 10% by an adjustment cap (10% collar). Both RRO and RoLR providers set energy charges on a forward-looking basis and are prohibited from using energy prices from before or after a price-setting period, deferral accounts, true-ups, or similar mechanisms to set energy charges.[5]

As the RoLR requires fixed energy charges constrained by the collar between RoLR terms, energy charges are more stable under the RoLR as compared to the RRO, providing regulated rate customers with greater price certainty (Figure 1). RoLR providers also have more flexibility to determine the calculation of their RoLR energy charges than was available to RRO providers.

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[1] A customer may not be able to sign a contract with a competitive retailer if they are unable to meet a competitive retailer's credit requirements or pay any necessary deposit or prudential.

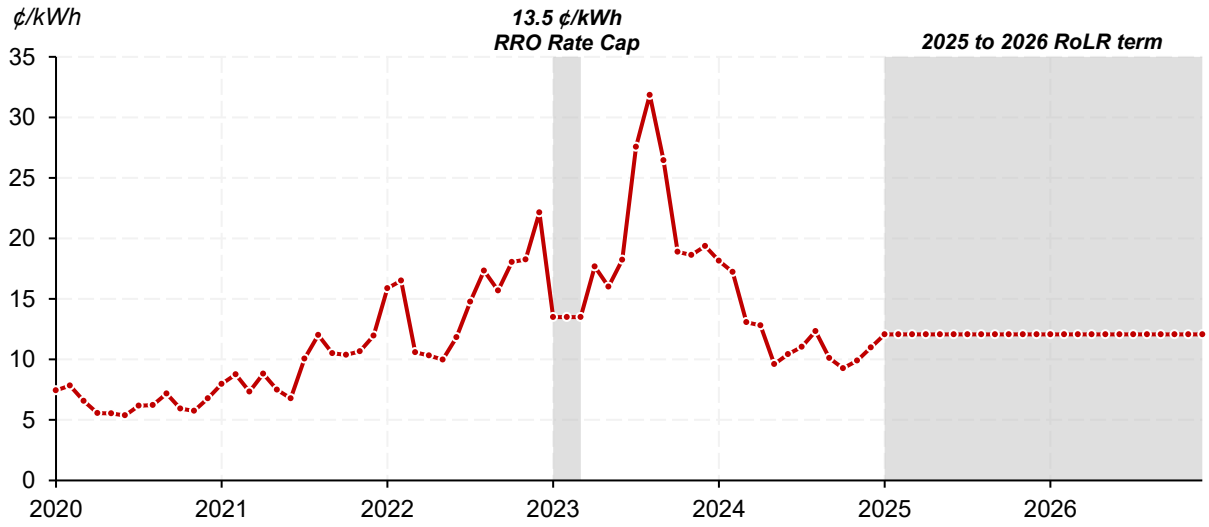
[2] *Electric Utilities Act* SA 2003, c E-5.1 (EUA), s. 103.

[3] *Rate of Last Resort Regulation* AR 262/2005 (RoLR Regulation), s. 2.

[4] *Electric Utilities Amendment Act*, 1998, SA 1998, c 13.

[5] RoLR Regulation, ss. 6(2), 11(2).

Figure 1: Monthly RRO and RoLR energy charges, ENMAX service area residential customers, 2020 to 2026



There are currently fifteen RoLR providers in Alberta. Fourteen of these offer a single RoLR energy charge to all customers in all distribution service areas they serve and the other offers one RoLR energy charge to customers in its service area and another RoLR energy charge to customers in other service areas it serves. Fewer distinct energy charges exist under the RoLR as compared to the RRO as all RoLR providers ceased offering distinct energy charges to different types of customers, as occurred under the RRO.[6]

The three largest regulated rate providers in Alberta serve customers in the ENMAX, EPCOR, FortisAlberta, and ATCO Electric service areas, and are regulated by the Alberta Utilities Commission (Commission-regulated providers).[7]

Regulated rate providers for rural electrification associations (REAs) and municipalities that own their distribution system (wire-owning municipalities) are regulated by REAs' boards of directors or councils of the municipalities, respectively. Some of these REAs and municipalities receive regulated rate services from the Commission-regulated providers, while others have established their own regulated rate providers to serve customers in their service area or other REA service areas (providers for REAs and municipalities).[8] As of March 1, 2026, there are twelve providers for REAs and municipalities that provide RoLR services in nineteen service areas. Commission-

[6] For example, where an RRO provider may have offered different RRO energy charges to residential, commercial, farm, industrial, and lighting customers, RoLR providers offer a single RoLR energy charge to all five customer types.

[7] ENMAX Energy Corporation (EEC) is the RoLR provider in the ENMAX service area, EPCOR Energy Alberta GP Inc. (EEA) is the RoLR provider in the EPCOR and FortisAlberta service areas, and Direct Energy Regulated Services (DERS) is the RoLR provider in ATCO Electric service area.

[8] Regulated sites in REAs and wire-owning municipalities that receive regulated rate services from Commission-regulated providers are treated as Commission-regulated provider sites in this report.

regulated providers provide RoLR services to seventeen REAs and wire-owning municipalities outside of their Commission-regulated service areas.

The RoLR policy includes new mechanisms to encourage RoLR customers to switch to competitive retailers. Bills and terms and conditions provided to RoLR customers must include notices advising RoLR customers of their right to switch.[9] The Utilities Consumer Advocate (UCA) must also contact RoLR customers at least once every 90 days to confirm they are aware they are receiving RoLR services and to advise them of their right to switch.[10] The UCA's notification campaign is funded using a 0.1 ¢/kWh consumer awareness surcharge (CAS) included within RoLR energy charges.[11] RoLR providers remit any CAS revenues they collect to the Minister of Affordability and Utilities.

1.2 Energy price setting plans

RoLR providers must charge their customers for their energy usage using the RoLR energy charge set in accordance with the EPSP approved by their regulatory authority. An EPSP specifies the procedure used to calculate the RoLR energy charge, accounting for the expected costs of procuring energy to serve RoLR customer load (RoLR load), risks associated with providing the RoLR, and any return margin a RoLR provider's regulatory authority determines to be reasonable.[12] EPSPs must comply with the requirements for a fair, efficient, and openly competitive (FEOC) electricity market and must calculate RoLR energy charges based on market prices during the relevant price setting period and RoLR load forecasts.

RoLR energy charges are typically "built-up" as the sum of multiple components within EPSPs. Each component of the calculation can be characterized as belonging to one of three categories:

1. Risk-free costs: Risk-free costs serve as a baseline for the cost of providing RoLR service within the RoLR energy charge calculation, without accounting for any incremental costs associated with risks a RoLR provider is exposed to during a RoLR term. In other words, risk-free costs are the costs a RoLR provider would incur over the RoLR term if its expectations of market prices, RoLR load, and any other costs were perfectly accurate on the day RoLR energy charges were calculated.

   Risk-free costs are often calculated using forward market prices and the RoLR load forecast, in addition to the CAS and other costs a RoLR provider's regulatory authority approves to be recovered using the RoLR energy charge. "Other costs" may include any costs a RoLR provider incurs regardless of the level of energy consumed by RoLR customers (non-energy costs).

[9] RoLR Regulation, ss. 3(3), 15(2)(c).

[10] RoLR Regulation, s. 22.1, *Utilities Consumer Advocate Regulation* AR 183/2018, s. 2.1(1).

[11] RoLR Regulation, s. 11.1(1).

[12] RoLR Regulation, s. 6(1)(b).

2. Risk margin: The risk margin compensates RoLR providers for the risk that their realized costs could differ from their risk-free costs over the RoLR term. A just and reasonable risk margin must be included within RoLR energy charges to compensate RoLR providers for the costs they could incur from their exposure to risks when providing RoLR services. The risk margin is not intended to guarantee a RoLR provider any specific level of profit but instead compensates the RoLR provider for its exposure to risks that could lead it to realize a level of profit or loss from a range of possible profit or loss outcomes.

3. Return margin: A return margin may be included in the RoLR energy charge to compensate the RoLR provider for their obligation to provide regulated rate service. The RoLR provider must have the opportunity to receive a reasonable return under their RRT. A RoLR provider would be expected to, on average, break even when providing RoLR services if its EPSP calculates RoLR energy charges using "efficient" methods. Incorporating a return margin into an "efficient" EPSP's calculation of the RoLR energy charge enables the RoLR provider to expect to receive, on average, a level of profit equal to the reasonable return.

RoLR providers have used various methodologies in their EPSPs to calculate RoLR energy charges for the 2025 to 2026 RoLR term. To quantify risk-free costs, RoLR providers have used procurement approaches, non-procurement approaches, or both. A RoLR provider that uses a procurement approach may use the prices of procured forward contracts to calculate risk-free costs in the RoLR energy charge calculation. A RoLR provider that uses a non-procurement approach may use forward settlement prices or costs they have incurred in the past to calculate risk-free costs.

RoLR providers are exposed to different levels and types of risk when compared to RRO providers. RoLR providers may face greater cost uncertainty as compared to RRO providers since RoLR energy charges are established for two-year terms rather than one-month terms, necessitating forecasts for costs further into the future. RoLR providers are also exposed to the new risk that the 10% collar could impede their ability to recover their costs in future RoLR terms.

RoLR providers have calculated the risk margin in various ways, including:

- using historical costs associated with risks they were exposed to in the past;

- using scenario analyses to calculate potential costs expected under scenarios where certain risks are realized; or,

- using the contract prices of procured forward market products that transfer RoLR risks from the contract buyer to the contract seller.

Some RoLR providers have also explicitly estimated the costs they may be unable to recover in future RoLR terms due to the 10% collar and have incorporated those estimates into their risk margin calculation.

Most RoLR providers' regulatory authorities have approved the inclusion of a reasonable return margin in their RoLR energy charge calculation. These return margins vary significantly between RoLR providers. Five RoLR providers do not recover a return margin in their RoLR energy charge (equivalent to a $0/MWh return margin).

1.3 Regulatory requirements

The *Rate of Last Resort Regulation* (RoLR Regulation) introduced new regulatory requirements for RoLR providers and the MSA. A RoLR provider must submit its EPSP to the MSA to receive a determination report that must be included in its application to its regulatory authority for approval of its EPSP and RRT. An MSA determination report includes the MSA's assessment of whether a RoLR provider's EPSP complies with requirements for a FEOC electricity market.[13]

The MSA is also required to assess RoLR providers' financial performance every six months. The MSA's assessments of RoLR providers' financial performance form part of a regulatory process that can enable adjustments to RoLR energy charges within the two-year RoLR term if this becomes necessary.

Financial performance reports are provided to RoLR providers on or before January 1 and July 1 of each year. RoLR providers are required to submit all records that the MSA considers necessary for it to prepare financial performance reports at least one month before reports are prepared.[14]

Each financial performance report must include the MSA's evaluation of a RoLR provider's performance under their approved RRT in the preceding six-month period. The MSA must establish parameters it will use to assess whether RoLR providers' financial performance is "acceptable" and include these assessments in financial performance reports.[15] The MSA is required to consult with affected stakeholders prior to establishing the parameters.[16]

Should the MSA determine a RoLR provider's financial performance falls outside the parameters for acceptable financial performance, the MSA is required to notify the RoLR provider's regulatory authority, who is then required to initiate a rate reopener proceeding.[17] The RoLR provider's RoLR energy charge may be adjusted or a new EPSP may be approved as a result of a rate reopener proceeding.[18]

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[13] The MSA's determination reports for EPSPs developed to produce RoLR energy charges for the 2025 to 2026 RoLR term are described in subsection 6.2 of the MSA's Quarterly Report for Q4 2024.

[14] RoLR Regulation, ss. 11.2(5), 18.2.

[15] RoLR Regulation, ss. 11.2(2), 11.2(3).

[16] RoLR Regulation, s 11.2(4).

[17] RoLR Regulation, s. 11.3(1).

[18] RoLR Regulation, s. 11.3(7).

2 RATE OF LAST RESORT PROVIDERS' FINANCIAL PERFORMANCE

2.1 Parameters for acceptable financial performance

2.1.1 Stakeholder consultation

On December 20, 2024, the MSA initiated a public stakeholder consultation to establish parameters for acceptable financial performance under the *Rate of Last Resort Regulation* (Parameters Consultation).[19] The MSA conducted the Parameters Consultation in accordance with the MSA Stakeholder Consultation Process.[20]

The MSA established two sets of parameters over the course of the Parameters Consultation:

- On May 1, 2025, the MSA established the July 2025 Report Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (July 2025 Parameters).[21] The July 2025 Parameters were established to ensure RoLR providers had sufficient time to gather information the MSA required to assess their financial performance by the July 1, 2025 deadline for the first financial performance reports (July 2025 Reports).[22] The July 2025 Parameters contemplated a more limited assessment of RoLR providers' financial performance as compared to the final parameters established at the end of the MSA's stakeholder consultation.

- On August 6, 2025, the MSA established the Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (Final Parameters).[23] The Final Parameters were used to produce the second set of financial performance reports required by January 1, 2026 (January 2026 Reports) and will be used for future financial performance reports.

2.1.2 Final Parameters

The MSA's Final Parameters align the MSA determinations as to whether each RoLR provider's financial performance is acceptable with:

- the intent of the RoLR policy;

- RoLR providers' costs recovered under their approved EPSPs; and,

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[19] Notice Re: MSA stakeholder consultation on Rate of Last Resort Regulation MSA Activities, December 20, 2024.

[20] MSA Stakeholder Consultation Process, August 11, 2016, reformatted February 27, 2026.

[21] July 2025 Report Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (July 2025 Parameters), May 1, 2025.

[22] Notice Re: Parameters for Acceptable Financial Performance Process, May 1, 2025.

[23] Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation (Final Parameters), August 6, 2025.

- the nature of potential relief offered by the rate reopener mechanism.[24]

The Final Parameters consist of the Realized Return Divergence (RRD) and Relative Risk Exposure (RRE) parameters. The RRD parameter captures the divergence of a RoLR provider's realized return margin (RRM) from its approved EPSP over the RoLR term, while the RRE parameter examines whether a RoLR provider faces risks for which it does not receive compensation in its approved EPSP (uncompensated risks) which significantly impact its financial performance over the RoLR term. In effect, the RRD parameter evaluates the extent to which a RoLR provider is expected to incur the costs it receives compensation for under its RoLR energy charge and approved EPSP, while the RRE parameter evaluates whether a RoLR provider is expected to face any other costs it is not compensated for.

The RRD parameter is assessed using different metrics for RoLR providers with and without a return margin implied by the calculation of the RoLR energy charge in the approved EPSP (Implied Return Margin, or IRM). The RRD metrics used for RoLR providers with and without an IRM are described in Appendix A.

A RoLR provider's RRD metric is compared to the relevant Indicative RRD Threshold. If a RoLR provider's RRD metric exceeds the upper bound of the Indicative RRD Threshold or is lower than the lower bound of the Indicative RRD Threshold, the MSA may find the RoLR provider's financial performance is unacceptable. The Indicative RRD Threshold for RoLR providers with an IRM is ± 150%, while the Indicative RRD Threshold for RoLR providers without an IRM is ± 10%.

To assess whether a RoLR provider is exposed to uncompensated risks that will significantly impact its financial performance using the RRE parameter, the MSA requires RoLR providers to identify any uncompensated risks and quantify how those risks impact their financial performance. The MSA may also account for any costs excluded from the calculation of the RRD metric in its assessment of uncompensated risks if the RoLR provider is not compensated for those costs using any source of revenue. If the MSA determines that uncompensated risks significantly impact a RoLR provider's financial performance, it may find the RoLR provider's financial performance to be unacceptable.

The MSA assesses RoLR providers' financial performance at an energy charge level. RoLR providers that provide RoLR service under more than one energy charge have their financial performance assessed for each RoLR energy charge.

2.2 Financial performance results[25]

The results of the MSA's financial performance assessments included in the July 2025 Reports and January 2026 Reports are described in this subsection. Sixteen results are presented for the

[24] The MSA's rationale for establishing the Final Parameters is explained in the Rationale released on May 20, 2025, and in the Final Parameters Notice released on August 6, 2025.

[25] Anonymized names used for RoLR providers in subsection 2.2 differ from anonymized names used for RoLR providers in subsection 2.2.1, section 3, and Appendix C.

fifteen RoLR providers because the MSA assessed the financial performance of RoLR providers for each RoLR energy charge offered. The process used by the MSA to produce the July 2025 Reports and January 2026 Reports is described in Appendix B.

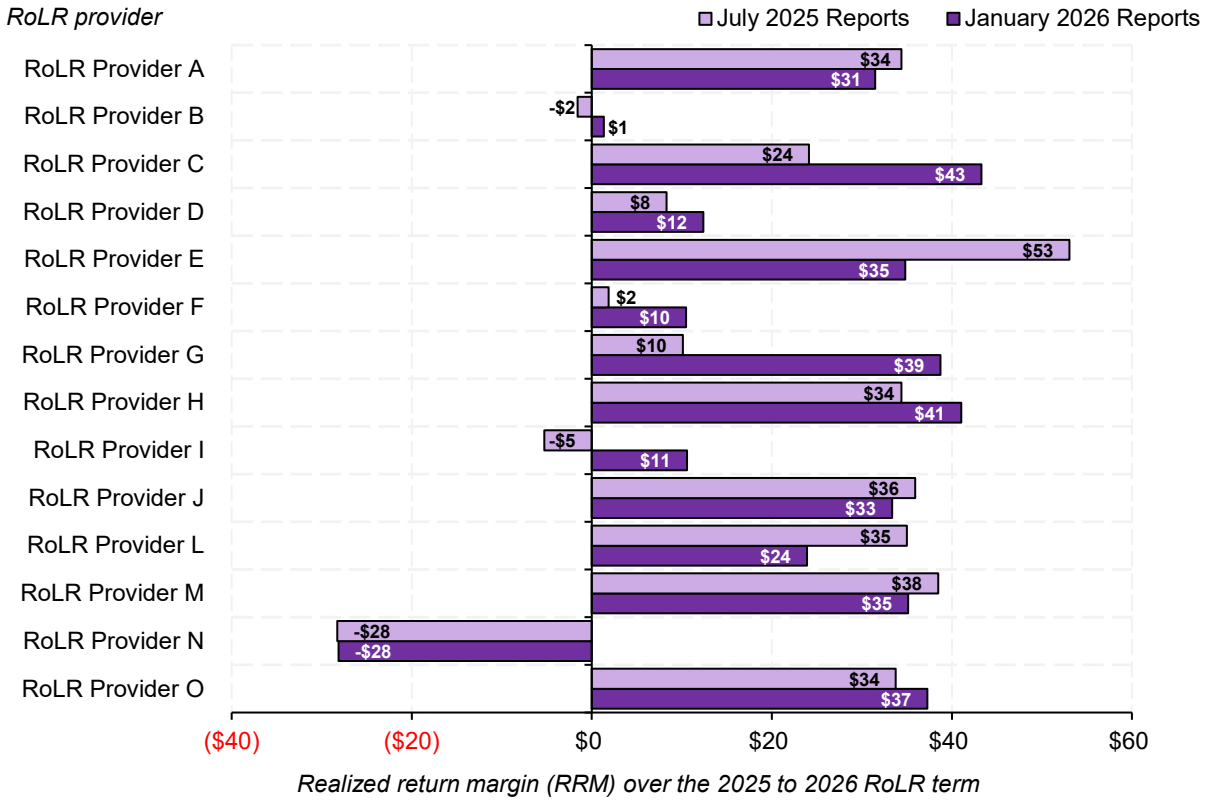
Seven RoLR providers had RRD metric values outside of the Indicative RRD Thresholds in the July 2025 Reports and eight RoLR providers had RRD metric values outside of the Indicative RRD Thresholds in the January 2026 Reports. The MSA did not identify any RoLR providers exposed to uncompensated risks that could significantly impact their financial performance under the RoLR to the end of the RoLR term.

While some RoLR providers' RRD metrics fell outside of the Indicative RRD Thresholds in the July 2025 Reports and January 2026 Reports, the MSA determined that all RoLR providers' financial performance in both sets of financial performance reports fell within the July 2025 Parameters or Final Parameters (respectively) and were therefore acceptable. The MSA did not recommend any rate reopener proceedings be initiated for any RoLR provider.

For RoLR providers with RRD metrics outside of the Indicative RRD Thresholds, the MSA made this determination based on its review of the approved risk margins included in their RoLR energy charges. Risk margins compensate a RoLR provider for a range of potential profit or loss levels they may incur by offering RoLR energy services. The MSA reviewed the risk margins included in RoLR energy charges offered by RoLR providers with RRD metrics outside of the Indicative RRD Thresholds and determined their RRM values fell within the range of potential profit or loss levels for which they are compensated under their approved risk margin. This indicated to the MSA that these RoLR providers' financial performance was not unacceptable.

The January 2026 Reports indicate the majority of RoLR providers (nine) are expected to receive a realized return margin in excess of $30/MWh over the 2025 to 2026 RoLR term (Figure 2).

Figure 2: RRM values over the 2025 to 2026 RoLR term, July 2025 Reports and January 2026 Reports, all RoLR providers[26]



Some RoLR providers have significantly different RRM values in the July 2025 and January 2026 Reports. Differences in RRM values between reports are primarily caused by differences in the quality of data used to produce RRM values in the different reports.

The MSA considers that RRM values produced for the January 2026 Reports are more accurate than RRM values included in the July 2025 Reports. RRM values produced for the January 2026 Reports were calculated using validated revenue, cost, volume, and site data submitted by RoLR providers, whereas RRM values for the July 2025 Reports were calculated by the MSA using limited records, information, and data requested from RoLR providers.

RRM values produced for the January 2026 Reports are calculated using more actual revenue, cost, and volume values for historical months than the RRM values produced for the July 2025 Reports. An RRM value calculated using more actual data for historical months than forecast data is more likely to reflect a RoLR provider's actual realized return margin by the end of a RoLR term.

RRM values also varied significantly between RoLR providers due to differences in: the prices of financial or physical forward contracts (hedges) procured by RoLR providers, the proportion of RoLR load hedged by RoLR providers, the types of hedges procured by RoLR providers (and any

[26] RoLR Provider K and RoLR Provider P reported having no RoLR sites and therefore do not have defined RRM values.

resulting residual exposure to market risk), the types of costs recovered using RoLR energy charges, the magnitude of RoLR energy charges, the magnitude of IRMs included in RoLR energy charges, and variations between actual and forecast site losses. RoLR providers whose energy costs were fully hedged using load-following products had the most moderate RRM values (RoLR Provider B, RoLR Provider D, RoLR Provider F, and RoLR Provider I).

The types of costs recovered using RoLR energy charges vary by RoLR provider; RoLR providers that recover more types of costs using RoLR energy charges tend to have higher costs than other RoLR providers. Some RoLR providers recover non-energy costs and bad debt expenses using their RoLR energy charge.[27] A RoLR provider may have a lower or negative RRM value if it realizes greater non-energy costs or bad debt expenses than it recovers using its RoLR energy charge. Negative RRM values (losses) for RoLR Provider B and RoLR Provider I reported in the July 2025 Reports were primarily attributable to those RoLR providers having relatively high expected non-energy costs.

RoLR Provider N had a negative RRM value because it lost all RoLR sites in March 2025 but is expected to continue incurring RoLR costs throughout the remainder of the RoLR term.

2.2.1 RRD parameter[28]

The MSA assessed RoLR providers' financial performance over the 2025 to 2026 RoLR term using separate RRD metrics for RoLR providers with and without an IRM included in the RoLR energy charge. Eleven RoLR energy charges currently offered by RoLR providers include an IRM,[29] while five do not.[30] For RoLR providers with an IRM, the RRD metric demonstrates the extent to which a RoLR provider is earning a realized return that is different from the reasonable return approved by its regulatory authority. An Indicative RRD Threshold of ± 150% was used to assess the financial performance of these RoLR providers. RRD metric results for RoLR providers with an IRM are presented in Figure 3.

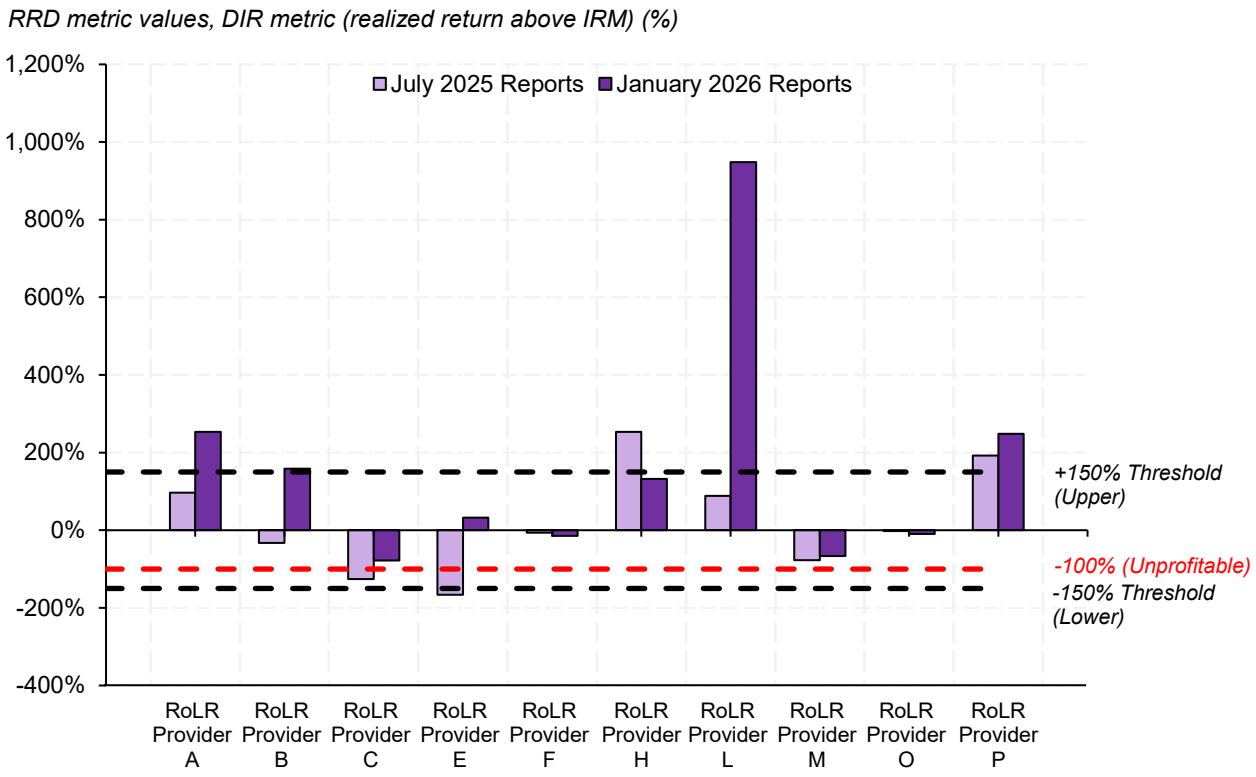
[27] RoLR providers that recovered non-energy costs using their RoLR energy charge are expected to incur between $0/MWh and $14/MWh in additional costs over the RoLR term compared to RoLR providers that do not recover these costs using their RoLR energy charge, while those that recover bad debt expenses using their RoLR energy charge are expected to incur between $0/MWh and $30/MWh in additional costs.

[28] Anonymized names used for RoLR providers in subsection 2.2.1 differ from those used for RoLR providers in subsection 2.2.

[29] RoLR Provider D includes an IRM in its RoLR energy charge but reported having no RoLR sites and did not have defined RRM values, so it does not have RRD metric values.

[30] RoLR Provider G does not include an IRM in its RoLR energy charge but reported having no RoLR sites and did not have defined RRM values, so it does not have RRD metric values.

Figure 3: RRD metric values for RoLR providers with an IRM (DIR metric), July 2025 Reports and January 2026 Reports



RRD metric values varied significantly between RoLR providers with an IRM included in their RoLR energy charges. RRD metric values ranged from -166% to 254% in the July 2025 reports and from -78% to 948% in the January 2026 reports for these RoLR providers.

Most of the variation in RRD metric values between RoLR providers and financial performance reports is caused by the variation in RRM values described above. Most RoLR providers with an IRM that had higher RRD metric values in the January 2026 Reports had higher values because they incurred lower non-energy costs in 2025 than the MSA expected when calculating their non-energy costs for the July 2025 Reports.

RoLR Provider L's RRD metric value is much higher than other RoLR providers' RRD metric values in the January 2026 Reports because it has a very small IRM included in its RoLR energy charge and it incurred low non-energy costs in 2025.

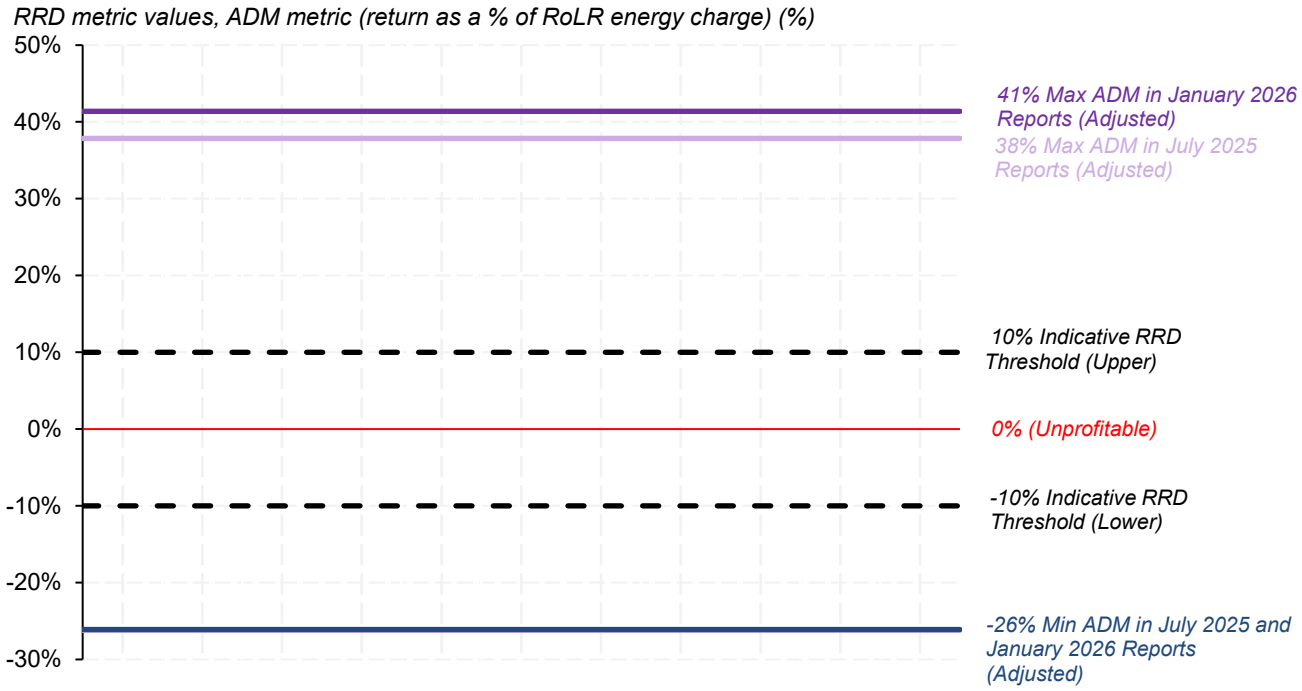
RRD metric values for RoLR providers with an IRM included in their RoLR energy charges are listed in Table 1. Three RoLR providers with an IRM had RRD metric values outside the Indicative RRD Threshold in the July 2025 Reports and four RoLR providers with an IRM had RRD metric values outside the Indicative RRD Threshold in the January 2026 Reports.

Table 1: RRD metric results (RoLR providers with an IRM), July 2025 Reports and January 2026 Reports

RoLR provider	July 2025 Reports	January 2026 Reports	Indicative RRD Threshold
RoLR Provider A	97%	253%	±150%
RoLR Provider B	-33%	158%	±150%
RoLR Provider C	-126%	-78%	±150%
RoLR Provider D	(Not Applicable)	(Not Applicable)	±150%
RoLR Provider E	-166%	32%	±150%
RoLR Provider F	-6%	-14%	±150%
RoLR Provider H	254%	132%	±150%
RoLR Provider L	89%	948%	±150%
RoLR Provider M	-77%	-66%	±150%
RoLR Provider O	-2%	-9%	±150%
RoLR Provider P	192%	248%	±150%

The remaining RoLR providers do not include an IRM in their RoLR energy charge. These RoLR providers include RoLR Provider G, RoLR Provider I, RoLR Provider J, RoLR Provider K, and RoLR Provider N. For RoLR providers without an IRM, the RRD metric demonstrates the share of a RoLR provider's adjusted revenues expected to be recovered as a realized return over the RoLR term. An Indicative RRD Threshold of ± 10% was used to assess the financial performance of these RoLR providers. RRD metric results for RoLR providers without an IRM are presented in Figure 4.

Figure 4: Adjusted RRD metric values for RoLR providers without an IRM (ADM metric), July 2025 Reports and January 2026 Reports[31]



RRD metric values for RoLR providers without an IRM varied less between the July 2025 and January 2026 reports when compared to the RRD metric values for RoLR providers with an IRM (Figure 3). However, despite this lower variation, all RoLR providers without an IRM included in their RoLR energy charges had RRD metric values outside of the Indicative RRD Threshold. Among these RoLR providers, RRD metric values ranged between -26% and 38% in the July 2025 Reports and between -26% and 41% in the January 2026 Reports.

RRD metric values vary across RoLR providers without an IRM. One RoLR provider (RoLR Provider J) had RRD metric values below the lower Indicative RRD Threshold (-10%) in both reports. The other three RoLR providers without an IRM had RRD metric values above the upper Indicative RRD Threshold (+10%) in both reports. These differences in RRD metric values are attributable to differences in RoLR providers' RRM values and RoLR energy charges.

2.2.2 RRE parameter

The MSA used the RRE parameter to assess whether RoLR providers were exposed to uncompensated risks, and whether such risks could significantly affect their financial performance under the RoLR to the end of the RoLR term. The MSA determined that no RoLR providers are

[31] Ranges of RRD metric values for RoLR providers without an IRM have been adjusted by less than 10% to prevent the identification of anonymized RoLR providers.

exposed to uncompensated risks that would significantly impact their financial performance under the RoLR to the end of the RoLR term.

Two RoLR providers made submissions to the MSA stating they had uncompensated risks. The MSA assessed the risks submitted by the RoLR providers and determined them to be risks compensated under the RoLR providers' respective EPSPs. As a result, the MSA determined that neither RoLR provider was exposed to uncompensated risks that would significantly affect their financial performance.

In its assessment of another RoLR provider's financial performance using the RRD parameter, the MSA excluded certain costs submitted by the RoLR provider from consideration within the RRD parameter as those costs were not recovered using its RoLR energy charge. The MSA instead assessed whether those costs represented an uncompensated risk that the RoLR provider might be exposed to that would significantly impact its financial performance under the RoLR to the end of the RoLR term. Following its assessment, the MSA determined the RoLR provider was not exposed to risks associated with these costs and therefore determined that the RoLR provider was not exposed to uncompensated risks that would significantly affect its financial performance under the RoLR to the end of the RoLR term.

2.2.3 CAS accruals

RoLR providers accrued approximately $3.5 million in CAS revenues in 2025 from the 0.1 ¢/kWh CAS included in RoLR energy charges. While RoLR providers accrued these revenues from the consumption of RoLR customers in 2025, the MSA believes that RoLR providers remitted a lower amount to the UCA in 2025.

A lower amount was likely remitted because RoLR providers accrue CAS revenues when RoLR customers consume energy but only receive those revenues when RoLR customers pay their RoLR bills. As RoLR bill payment deadlines may be many weeks after the end of the associated billing period,[32] and some RoLR customers may delay paying or never pay their RoLR bills, RoLR providers' CAS revenues accrued over a period may exceed the remittable CAS revenues they received from RoLR customers over that period.

The MSA forecasts that RoLR providers will accrue approximately $2.9 million in CAS revenues in 2026.

[32] For example, a RoLR customer may not be required to pay their bill for RoLR services received over December 2025 until the end of January 2026.

3 RATE OF LAST RESORT OBSERVATIONS[33]

This section contains the MSA's observations of trends relevant to RoLR providers' financial performance, the retail market, and RoLR customers.

RoLR providers' financial performance over a RoLR term can deviate from expected levels with unexpected changes in RoLR customer load, wholesale market prices, or forward market prices over a RoLR term.

RoLR customer load depends on the number of RoLR sites served by a RoLR provider and the consumption of these sites. RoLR site counts vary over time (subsection 3.1) and depend on the stock of existing RoLR sites, site enrolments, and sites exiting from the RoLR (subsection 3.2). RoLR site consumption depends on the composition of RoLR sites and changes in those sites' consumption over time (subsection 3.3). Trends in wholesale market prices and forward market prices are described in the MSA's wholesale market reporting.[34]

RoLR impacts on the retail market are described in subsection 3.4, and impacts on RoLR customers are described in subsection 3.5.

3.1 Site counts[35]

3.1.1 Historical site counts

Across all RoLR providers, the MSA estimates that total RoLR site counts fell by 16% (approximately 79,700 sites) in 2025, more than double the 7% decline (35,900 sites) in regulated site counts in 2024 (Table 17 in Appendix C). The MSA estimates that approximately 406,200 sites were on the RoLR at the end of 2025, with approximately 388,800 of those sites receiving RoLR services from a Commission-regulated provider, and approximately 17,500 sites receiving RoLR services from providers for REAs and municipalities.

Greater declines in regulated site counts in 2025 compared to 2024 coincide with the introduction of the RoLR in 2025 and relatively pronounced decreases beginning in April 2025 coincide with the beginning of the UCA's notification campaign (Figure 5). 17% of the 79,700 decline in RoLR site counts among all RoLR providers in 2025 is attributable to RoLR site count changes in April 2025.

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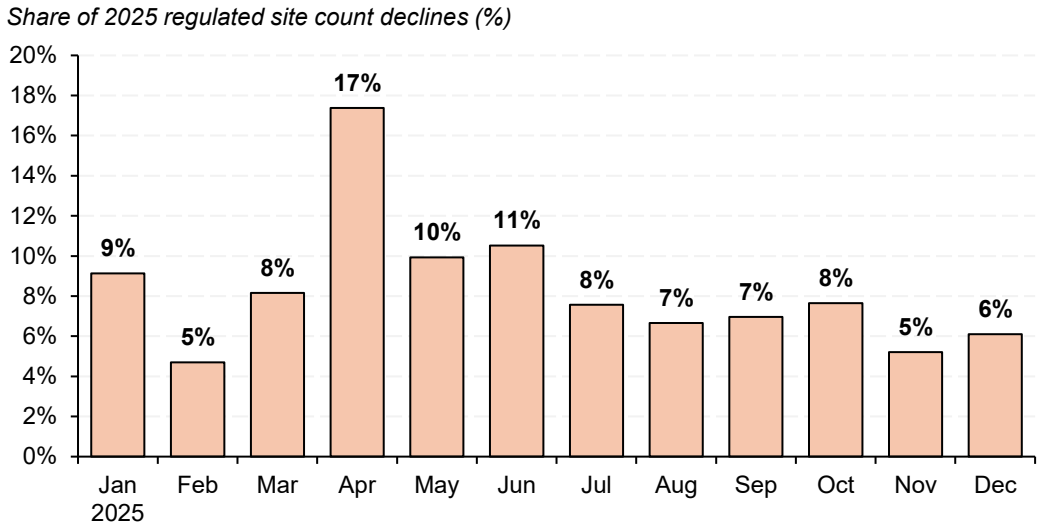
[33] Anonymized names used for RoLR providers in section 3 differ from anonymized names used for RoLR providers in subsections 2.2 and 2.2.1.

[34] The MSA's wholesale market reports can be found here. The MSA released the Wholesale Market Report: Q4 2025 on February 23, 2026, which can be found here.

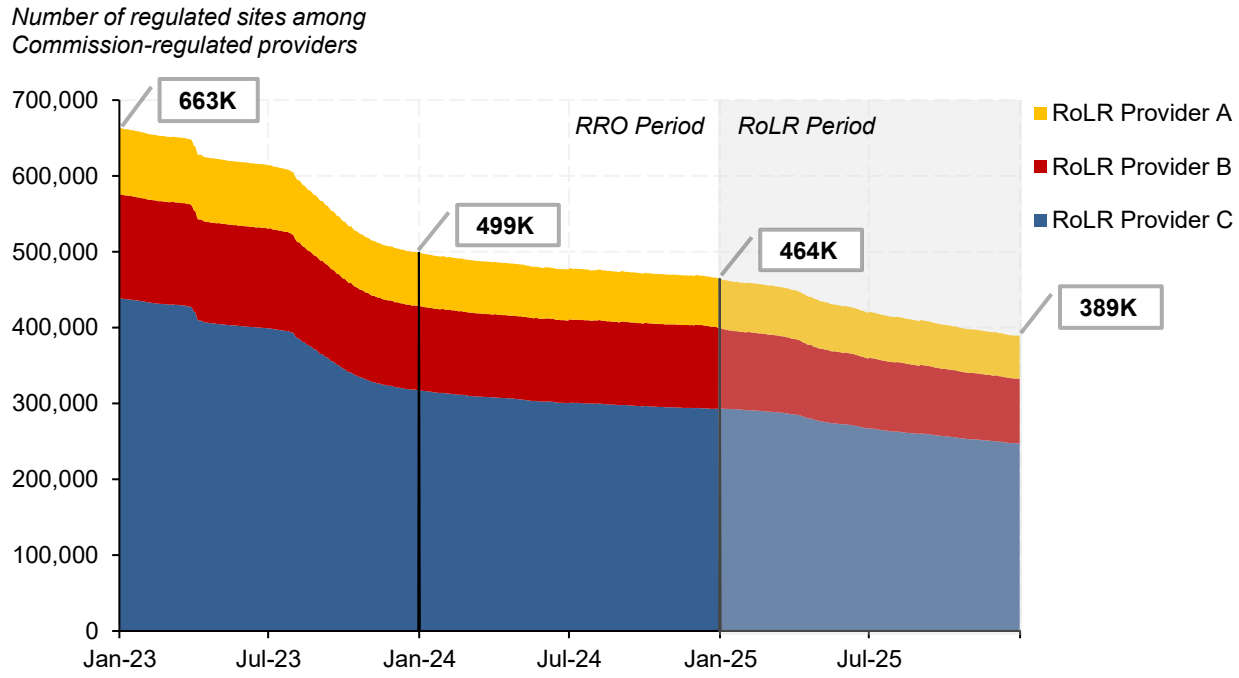
[35] Actual regulated site counts presented in this subsection may not equal "Default" site count values included in the MSA Retail Statistics, as MSA Retail Statistics "Default" site counts may include Default Supply customers and may include non-regulated sites served by some REAs.

Figure 5: Share of 2025 regulated site count declines by month, all regulated rate providers



Commission-regulated providers' site counts fell by 16% (approximately 75,600 sites) in 2025, a greater rate of decline than in 2024 (7%, or 34,500 sites) (Figure 6). However, Commission-regulated providers' site counts declined at greater rates in 2023 (25%, or 163,700 sites) than in 2025.

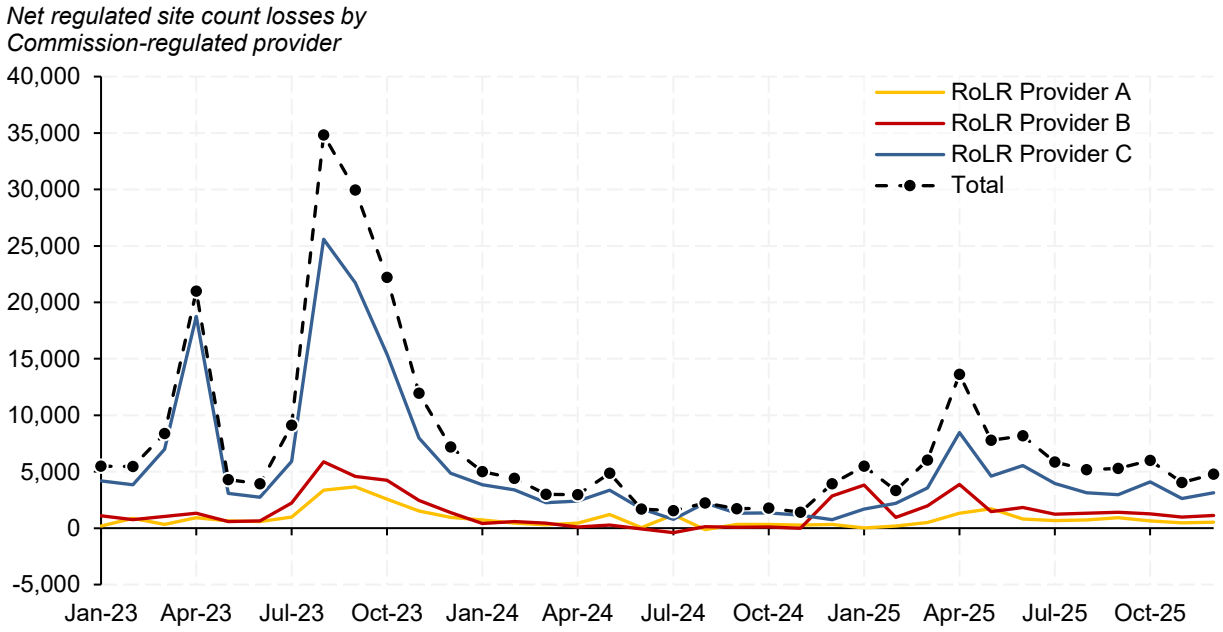
Figure 6: Daily regulated site counts by Commission-regulated provider, January 1, 2023, to December 31, 2025



RoLR Provider B's RoLR site count declined by 20% in 2025, compared to declines of 16% and 13% for RoLR Provider C and RoLR Provider A in 2025, respectively.

Since 2023, declines in Commission-regulated providers' regulated site counts have been highest in March and April 2023 (averaging 14,674 net sites lost/month), from July 2023 to November 2023 (21,613 net sites lost/month), and from April 2025 to June 2025 (9,868 net sites lost/month) (Figure 7). Commission-regulated providers' regulated site counts declined at relatively high rates for the remainder of 2025 (5,185 net sites lost/month).

Figure 7: Monthly net regulated site count loss by Commission-regulated provider, January 2023 to December 2025

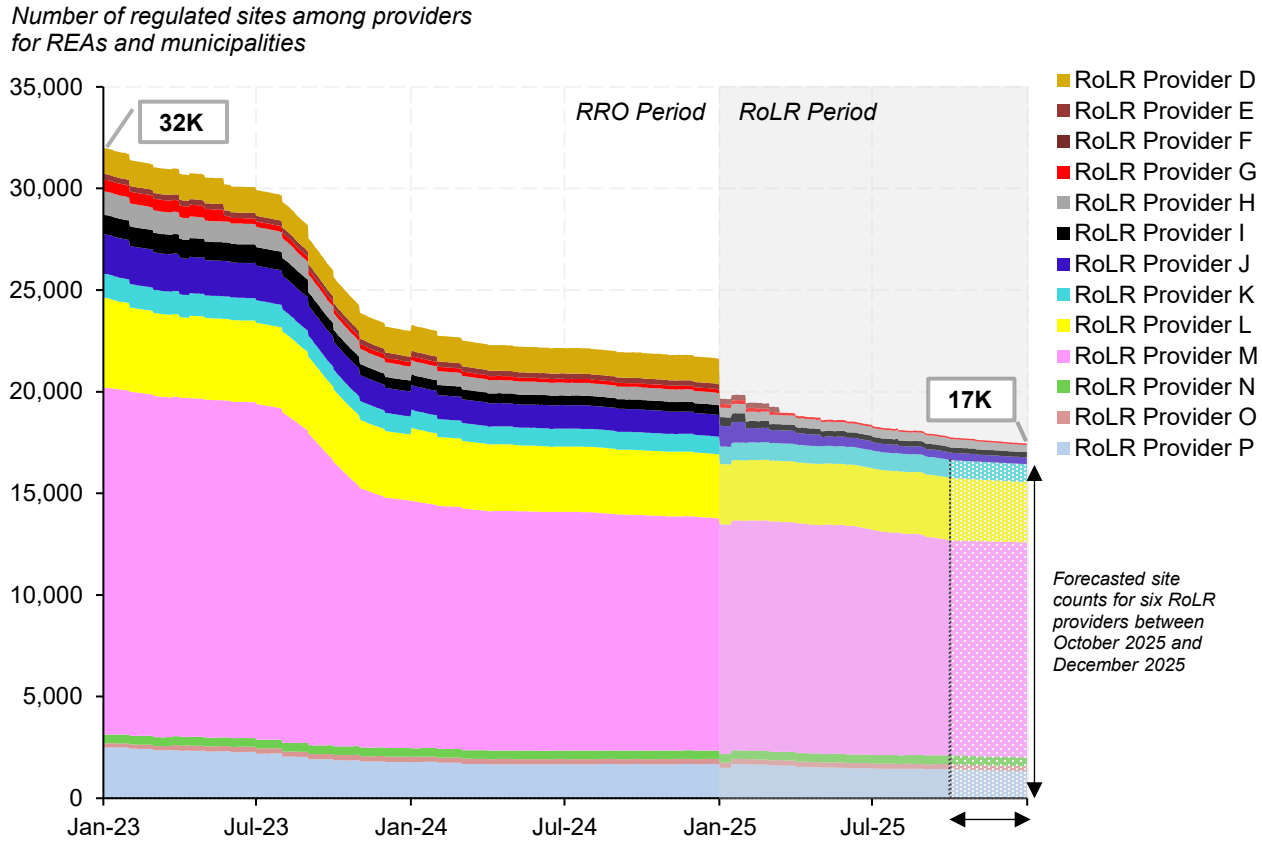


October 2025 to December 2025 RoLR site counts for some of the providers for REAs and municipalities are estimated based on MSA forecasts.[36]

The MSA estimates that providers for REAs and municipalities' site counts fell by 19% (approximately 4,200 sites) in 2025, a greater rate of decline than in 2024 (6%, or 1,400 sites) (Figure 8). The year-over-year decline in 2025 (19%) exceeded the RoLR site decline Commission-regulated providers faced in 2025 (16%).

[36] October 2025 to December 2025 RoLR site counts for RoLR Providers K, L, M, N, O, P are forecasted using historical data.

Figure 8: Daily regulated site counts by provider for REAs and municipalities, January 1, 2023, to December 31, 2025



Two providers for REAs and municipalities (RoLR Provider D and RoLR Provider E) lost all their sites (1,511 sites) at the start of 2025. One provider (RoLR Provider F) has not had RoLR sites since 2022. The remaining providers for REAs and municipalities experienced expected site count changes in 2025 ranging from 69% declines to 4% increases. This range is wider than the range of year-over-year site count changes in 2024 experienced by providers for REAs and municipalities (-18% to +1%).

3.1.2 Forecast site counts

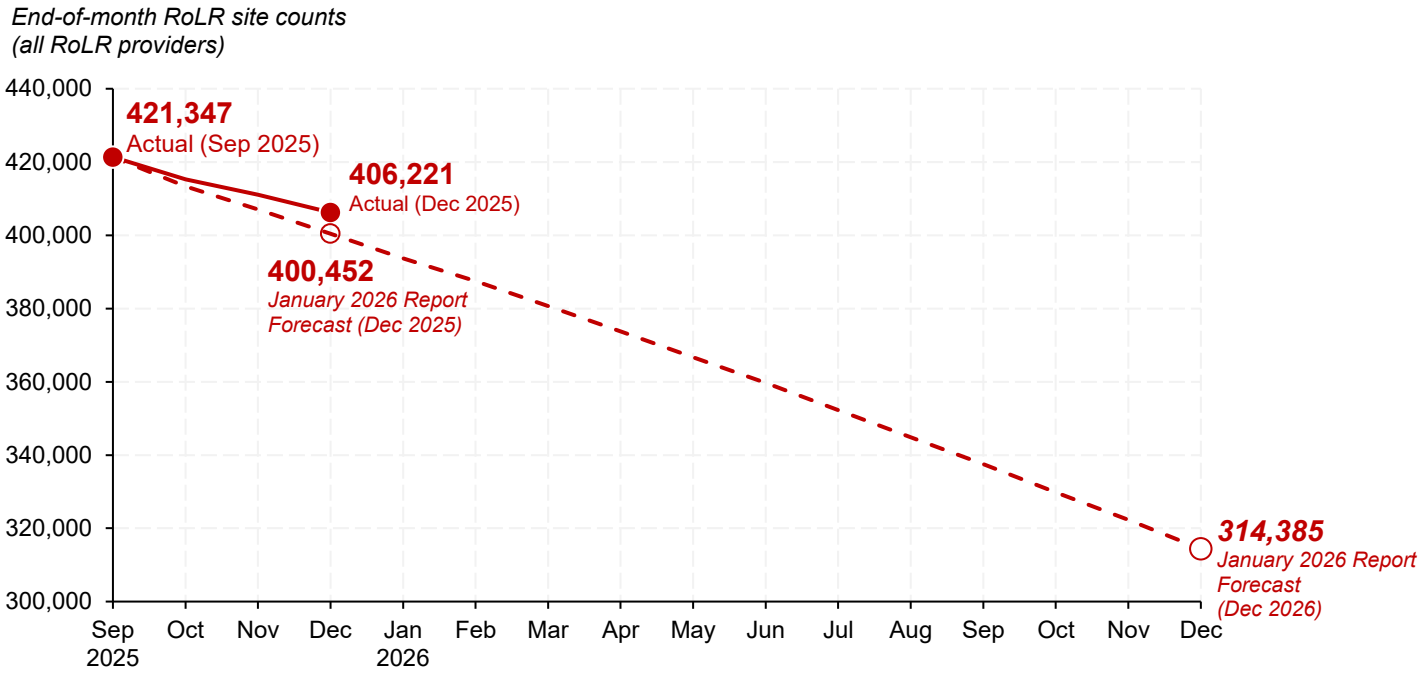
The MSA estimates that RoLR site counts will continue to decline over 2026 provided competitive retailers do not begin offering energy rates that exceed RoLR energy charges in 2026. The MSA forecasted that total RoLR sites would decline by 21% over 2026 (approximately 86,100 sites).

The MSA forecasted each RoLR provider's daily RoLR site counts for the period beginning October 2025 and ending December 2026 as part of its assessment of RoLR providers' financial performance for the January 2026 Reports. The MSA used the forecast site counts to forecast each RoLR provider's volumes, revenues, and costs in each month between October 2025 and December 2026. The MSA forecasted site counts for each RoLR provider by fitting autoregressive integrated moving average (ARIMA) models on their January 2023 to September 2025 daily RoLR

site counts.[37] This enabled distinct RoLR site count trends to be captured in the MSA's forecast site counts for each RoLR provider.

The MSA forecasted that RoLR providers would collectively lose over 100,000 sites between September 2025 and December 2026 (Figure 9). RoLR site losses over Q4 2025 (15,127 sites) were lower than Q4 2025 RoLR site losses forecasted by the MSA (20,895 sites).

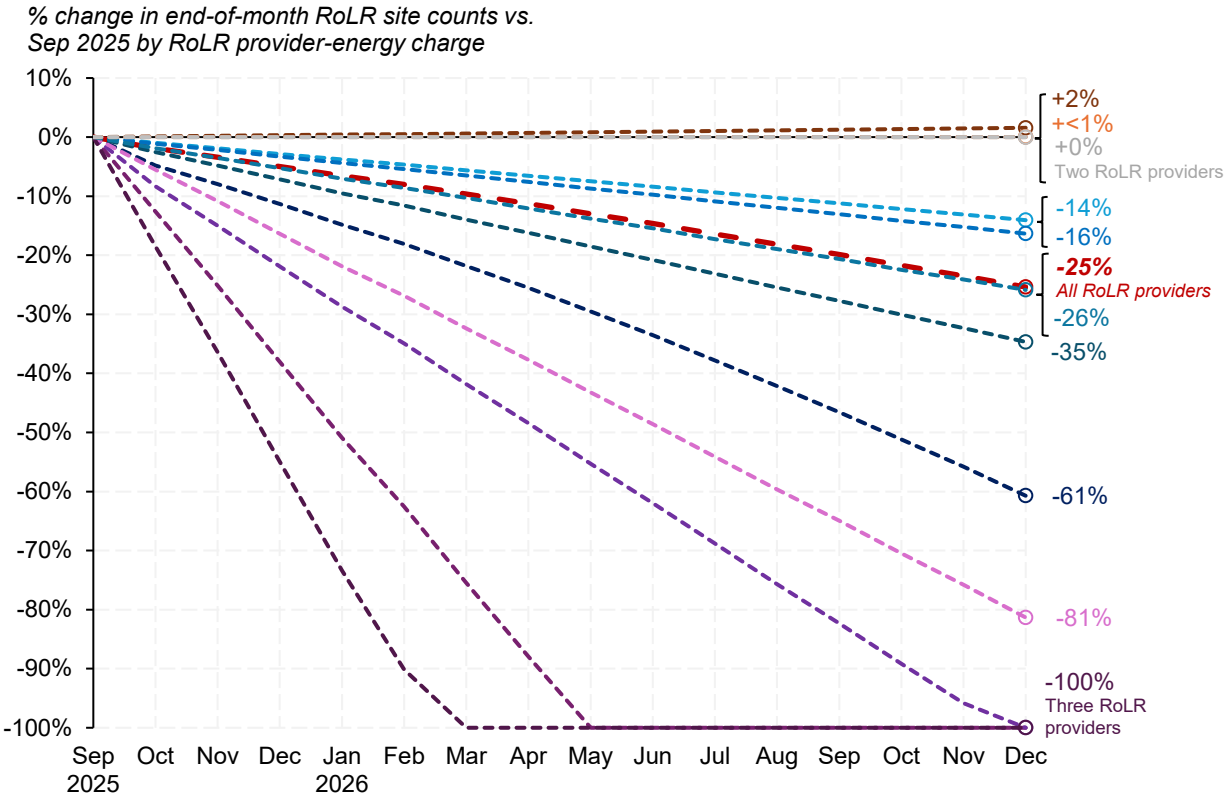
Figure 9: End-of-month actual and forecast RoLR site counts, September 2025 to December 2026



The MSA anticipates that RoLR providers will gain or lose RoLR customers at different rates over 2026 given historical switching trends for each RoLR provider. Most RoLR providers are expected to lose RoLR customers in 2026 (Figure 10). Four RoLR providers are expected to maintain their RoLR site counts or moderately increase their site counts by the end of 2026. Three RoLR providers are expected to lose all RoLR sites by the end of 2026. Three RoLR providers did not have RoLR sites at the end of September 2025 and are not expected to gain RoLR sites by the end of 2026.

[37] The MSA may adjust the methodology used to produce RoLR site count forecasts for future financial performance reports.

Figure 10: Forecast change in RoLR sites by RoLR provider-energy charge compared to September 2025 RoLR sites[38]



[38] Data reflects site counts at a RoLR provider-energy charge level, so the figure contains two site count series for the RoLR provider with two RoLR energy charges. Three RoLR providers with zero RoLR sites as of September 30, 2025, were not expected to gain RoLR sites by December 2026, and so are not included in this figure.

3.2 Site movements

At any given point in time, regulated site counts are determined by the number of sites that exit from the regulated rate provider, the number of sites that enrol with the regulated rate provider, and the stock of sites that remain on regulated rates from prior periods.

3.2.1 Site vintage

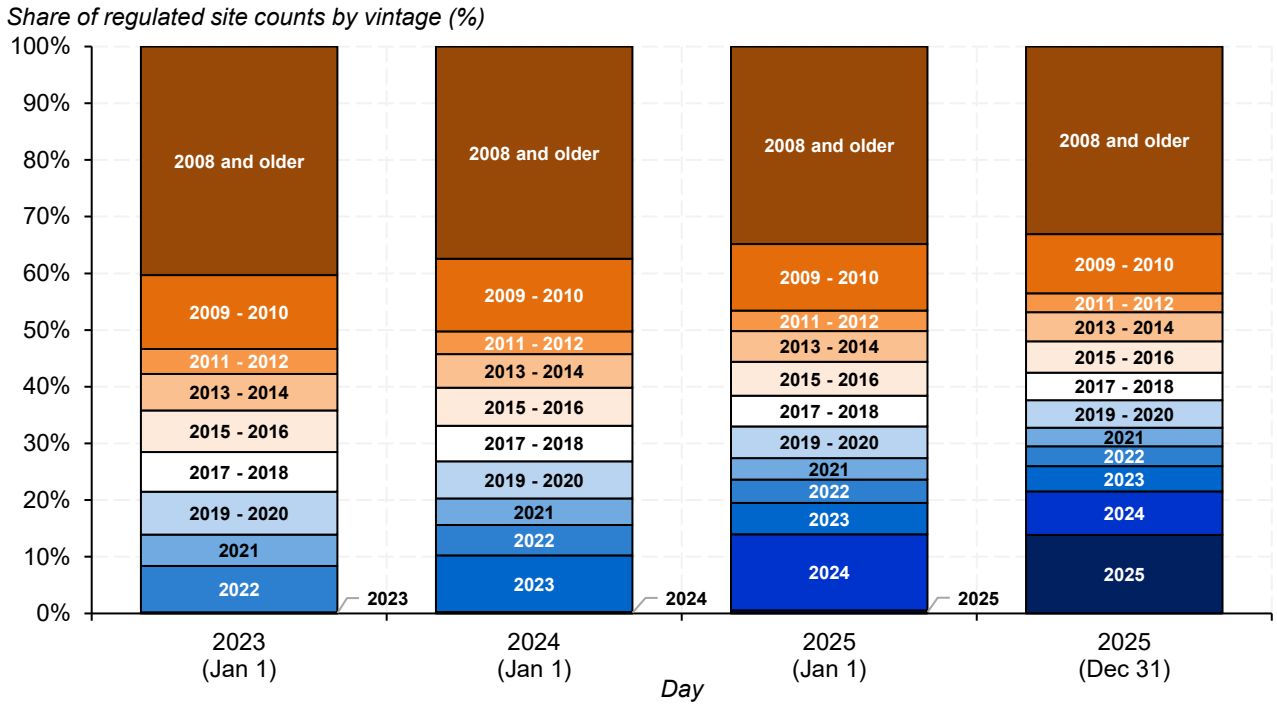
Sites that remain on regulated rates from prior periods have a "vintage" reflecting when they first became regulated rate customers. If a site became a regulated rate customer in 2022 and remained a regulated rate customer throughout the next three years, that regulated site is of "2022 vintage" when the 2025 stock of RoLR sites is examined. If that same site left their regulated rate provider in 2023 and switched back to the regulated rate provider in 2024, that regulated site would instead be of "2024 vintage" when the 2025 stock of RoLR sites is examined.

Interventions targeted towards different demographics of regulated rate customers could promote greater switching away from the RoLR. Different customers may have different propensities to switch away from the RoLR; these propensities may be impacted by the length of their experience with regulated rates and lack of experience with competitive retailers, or differences in their valuation of the RoLR.[39]

The majority of RoLR sites at the end of 2025 (52%) have been on regulated rates for over a decade, having enrolled prior to 2015 (Figure 11). However, sites that enrolled on regulated rates in the previous two years have comprised increasing shares of regulated rate providers' sites in each year since 2023, increasing from 14% on January 1, 2023, to 19% on January 1, 2025. As of December 31, 2025, 22% of RoLR sites are sites that enrolled on the RoLR in 2024 and 2025, while the remaining 78% of sites enrolled in previous years.

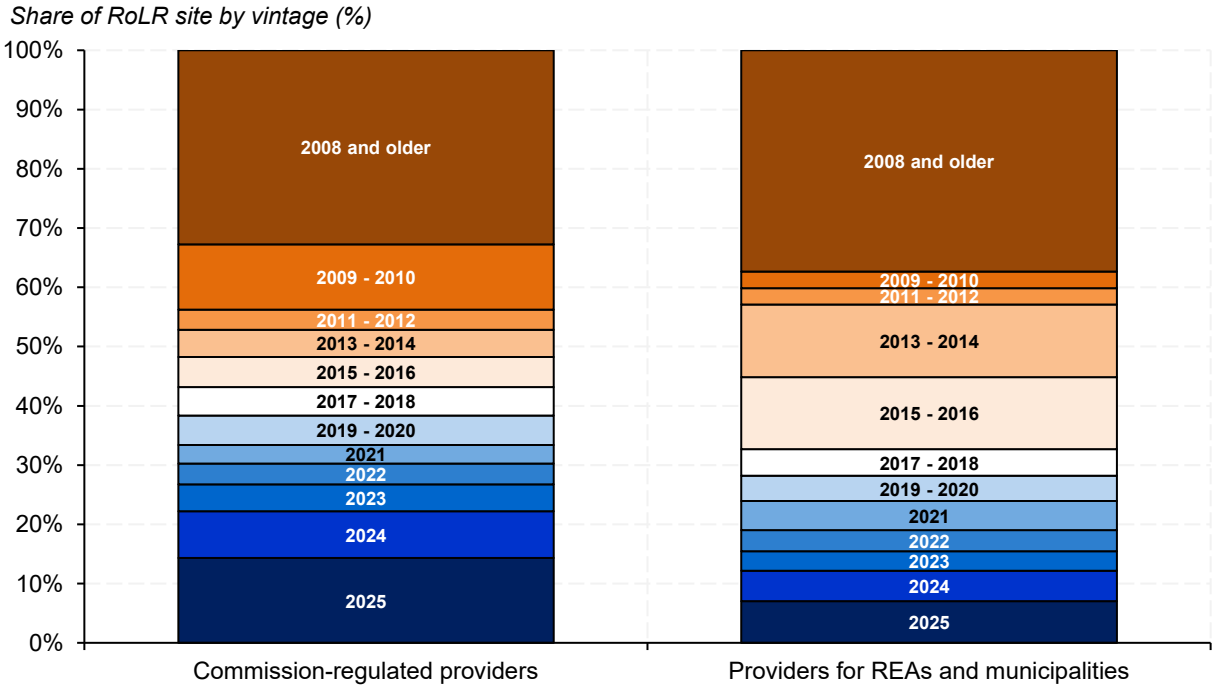
[39] What drives consumers to switch retailers? Evidence from the Alberta electricity market, Yiang Guo, Derek E.H. Olmstead, Andrew H. Wilkins. Energy Policy Volume 206, November 2025, s. 1.

Figure 11: Vintage-shares of regulated sites, all regulated rate providers, January 1, 2023, to December 31, 2025, snapshot days



Regulated site vintage compositions differ between Commission-regulated providers and providers for REAs and municipalities (Figure 12).

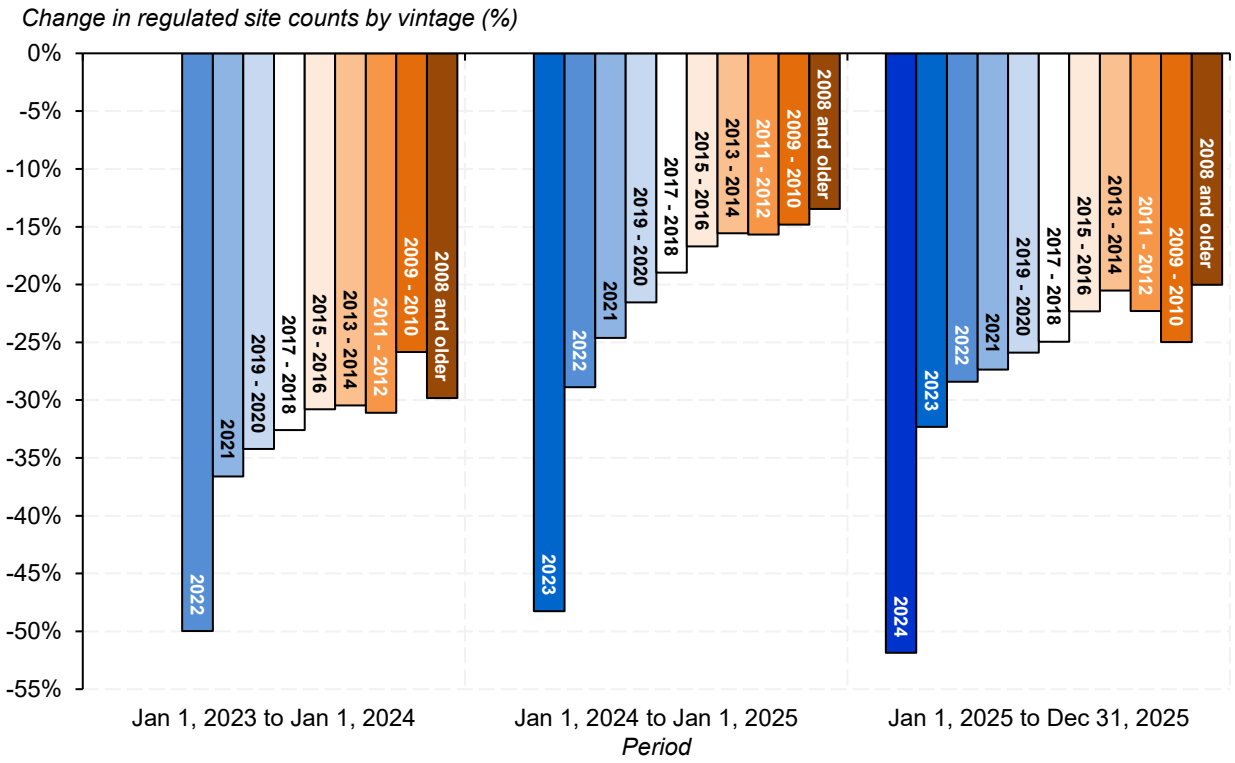
Figure 12: Vintage-shares of RoLR sites by regulated rate provider-type as of December 31, 2025



Regulated sites enrolled between 2022 and 2025 comprise a larger share of Commission-regulated providers' sites (30%) as compared to providers for REAs and municipalities (19%) as of December 31, 2025. Commission-regulated providers also have a greater proportion of older sites that enrolled before 2011 (44% vs. 40%), while providers for REAs and municipalities have significantly larger shares of sites enrolled between 2013 and 2016 (24% vs. 10%).

In any given year between 2023 and 2025, regulated rate providers have tended to lose large shares of sites enrolled in the previous year, with decreasing shares of sites of that vintage lost in the years that followed (Figure 13).

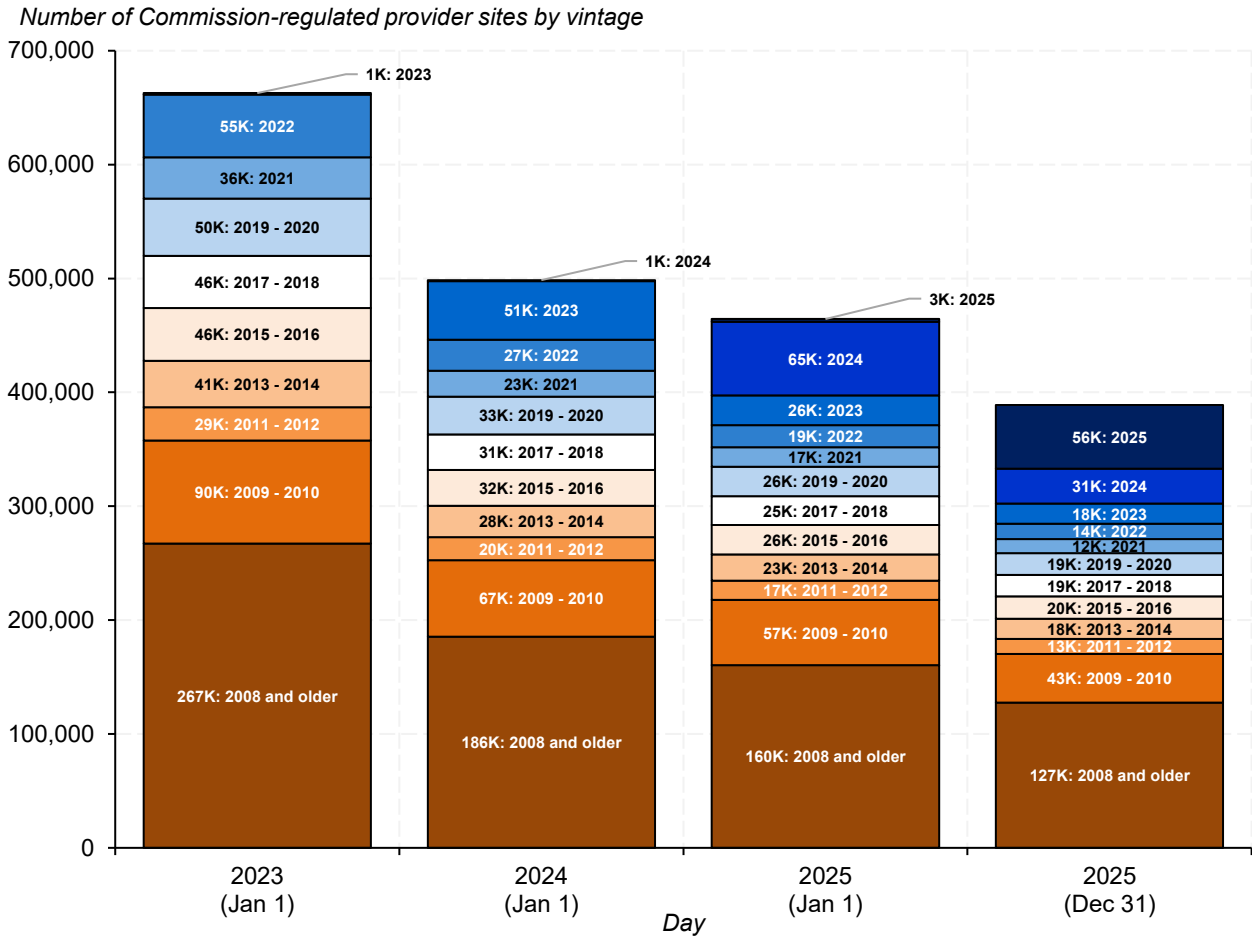
Figure 13: Changes in regulated site counts over 2023, 2024, and 2025 by site vintage, all regulated rate providers



The rate of decline in RoLR providers' sites counts increased year-over-year across most site-vintages in 2025, unlike in 2024 when the rate of decline fell across all site-vintages year-over-year. This may suggest that RoLR customers across most site vintages were responsive to the change in RoLR policy or the UCA's notification campaign in 2025.

Sites that have been enrolled on the RoLR the longest continue to experience customer losses into 2025 (Figure 14). Between January 1, 2023, and December 31, 2025, Commission-regulated providers lost 52% of regulated sites (140,000 sites) that had been enrolled in 2008 or earlier. The loss of these sites comprised 19% of sites that left their Commission-regulated provider between 2023 and 2025.

Figure 14: Number of Commission-regulated provider regulated sites by vintage, January 1, 2023, to December 31, 2025, snapshot days



3.2.2 Enrolments and exits

The number of sites that enrol with regulated rate providers and exit from their regulated rate providers exhibit different trends over time. These regulated site enrolment and exit trends may demonstrate some customers' preferences for regulated rates or competitive retail offerings and may also demonstrate their preferences towards competitive retailers affiliated with their regulated rate provider.

Sites may enrol on regulated rates for various reasons (Table 2). Sites receiving services from a competitive retailer may default to a regulated rate provider if the customer at the site moves, if the retailer or customer terminates the services, if the site had been erroneously enrolled by the retailer, if the site is an abandoned oil and gas well site or affiliated lighting site, or if the customer at the site voluntarily chooses to enrol on regulated rates. Regulated rate providers may also gain new sites when sites are first created, or re-energized.

Table 2: Reasons for regulated rate enrolments

MSA source name	Method of site gain	Prior site retailer	Description (drop code)
Customer move		Competitive retailer	Customer moves out from a site, ending the competitive retailer's services at the site (DSR0001)
Retailer/ customer-initiated termination	Retailer-initiated termination	Competitive retailer	Competitive retailer terminates services at the site (DSR0002)
	Customer-initiated termination	Competitive retailer	Customer terminates their service with the competitive retailer at the site and does not choose a new retailer (DSR0002)
Non-standard enrolment		Competitive retailer	Customer was erroneously enrolled by the retailer (DSR0003), or the site is an abandoned oil and gas well or affiliated lighting (DSR0004)
Customer switch		Competitive retailer	Customer deliberately chooses to switch to the regulated rate provider
New sites	Newly created sites	-	Customer at a newly created site has not chosen a competitive retailer
	Re-energized sites	-	Customer at a site that has been re-energized after a period of de-energization has not chosen a competitive retailer

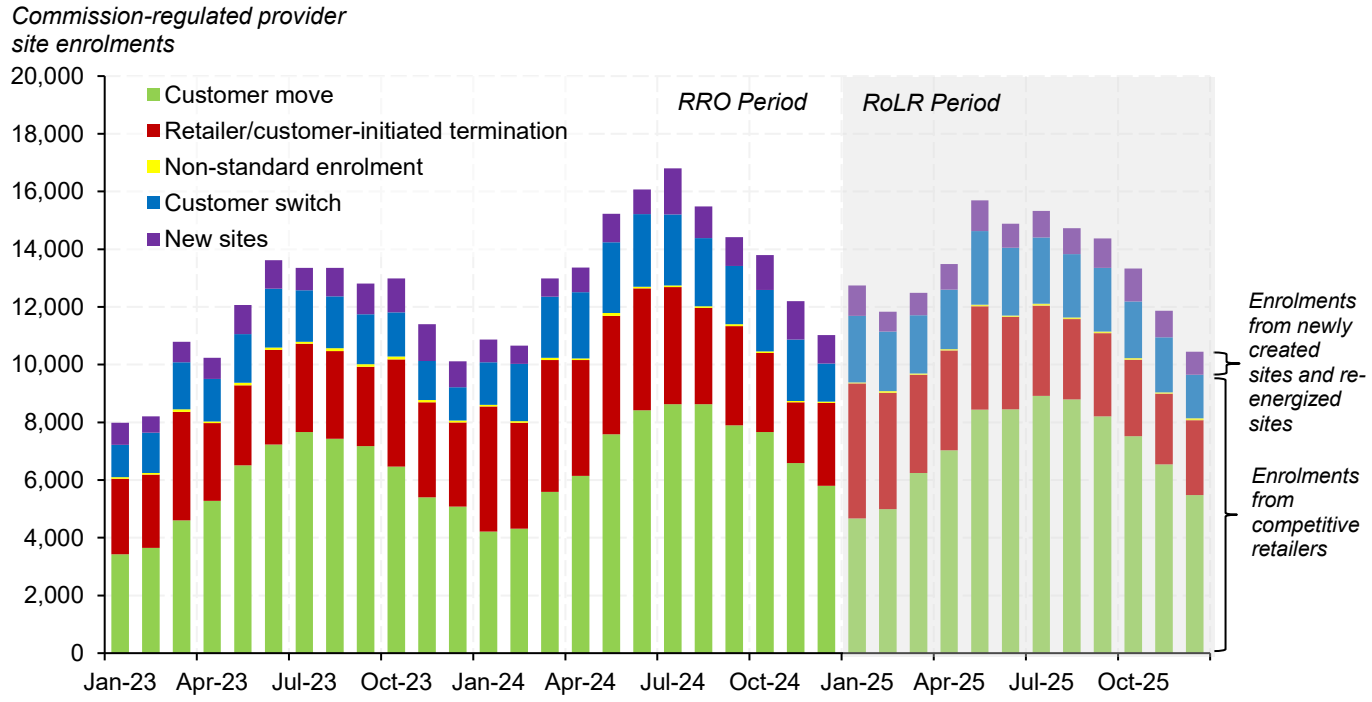
Commission-regulated providers enrolled 1% fewer sites in 2025 than in 2024 (Table 3). Regulated rate enrolments from retailer or customer-initiated terminations and new sites fell year-over-year (-11% and -8%, respectively), while enrolments from customer moves and competitive retail customers deliberately switching to regulated rates increased year-over-year (+5% and +1%, respectively). 77% of regulated site enrollments in 2024 and 2025 came from sites that were dropped to the regulated rate provider due to a customer move, retailer or customer-initiated termination, or non-standard enrolment.

Table 3: Commission-regulated provider site enrolments by reason, 2023 to 2025

Year	Customer move	Retailer/customer-initiated termination	Non-standard enrolment	Customer switch	New sites	Total site enrolments
2023	69,937	36,425	910	18,715	10,926	**136,913**
2024	81,477	43,455	745	25,258	11,958	**162,893**
2025	85,276	38,842	641	25,435	10,998	**161,192**

Regulated rate enrolments are typically highest during the summer months when more customers move (Figure 15). Customers moving have accounted for the majority of regulated rate enrolments in most months since 2023.

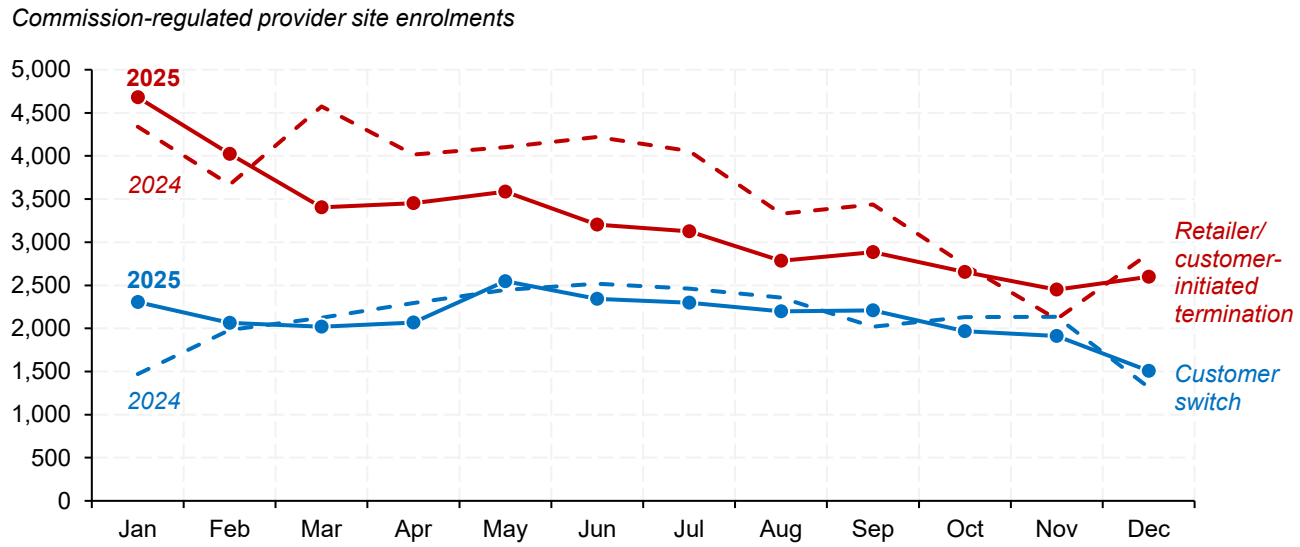
Figure 15: Monthly Commission-regulated provider site enrolments by reason for enrolment, January 2023 to December 2025



The 1% increase in the number of competitive retail customers that chose to switch to their regulated rate provider in 2025 was largely driven by higher switching in January year-over-year (Figure 16). Of the 2,304 sites that deliberately chose to enrol with Commission-regulated providers in January 2025, 473 of them enrolled on January 28th. In the first week of January 2025, 516 sites deliberately enrolled with Commission-regulated providers, significantly higher than the 275 sites that deliberately enrolled in the first week of January 2024. More competitive retail customers may have switched to the RoLR in January 2025 if the RoLR was more appealing to some of these customers than either competitive fixed rate offerings or the RRO. Some

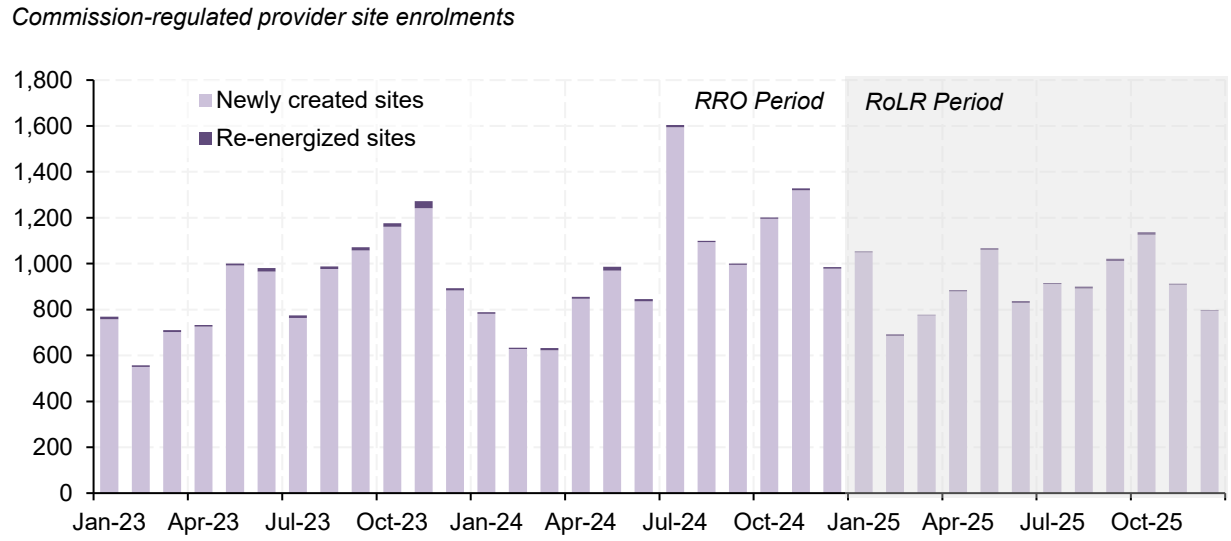
customers that terminated their competitive retail contracts may have also sought to be enrolled on the RoLR. Commission-regulated providers gained almost 700 more sites from retailer or customer-initiated terminations in January and February 2025 compared to the first two months of 2024.

Figure 16: Monthly Commission-regulated provider site enrolments from retailer/customer-initiated terminations or customer switching, 2024 to 2025



When a newly created site is energized, it typically defaults to the regulated rate provider unless it is immediately enrolled with a different retailer. Most new sites that enrolled with a Commission-regulated provider since 2023 have been newly created sites, while less than 1% of new sites that enrol on regulated rates are older de-energized sites that enrol on regulated rates when they are re-energized (Figure 17).

Figure 17: Monthly Commission-regulated provider site enrolments from newly created sites and re-energized sites, January 2023 to December 2025



A regulated rate customer may be more likely to switch to a competitive retailer affiliated with their regulated rate provider (affiliated retailer) if they value the regulated rate provider's brand, are unaware of other competitive retailers, or if they believe the affiliated retailer is able to provide more reliable service than other competitive retailers.

Fewer sites that enrolled with a Commission-regulated provider in 2025 were formerly served by affiliated retailers than by non-affiliated competitive retailers. Of the 150,194 sites that enrolled with Commission-regulated providers in 2025 that had previously received services from competitive retailers, 50% (75,061) had been previously enrolled with an affiliated retailer (Table 4). The affiliate share of regulated site enrolment from competitive retailers in 2025 was higher than in 2023 (46%) or 2024 (47%).

Table 4: Source of Commission-regulated provider site enrolments, 2023 to 2025

Year	Enrolment from non-affiliate	Enrolment from affiliate	New sites	Total site enrolments
2023	68,269	57,718	10,926	**136,913**
2024	79,290	71,645	11,958	**162,893**
2025	75,133	75,061	10,998	**161,192**

20% more RoLR sites left Commission-regulated providers in 2025 compared to 2024 (Table 5). More customers leaving their Commission-regulated provider since 2023 have switched to the affiliated retailer than to other competitive retailers. Among all Commission-regulated provider sites that switched to a competitive retailer in 2025, 55% (126,408) of them switched to an affiliated retailer. The 2025 affiliate share of regulated sites that switched to competitive retailers was higher than in 2024 (52%), but lower than in 2023 (57%).

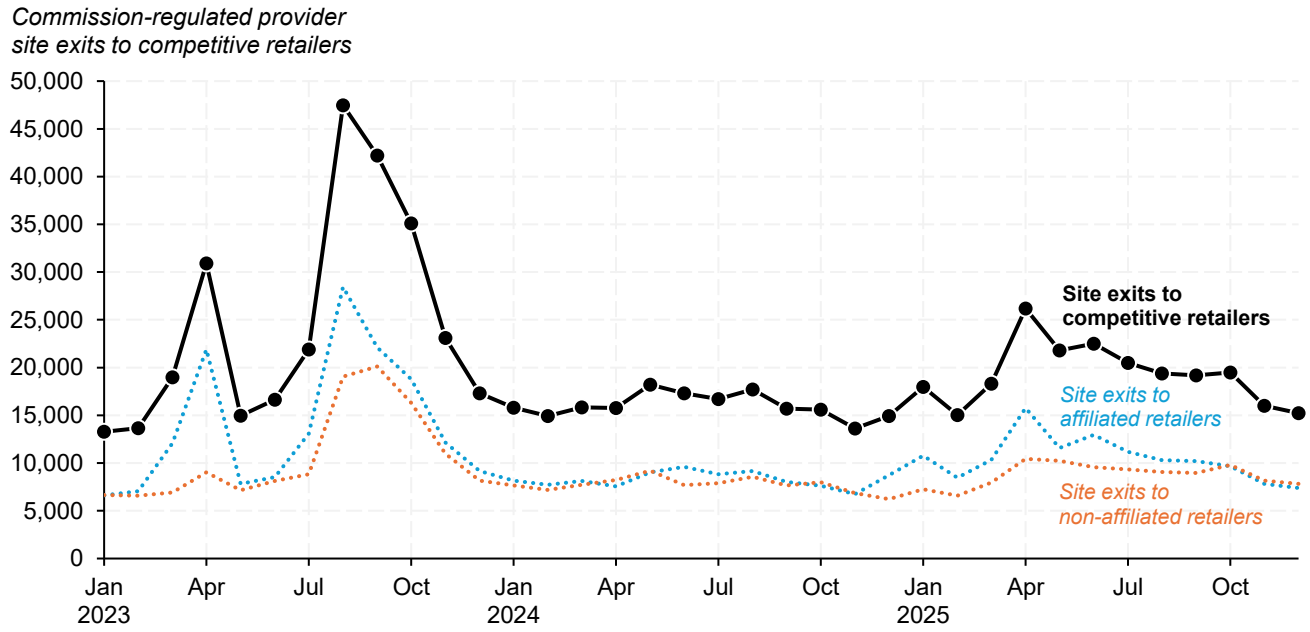
Table 5: Destination of Commission-regulated provider site exits, 2023 to 2025

Year	Switched to non-affiliate	Switched to affiliate	Disconnected sites	Total site exits
2023	127,878	167,733	5,033	**300,644**
2024	92,849	99,271	5,258	**197,378**
2025	105,165	126,408	5,189	**236,762**

The number of Commission-regulated provider sites that switched to competitive retailers increased in January 2025 alongside the introduction of the RoLR, and later increased substantially in April 2025, coinciding with the UCA's notification campaign, after which RoLR site exits generally declined for the remainder of 2025 (Figure 18). Affiliated retailers gained a larger

share of exiting RoLR sites that switched to competitive retailers in January 2025 and April 2025 (60%) than the share of exiting RoLR sites they gained in other months in 2025 (53%).

Figure 18: Monthly Commission-regulated provider site exits to competitive retailers, January 2023 to December 2025



Overall, both affiliated and non-affiliated competitive retailers gained more sites from Commission-regulated provider site exits in 2025 than they lost to the RoLR as site enrolments. Of the 81,379 net sites gained by competitive retailers from Commission-regulated providers in 2025, 63% of those sites were gained by affiliated retailers, a lower share than in 2023 (65%) or 2024 (67%).

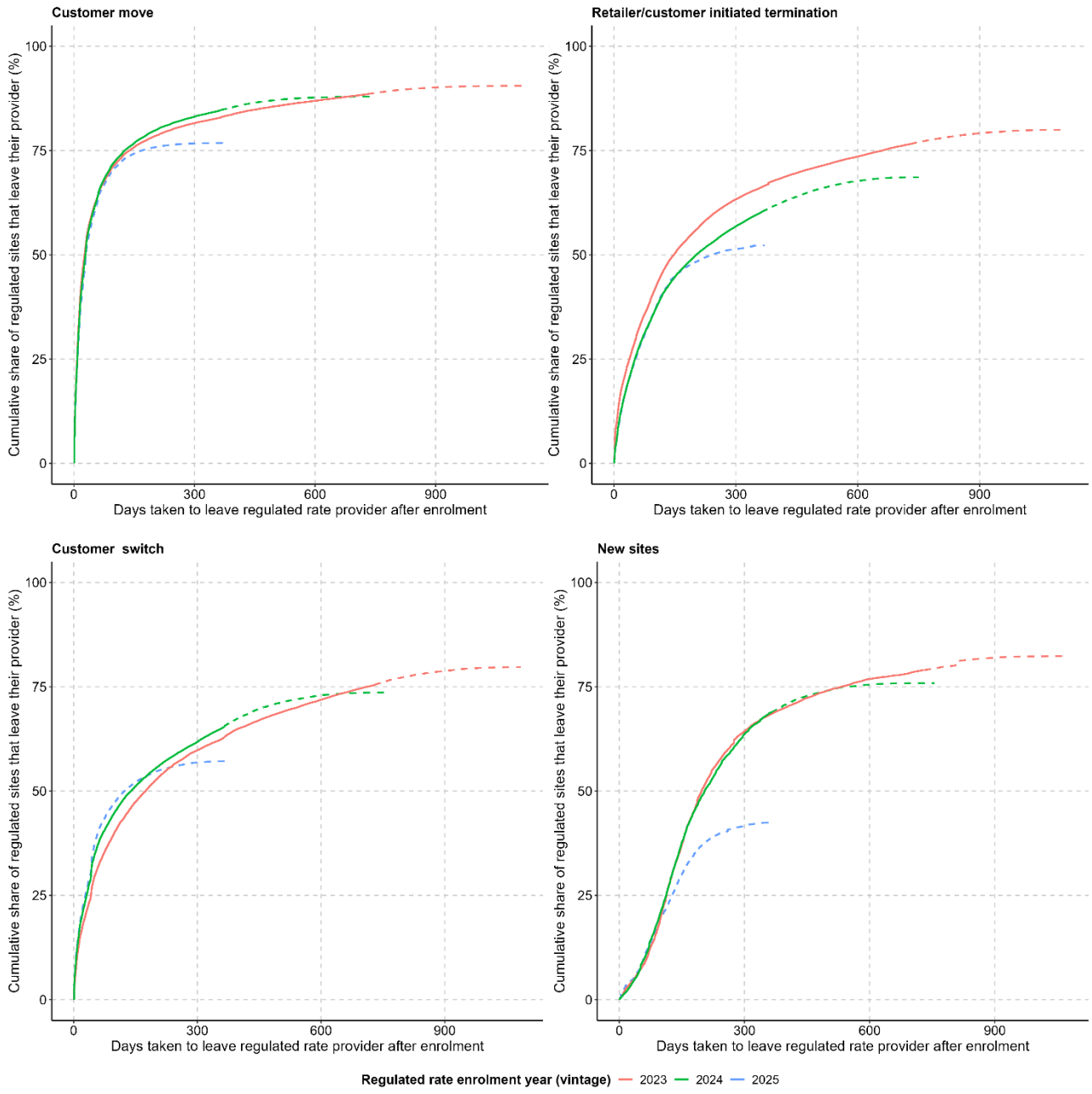
Exiting the RoLR may be more desirable or feasible for some RoLR customers than others for various reasons. Some RoLR customers may have lower search costs or switching costs than others, while some RoLR customers may be unable to enrol with a competitive retailer. In some cases, a customer's willingness to leave the RoLR may depend on their reason for enrolling on the RoLR or may vary depending on when they became a RoLR customer.

The time it takes for a regulated rate provider to lose sites of specific vintage can be visualized using exit curves. Exit curves illustrate the distribution of time taken for regulated sites to leave their regulated rate provider after their enrolment. A given point on an exit curve represents the percentage of regulated sites that exited within a specific number of days after their enrolment.

A steep rise at the beginning of an exit curve illustrates that some regulated sites leave very shortly after enrolling with their regulated rate provider, while a shallow tail at the end of the curve illustrates that other regulated sites take much longer to exit. Where one exit curve lies above another, it indicates that regulated sites represented by the higher curve generally leave their regulated rate provider faster than those represented by the lower curve.

Distributions of exit times for Commission-regulated providers' sites varied between 2023 and 2025 depending on when sites were enrolled with their regulated rate provider and their reason for enrolment (Figure 19).

Figure 19: Exit curves for Commission-regulated providers' sites enrolled in 2023, 2024, and 2025 by enrolment reason, as of December 31, 2025



Sites enrolled with Commission-regulated providers due to a customer move since 2023 have been most likely to exit their regulated rate provider quickly after they enroll. Approximately 75% of sites enrolled in 2023 and 2024 due to a customer move left their regulated rate provider within approximately 150 days of enrollment. Regulated sites that enrolled for other reasons have

broader exit time distributions, which suggests customers enrolled on regulated rates for reasons other than a customer move may have more varied levels of ability or willingness to leave their regulated rate provider.

While distributions of exit times for RoLR sites enrolled in 2025 are preliminary,[40] they suggest that some sites that enrolled on the RoLR in 2025 exited the RoLR at similar rates to regulated sites enrolled in 2024. However, the 2025 exit curves also suggest that fewer RoLR sites enrolled in early 2025 were willing or able to exit the RoLR within one year when compared with regulated sites enrolled in 2024, regardless of their reason for enrolment.

These results may indicate that customers who switch to a regulated rate provider at the beginning of a year are generally less willing or able to leave their regulated rate provider than customers who enrol with a regulated rate provider at other times of the year. Alternatively, these results may indicate that more customers that enrolled on the RoLR in 2025 may have valued the RoLR over competitive rate offerings when compared to customers that enrolled on regulated rates in prior years. The results could also suggest that more customers that enrolled on the RoLR in 2025 were unable to switch to a competitive retailer as compared to customers enrolled on regulated rates in prior years.

However, customers that chose to switch to Commission-regulated providers in 2025 were slightly more likely to exit the RoLR within 150 days than customers that chose to switch to regulated rates in 2024. Altogether, this could suggest that customers that enrolled on the RoLR in 2025 had various valuations of the RoLR relative to competitive rate offerings.

3.3 Site composition

3.3.1 Customer type

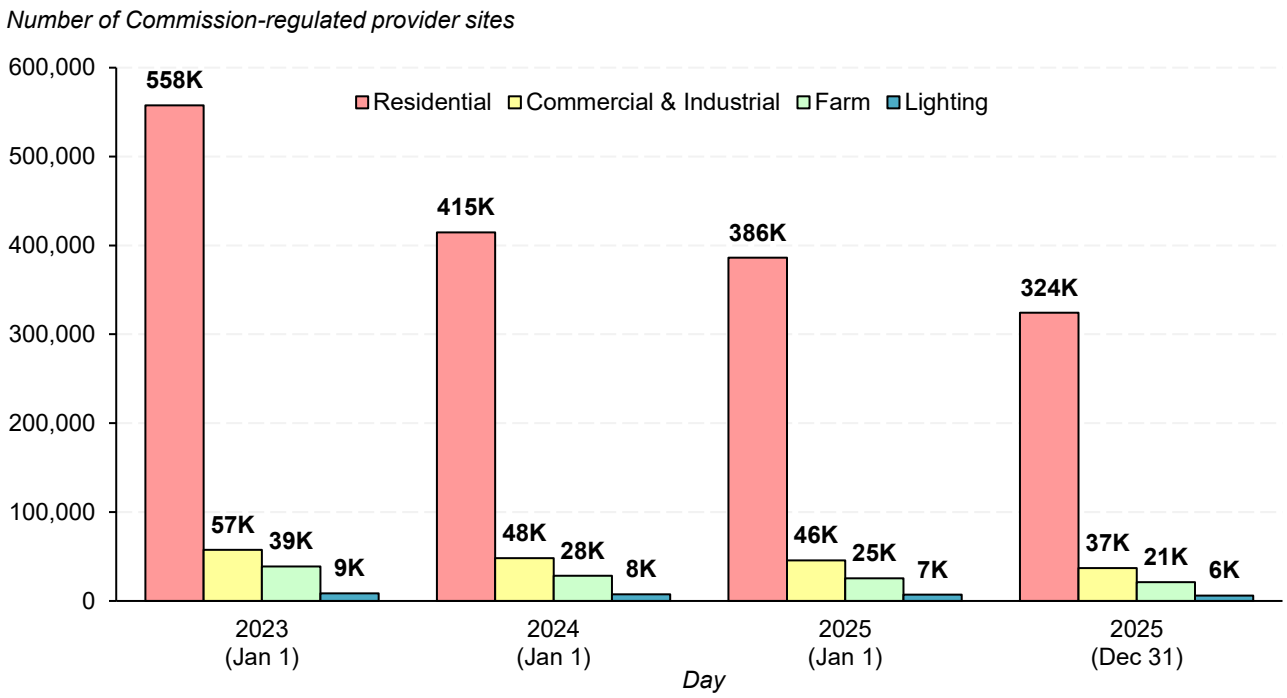
Changes in the customer type composition of regulated rate providers' sites may reflect the relative desirability of regulated rates to different types of customers. Regulated rate providers' customer type composition may also impact their costs if a regulated rate provider increasingly serves customers with different load shapes, or if the consumption of certain customer types changes over time.

Most customers receiving RoLR services from a Commission-regulated provider are residential customers (Figure 20). 85% of Commission-regulated providers' net site losses between 2023 and 2025 are attributable to residential site losses, with smaller shares of the net site loss attributable to losses of commercial/industrial sites (7%), farm sites (6%), and lighting sites (1%).

[40] The solid portion of exit curves are considered final and will not change in future analyses. Dashed portions of exit curves represent preliminary results that may change as exit curves are re-assessed.

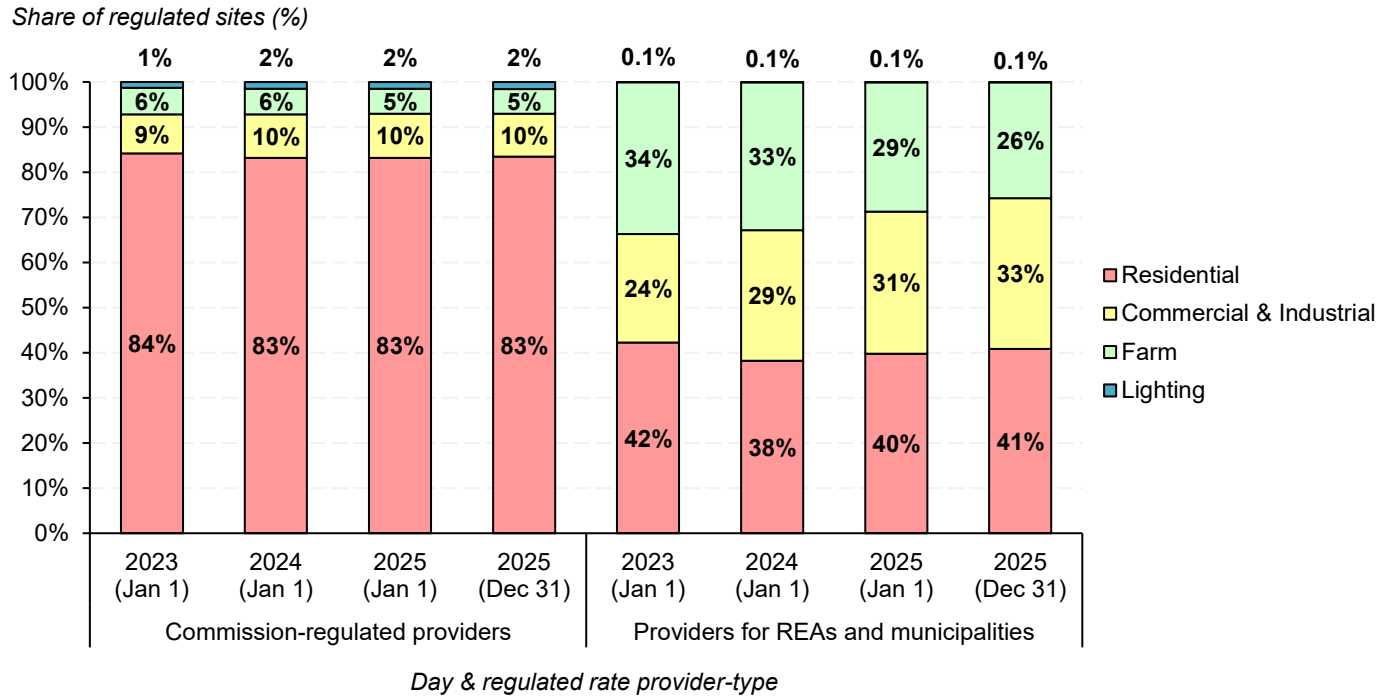
A site that enrolled on the RoLR on December 31, 2025, and switched away on January 1, 2026, would have taken one day to exit RoLR. However, such a switch is not currently captured in the 2025 curve because the analysis only includes exits observed up to December 31, 2025. As a result, the entire 2025 curve is considered preliminary. Similarly, results for 2024 are preliminary after 366 days, and results for 2023 are preliminary after 731 days.

Figure 20: Commission-regulated provider sites by customer type, January 1, 2023, to December 31, 2025, snapshot days



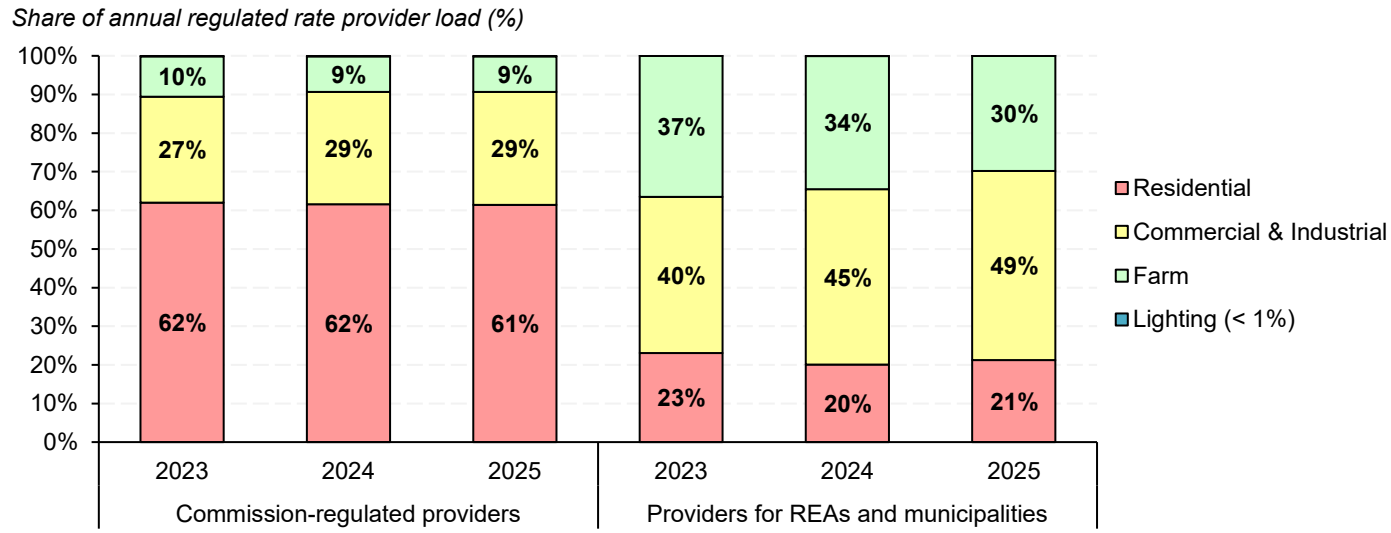
While Commission-regulated providers' sites are dominated by residential customers, providers for REAs and municipalities have much higher proportions of farm and commercial/industrial customers (Figure 21). While Commission-regulated providers maintained relatively stable customer type shares between 2023 and 2025, the commercial/industrial share of regulated sites among providers for REAs and municipalities increased from 24% to 33% between 2023 and 2025 alongside declines in the farm share of regulated sites. Given the 2023 to 2024 trend in customer type shares among providers for REAs and municipalities, it is not evident that the RoLR policy has substantially impacted RoLR customer type shares.

Figure 21: Share of regulated sites by customer type and regulated rate provider-type, January 1, 2023, to December 31, 2025, snapshot days



The majority of Commission-regulated provider load was attributable to residential sites in 2025, while commercial/industrial sites contributed the largest share of load among providers for REAs and municipalities (Figure 22).

Figure 22: Share of annual regulated rate provider load by customer type and regulated rate provider-type, 2023 to 2025



Regulated rate customers differ in their average electricity consumption. An average regulated residential site consumes less electricity per month than an average farm or commercial/industrial site, while consuming more than an average lighting site (Table 6, Table 7).

Table 6: Regulated residential and commercial/industrial average monthly site usage, sites on regulated rates for at least 30 days, all regulated rate providers, 2023 to 2025

	Residential			Commercial/industrial		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**
Number of unique regulated sites	632,932	502,465	468,836	73,151	64,027	60,883
Average (kWh/month)	495	475	471	2,029	1,960	1,976
Average (kWh/month) (sites with zero usage omitted)	497	477	473	2,067	2,000	2,021
Median (kWh/month)	413	390	382	928	904	912
Median (kWh/month) (sites with zero usage omitted)	415	392	384	953	933	944

Table 7: Regulated farm and lighting average monthly site usage, sites on regulated rates for at least 30 days, all regulated rate providers, 2023 to 2025

	Farm			Lighting		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**
Number of unique regulated sites	54,227	41,079	35,751	9,051	7,842	7,462
Average (kWh/month)	1,183	1,089	1,120	68	69	66
Average (kWh/month) (sites with zero usage omitted)	1,210	1,121	1,155	78	79	72
Median (kWh/month)	856	816	827	38	35	34
Median (kWh/month) (sites with zero usage omitted)	874	838	853	43	43	39

While comparing average consumption between customer types may be useful in some circumstances, median site consumption is a more appropriate measure to assess a typical site's consumption.

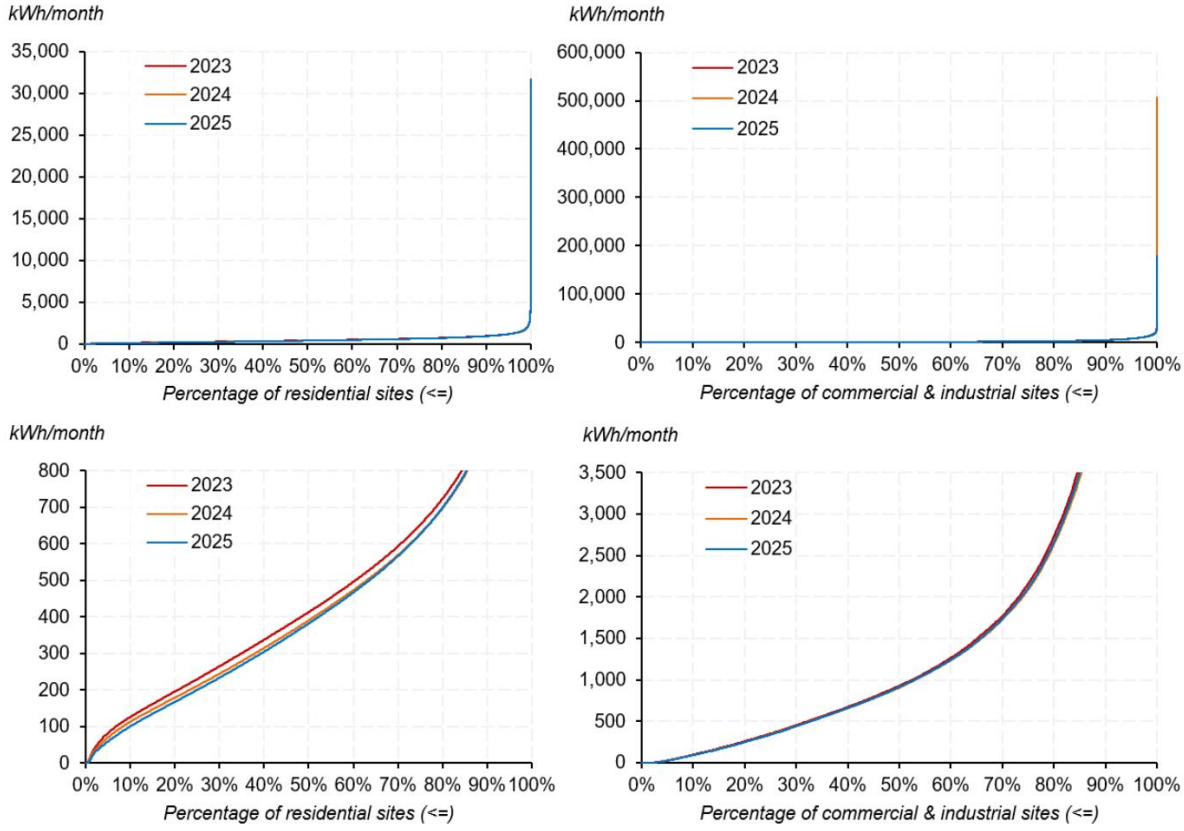
Median monthly consumption for all RoLR customer types declined between 2023 and 2025. Declines in median monthly consumption over the three years were largest among regulated

residential and farm sites (31 kWh/month and 29 kWh/month declines, respectively), and smaller for regulated commercial/industrial and lighting sites (16 kWh/month and 4 kWh/month declines, respectively).

The distribution of regulated residential site monthly consumption in 2025 was lower than the distribution in 2023 and 2024 across the lowest consuming 77% of regulated residential sites (Figure 23). Given 78% of regulated sites at the end of 2025 had been regulated rate customers since before 2024 (see Figure 11), this suggests many regulated residential sites may have reduced their electricity consumption in 2024 and 2025.

Regulated commercial/industrial sites consumed slightly less electricity in 2025 as compared to 2023. While the distribution of regulated commercial/industrial site monthly consumption in 2025 was strictly lower than the distribution in 2023 across all commercial/industrial RoLR sites, it was not strictly lower than the consumption distribution in 2024, which may suggest some regulated commercial/industrial sites increased their consumption between 2024 and 2025.

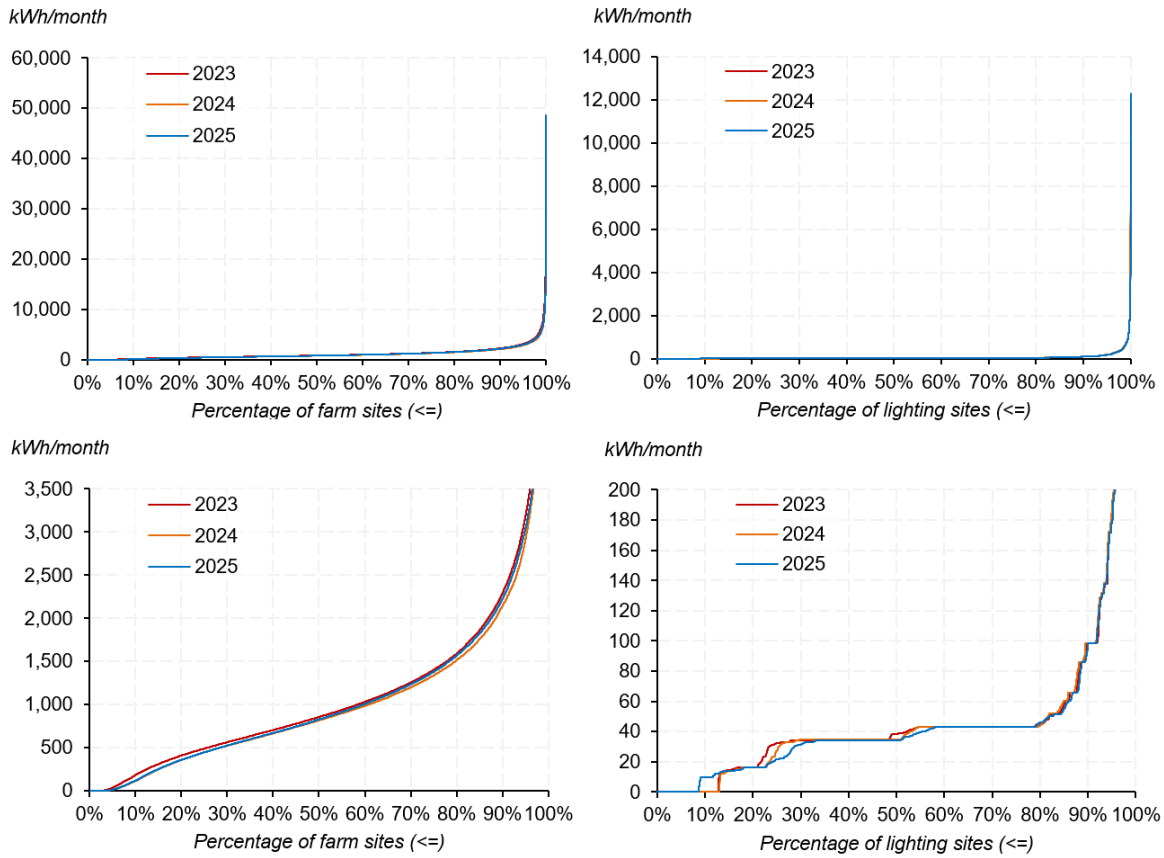
Figure 23: Distribution of average monthly usage per regulated residential and commercial/industrial site, all regulated rate providers, 2023 to 2025[41]



[41] Charts exclude sites on regulated rates for less than 30 days.

Regulated farm sites' consumption fell between 2023 and 2024 and later increased by smaller amounts in 2025 (Figure 24). Regulated lighting sites had slightly lower or similar consumption in 2025 as compared to their consumption in 2023 and 2024.

Figure 24: Distribution of average monthly usage per regulated farm and lighting site, all regulated rate providers, 2023 to 2025[42]



3.3.2 Load concentration

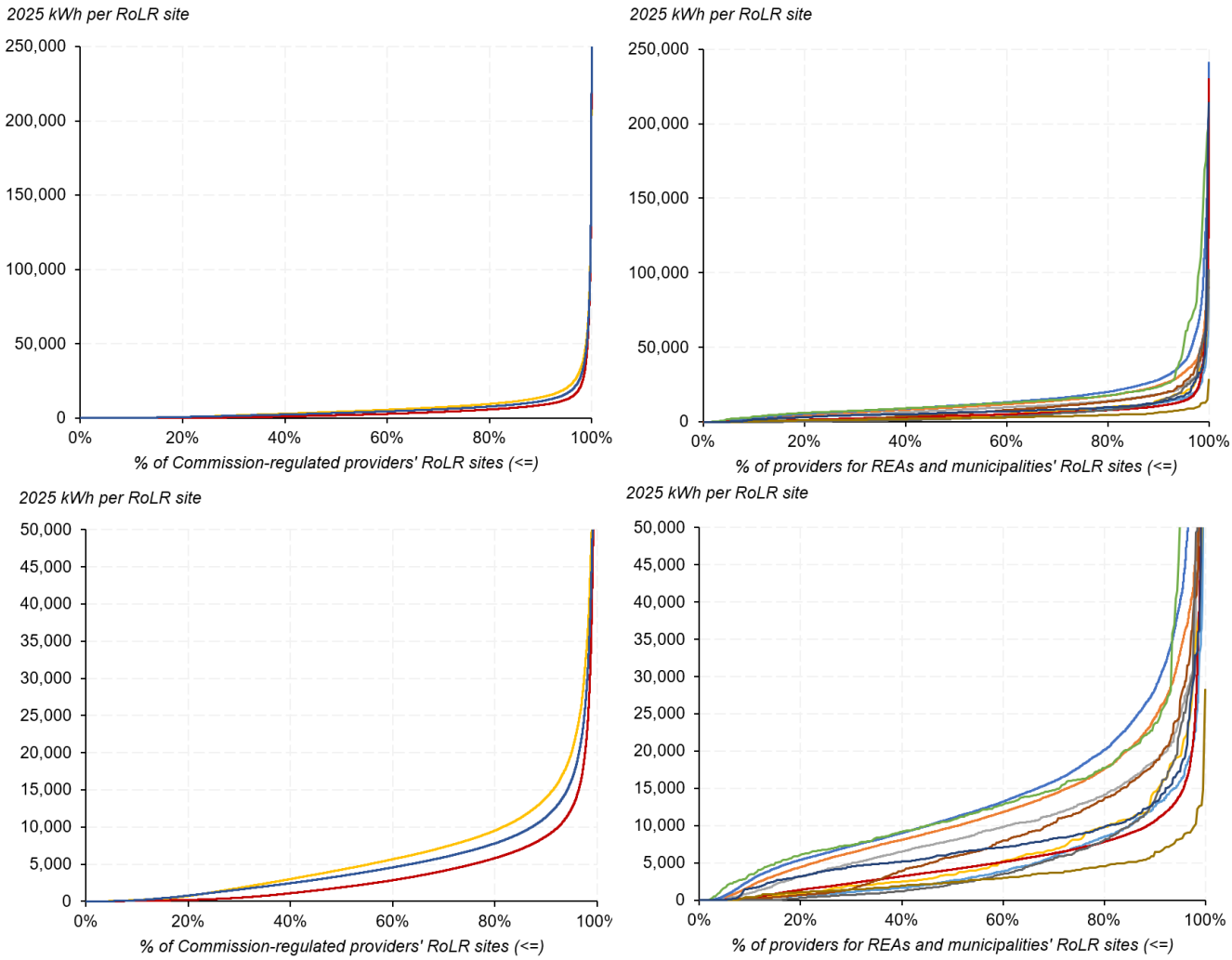
RoLR providers have "concentrated load" if their RoLR load originates from relatively few RoLR sites. A RoLR provider with concentrated load may earn fewer returns in certain market conditions as a result of customer attrition than a RoLR provider with less concentrated load. This is because a RoLR provider with concentrated load could lose more profits from the loss of its relatively high-load customers in periods where the RoLR is earning returns than a RoLR provider with fewer customers with relatively high-load.

RoLR providers had various levels of load concentration in 2025 (Figure 25). RoLR providers with a more linear distribution of usage per RoLR site have lower levels of load concentration than RoLR providers with significant increases in usage per RoLR site over a small proportion of RoLR

[42] Charts exclude sites on regulated rates for less than 30 days.

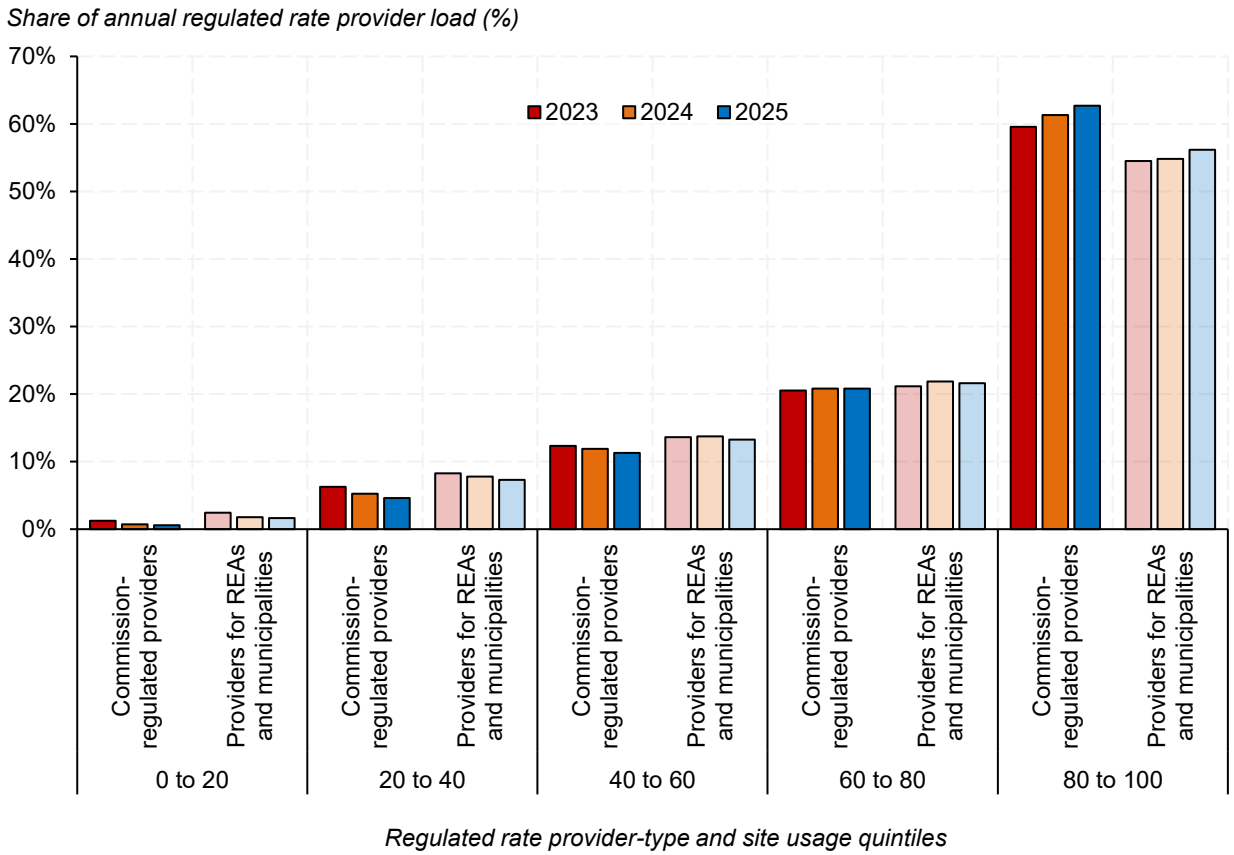
sites. Commission-regulated providers had higher load concentration than some providers for REAs and municipalities, and lower load concentration than others in 2025.

Figure 25: Distribution of 2025 usage per regulated site by RoLR provider



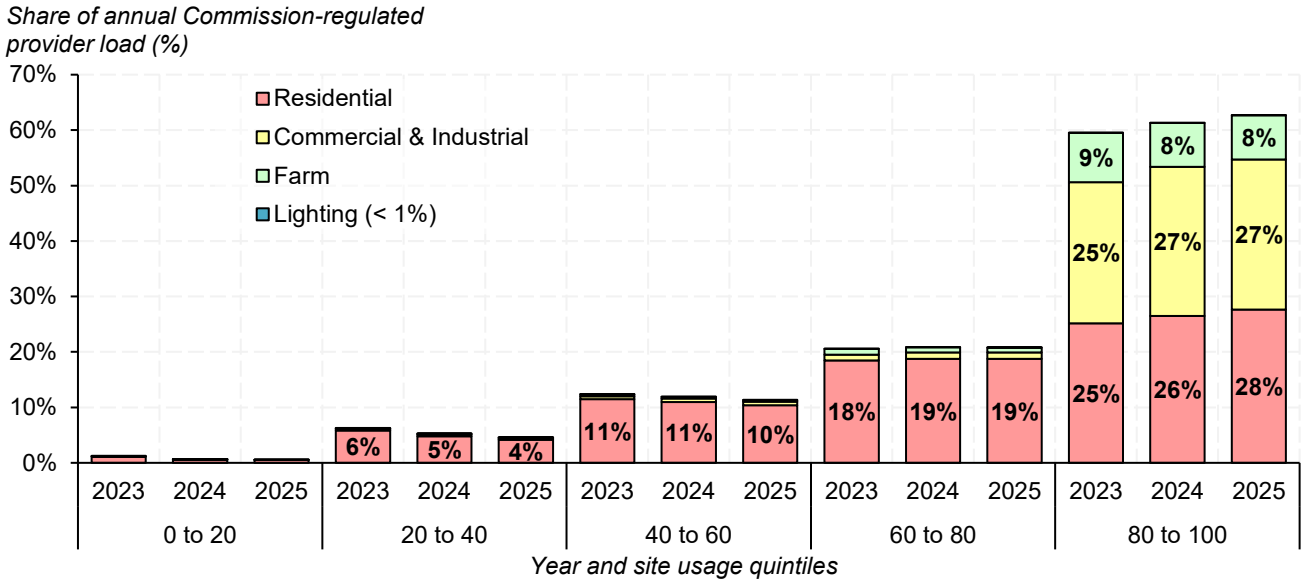
Collectively, Commission-regulated providers have had higher load concentrations than providers for REAs and municipalities since 2023 (Figure 26). 63% of Commission-regulated providers' RoLR load came from 20% of RoLR sites in 2025, while only 56% of providers for REAs and municipalities' RoLR load came from 20% of RoLR sites in 2025. RoLR load attributed to the top 20% of RoLR sites increased by 2% among Commission-regulated providers and increased by 1% among providers for REAs and municipalities in 2025.

Figure 26: Share of annual regulated rate provider load by site usage quintiles and regulated rate provider-type, 2023 to 2025



The 63% of Commission-regulated providers' RoLR load in 2025 that originated from the top 20% of RoLR sites is largely attributable to large residential sites and commercial/industrial sites (Figure 27). The majority of commercial/industrial RoLR sites are represented in the highest quintile of RoLR sites by consumption. While 29% of Commission-regulated providers' load was attributable to commercial/industrial sites in 2025 (see Figure 22), 27% of their load in 2025 was attributable to commercial/industrial sites in the top 20% of RoLR sites by consumption.

Figure 27: Share of Commission-regulated provider load by site usage quintiles and customer type, 2023 to 2025



3.3.3 Residential customer composition

Residential customers live in various types of dwellings, including apartments, duplexes, townhouses, attached homes, detached homes, and other types. As the majority of RoLR sites and RoLR load comes from residential customers, the dwellings those customers reside in may significantly impact RoLR load and RoLR switching trends if residential customers' dwelling type influences their energy requirements and their retailer switching behaviour. Consequently, a change in the dwelling composition of residential RoLR customers could impact attrition risks RoLR providers are exposed to and their costs more broadly.

Residential RoLR customers may be impeded from switching to a competitive retailer if they have a relatively low income, as this could limit their ability to submit a deposit to access competitive retail services. As residents of non-duplex apartments in Alberta have lower median household incomes than residents in other dwelling types as of 2020,[43] a greater proportion of RoLR customers living in non-duplex apartments (apartment sites) may be unable to switch to competitive retailers as compared to RoLR customers living in other types of dwellings (non-apartment sites), or may otherwise be more financially impacted by high energy charges.

To characterize potential residential dwelling trends that could impact RoLR providers and reflect potential changes in aggregate residential RoLR customer vulnerability, the MSA has assessed the composition of residential RoLR sites by examining trends in apartment and non-apartment RoLR consumption, RoLR market shares, switching behaviour, and access to retailer choice

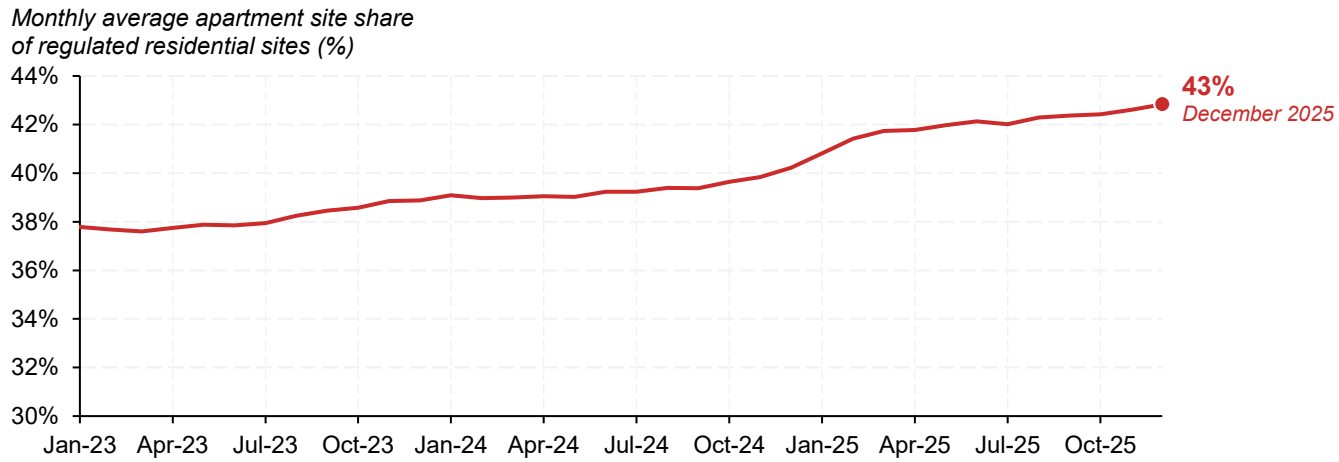
[43] Statistics Canada. Table 98-10-0060-01 Household income statistics by dwelling and household characteristics: Canada, provinces and territories, census divisions and census subdivisions. Alberta, total – household type including census family structure, (all structural type of dwellings), median total income of households ($) (2020).

among apartment and non-apartment sites in the ENMAX, Ponoka, Red Deer, and Cardston service areas (southern Alberta municipal service areas).

The MSA classifies a residential site as an “apartment site” if it is sub-metered, has a unit number, and shares the same street address with two or more other residential sites. Other residential sites, including apartment units that are not sub-metered, are classified as “non-apartment sites”. While this analysis assesses trends among apartment sites in specific service areas, the trends discussed in this subsection may apply to RoLR apartment sites province-wide.

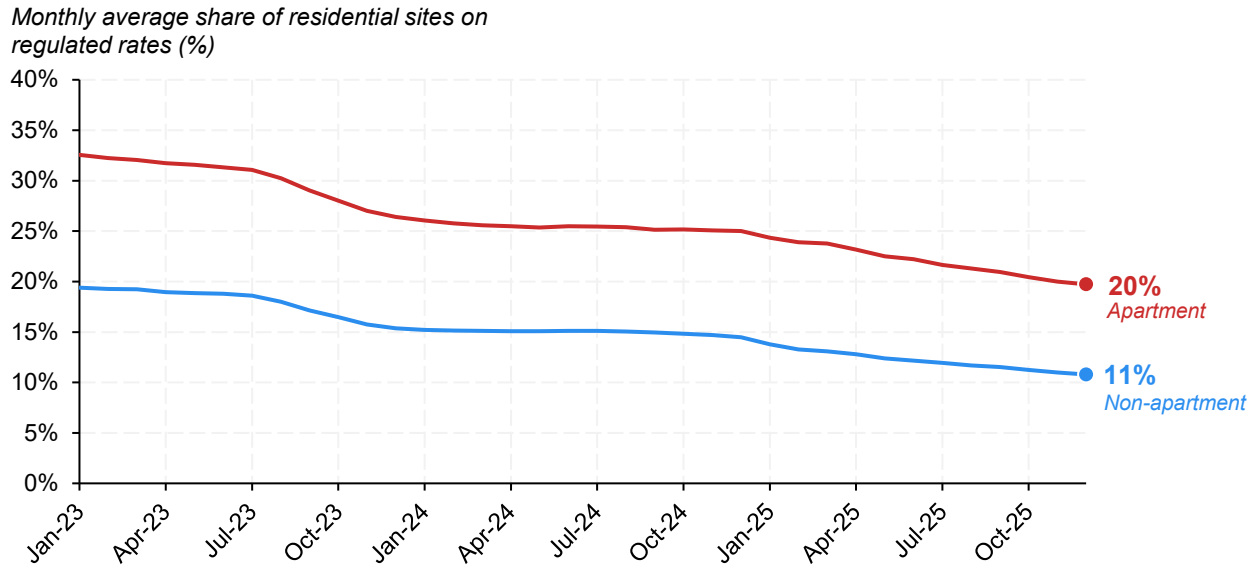
Regulated apartment customers have made up a gradually increasing share of regulated residential customers in the southern Alberta municipal service areas in recent years (Figure 28). On average, approximately 38% of regulated residential sites in the southern Alberta municipal service areas were apartments in January 2023 (48,200 out of 127,500 regulated residential sites). The apartment share of regulated residential sites increased to approximately 43% by December 2025 (35,000 out of 81,600 regulated residential sites). As only 28% of residential sites in the southern Alberta municipal service areas were apartment sites in December 2025, this suggests apartment sites may be disproportionately enrolled on the RoLR when compared to non-apartment sites.

Figure 28: Monthly average apartment site share of regulated residential sites, southern Alberta municipal service areas, January 2023 to December 2025



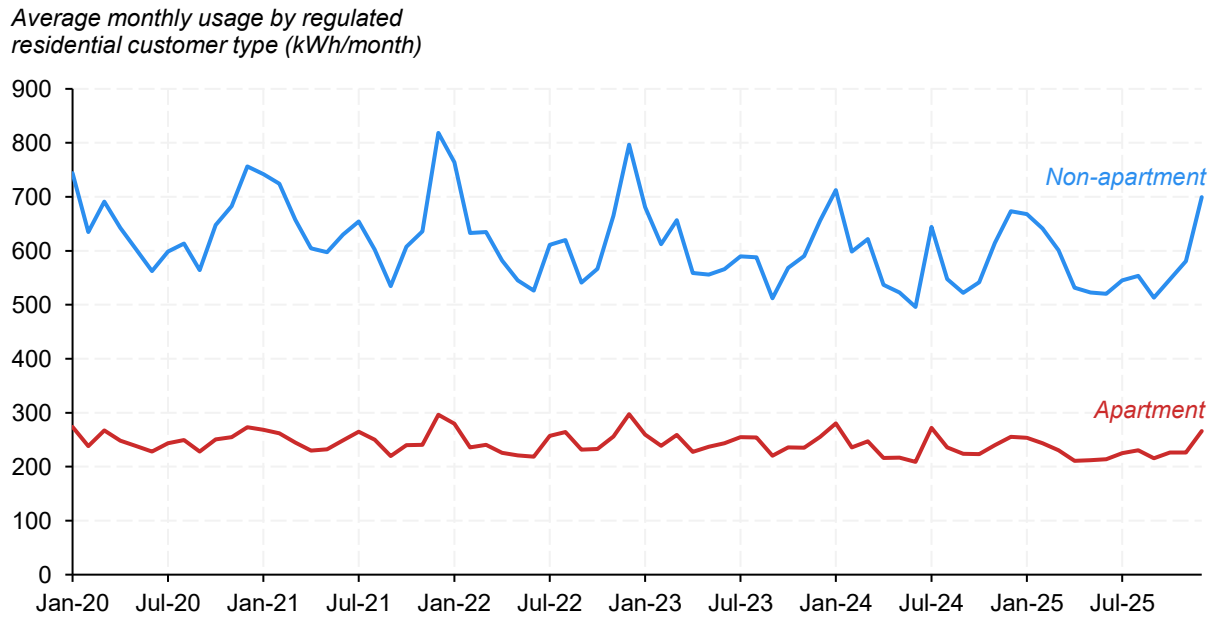
While the apartment site share of regulated residential sites has grown, most apartment customers are enrolled with competitive retailers. While an apartment customer is more likely to be enrolled with a regulated rate provider than a non-apartment customer, the average share of apartment sites on regulated rates declined faster than the share of non-apartment sites on regulated rates between January 2023 and December 2025, falling by 13% and 8%, respectively (Figure 29). An average of 20% of apartment sites in the southern Alberta municipal service areas were on the RoLR across December 2025.

Figure 29: Monthly average share of residential sites on regulated rates by residential customer type, southern Alberta municipal service areas, January 2023 to December 2025



Regulated apartment customers typically consume less electricity than regulated non-apartment customers (Figure 30). An average regulated non-apartment site consumed 152% more electricity than an average regulated apartment site between 2020 and 2025.

Figure 30: Average monthly usage by regulated residential customer type, southern Alberta municipal service areas, January 2020 to December 2025



Apartment customers have less variable consumption profiles between months than non-apartment customers. An average regulated apartment site consumes a smaller proportion of its annual energy consumption in winter months than an average non-apartment site (Table 8).

Between 2020 and 2025, average regulated apartment sites and non-apartment sites consumed 8% and 20% more electricity in winter months than in summer months, respectively.

Table 8: Average monthly usage by regulated residential customer type and season, southern Alberta municipal service areas, January 2020 to December 2025[44]

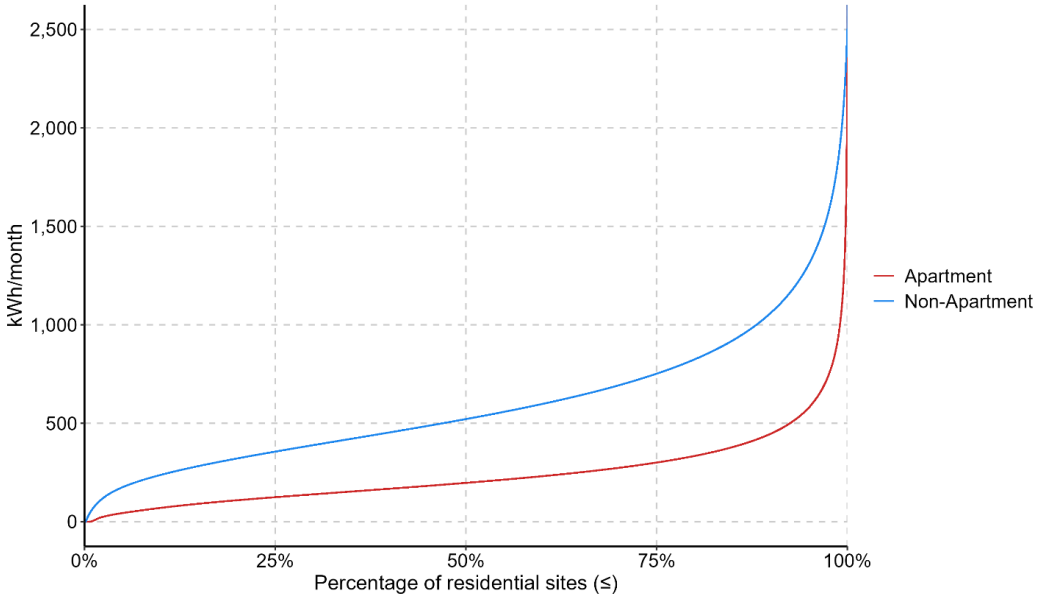
Year	Apartment sites			Non-apartment sites		
	Summer consumption (kWh)	Winter consumption (kWh)	Winter consumption ratio	Summer consumption (kWh)	Winter consumption (kWh)	Winter consumption ratio
2020	240	262	1.09	591	712	1.20
2021	255	275	1.08	629	761	1.21
2022	247	271	1.10	586	731	1.25
2023	251	251	1.00	581	650	1.12
2024	239	257	1.08	563	661	1.18
2025	223	254	1.14	540	670	1.24

Regulated apartment sites in the southern Alberta municipal service areas consumed an average of 230 kWh per month in 2025, while regulated non-apartment sites consumed an average of 577 kWh per month that year. Average consumption for regulated apartment and non-apartment sites fell by 3% and 2% between 2024 and 2025, respectively. Taken together, these results suggest that average RoLR load per site or the residential share of RoLR provider load (Figure 22) may decline in future years and RoLR load may become less volatile between months if the apartment site share of regulated residential sites continues to increase (Figure 28).

Differences in average consumption for regulated apartment and non-apartment sites are reflected in the distributions of consumption for regulated apartment sites and non-apartment sites (Figure 31). Whereas 53% of regulated non-apartment sites consumed over 500 kWh in an average month between 2023 and 2025, only 8% of regulated apartment sites consumed more than 500 kWh in an average month over that period. A small percentage of both regulated apartment and non-apartment sites had unusually high average consumption between 2023 and 2025: one regulated apartment site consumed an average of 10,600 kWh per month, while one regulated non-apartment site consumed an average of 29,600 kWh per month.

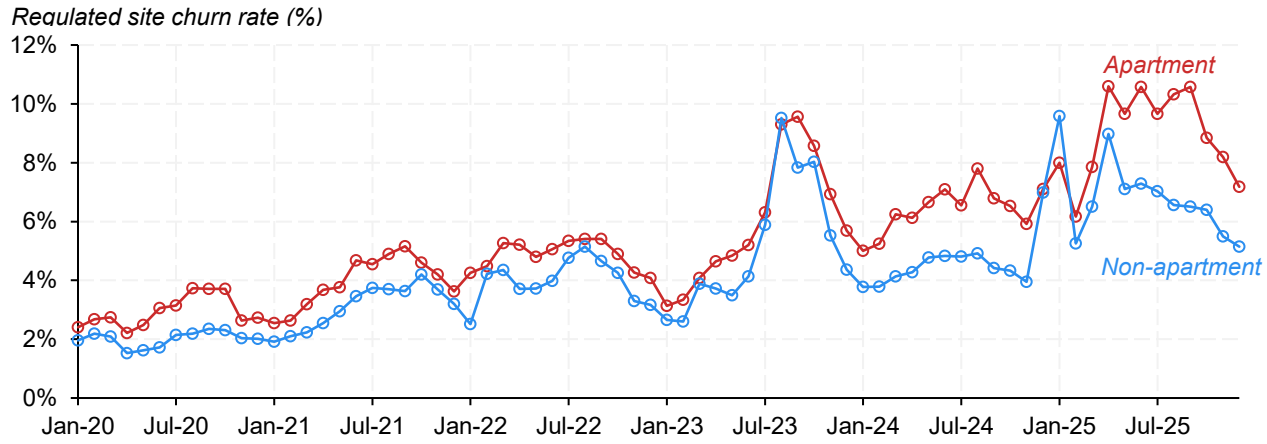
[44] December, January, and February are treated as “winter months” and June, July, and August are treated as “summer months.”

Figure 31: Distribution of average monthly regulated site usage by residential customer type, southern Alberta municipal service areas, 2023 to 2025



As RoLR customers living in apartments tend to consume less electricity than those living in non-apartment sites, they have a lower incentive to switch to a competitive retailer and so would be expected to switch to competitive retailers at lower rates than RoLR customers living in other types of residences.[45] However, churn rate data suggests that regulated apartment customers may have been more likely to leave their regulated rate provider than non-apartment customers between 2020 and 2025 (Figure 32).

Figure 32: Regulated churn rates by residential customer types, January 2020 to December 2025



[45] Switching incentives for an average apartment and non-apartment customer on the RoLR are quantified in subsection 3.5.4.

Regulated churn rates are a measure of a regulated rate provider's customer loss rate calculated as the number of sites that left a regulated rate provider within a period, expressed as a percentage of the regulated rate provider's remaining customer base.[46] Regulated churn rates among apartment sites in the southern Alberta municipal service areas have been higher than regulated churn rates among non-apartment customers in almost all months since 2020. The difference in regulated churn rates was particularly high in 2024 and 2025.

Customer income levels may contribute to higher churn rates among regulated apartment customers. While an average regulated apartment customer has a lower nominal incentive to switch to a competitive retailer than an average regulated non-apartment customer (see subsection 3.5.4), electricity bills could be relatively more costly for regulated apartment customers than regulated non-apartment customers, given differences in median income for apartment and non-apartment residents. Therefore, a greater share of regulated apartment customers could have a larger income-proportional switching incentive than regulated non-apartment customers despite having lower nominal switching incentives, which could explain higher churn rates among regulated apartment customers.

This result could also be caused by greater customer turnover within apartment sites than within non-apartment sites. Many apartment customers rent their apartments; when apartment leases end and new tenants take possession, the new tenants may choose to switch to a competitive retailer upon assuming occupancy of the unit.

Alternatively, the churn rate results could be explained by non-apartment customers enrolling on regulated rates at higher rates than apartment customers. However, this is not supported by the apartment site share of regulated residential sites (see Figure 28) or regulated rate provider enrolment data (Table 9). Regulated apartment site enrolments accounted for 50% and 54% of regulated residential site enrolments in 2024 and 2025, respectively.

Table 9: Regulated site enrolments by year and residential customer type, southern Alberta municipal service areas

Year	Apartment	Non-apartment	Total
2023	22,896	26,561	**49,457**
2024	30,228	29,892	**60,120**
2025	32,008	27,437	**59,445**

[46] A churn rate for a competitive retailer is calculated as: the number of sites that left the competitive retailer over the period (SRO) less the number of sites that left the retailer due to a customer move over a period (DSR0001), expressed as a percentage of the competitive retailer's site count at the end of the period. While DSR0001 counts are technically accounted for in the regulated churn rate calculation, DSR0001 counts are rarely above zero. This is because if a customer on regulated rates moves, the regulated rate provider continues to provide services at their old site.

Apartment sites served by competitive retailers were increasingly more likely to enrol on regulated rates than non-apartment sites served by competitive retailers between 2023 and 2025 (Table 10). In 2023 an apartment site served by a competitive retailer was 2.70 times as likely to enrol on regulated rates as a non-apartment site. By 2025 an apartment site was 3.40 times as likely to enrol on regulated rates.

Table 10: Annual share of competitive retailer sites that enrolled on regulated rates by residential customer type, southern Alberta municipal service areas, 2023 to 2025

Year	Share of competitive retail sites that enrolled on regulated rates		Relative likelihood of apartment enrolment on regulated rates
	Apartment	Non-apartment	
2023	1.54%	0.57%	2.70
2024	1.80%	0.61%	2.95
2025	1.80%	0.53%	3.40

Apartment sites were more likely to enrol with a regulated rate provider than non-apartment sites largely because apartment customers move more often than non-apartment customers (Table 11). Over 1.5% of apartment sites served by a competitive retailer enrolled on regulated rates in 2024 and 2025 due to a customer move, while less than 0.40% of non-apartment sites enrolled on regulated rates due to a customer move over the same period.

Table 11: Annual share of competitive retailer sites that enrolled on regulated rates by reason for enrolment and residential customer type, southern Alberta municipal service areas, 2023 to 2025

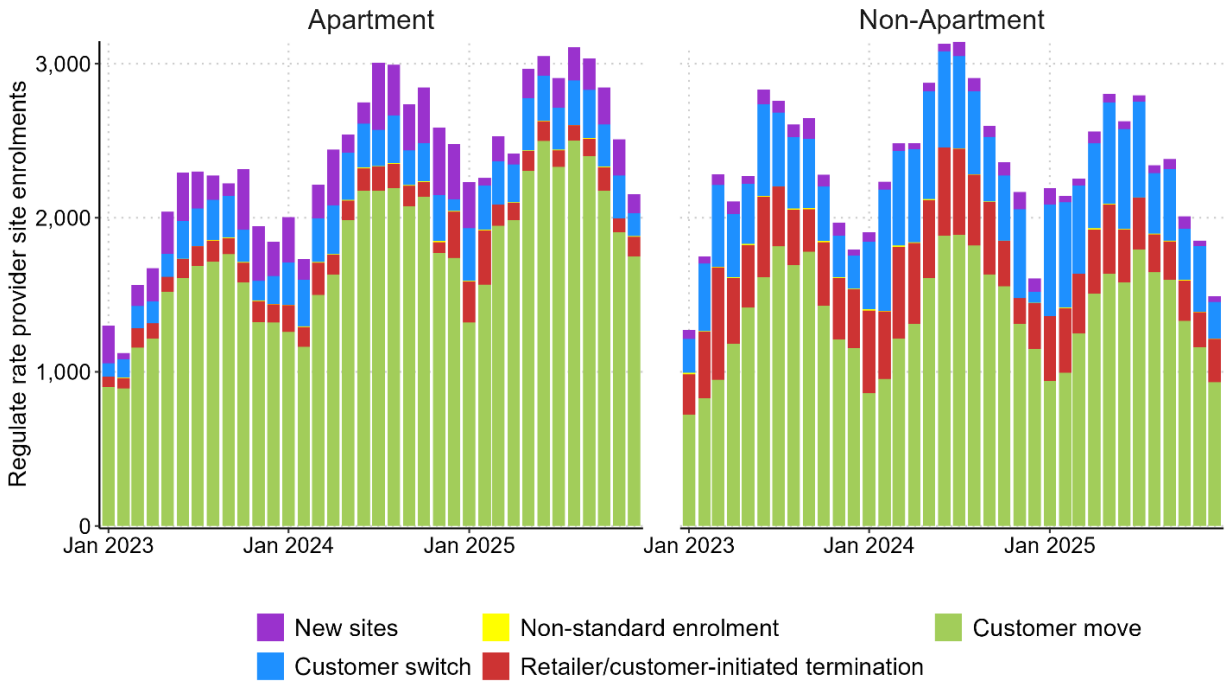
Year	Customer move		Retailer/customer-initiated termination		Customer switch	
	Apartment	Non-apartment	Apartment	Non-apartment	Apartment	Non-apartment
2023	1.34%	0.38%	0.11%	0.12%	0.09%	0.07%
2024	1.54%	0.39%	0.13%	0.12%	0.13%	0.09%
2025	1.56%	0.36%	0.12%	0.09%	0.12%	0.08%

Apartment sites served by competitive retailers were also more likely to deliberately choose to enrol on regulated rates than non-apartment sites between 2023 and 2025, though relatively few residential competitive retail customers of either type chose to do so.

Apartment sites served by competitive retailers were less likely than non-apartment sites to enrol on regulated rates due to a retailer or customer-initiated termination in 2023 but were more likely to enrol for this reason in the following two years. This was particularly true in 2025, where a smaller proportion of non-apartment sites enrolled on the RoLR due to a retailer or customer-initiated termination than in the previous year.

The majority (67%) of residential site enrolments on regulated rates between January 2023 and December 2025 were due to customer moves in the southern Alberta municipal service areas. Approximately 2,000 apartment sites were enrolled on the RoLR due to a customer move in an average month in 2025, compared to 1,300 non-apartment sites that enrolled on the RoLR per month due to a customer move that year (Figure 33).

Figure 33: Monthly regulated rate enrolments by residential customer type and reason for enrolment, southern Alberta municipal service areas, January 2023 to December 2025



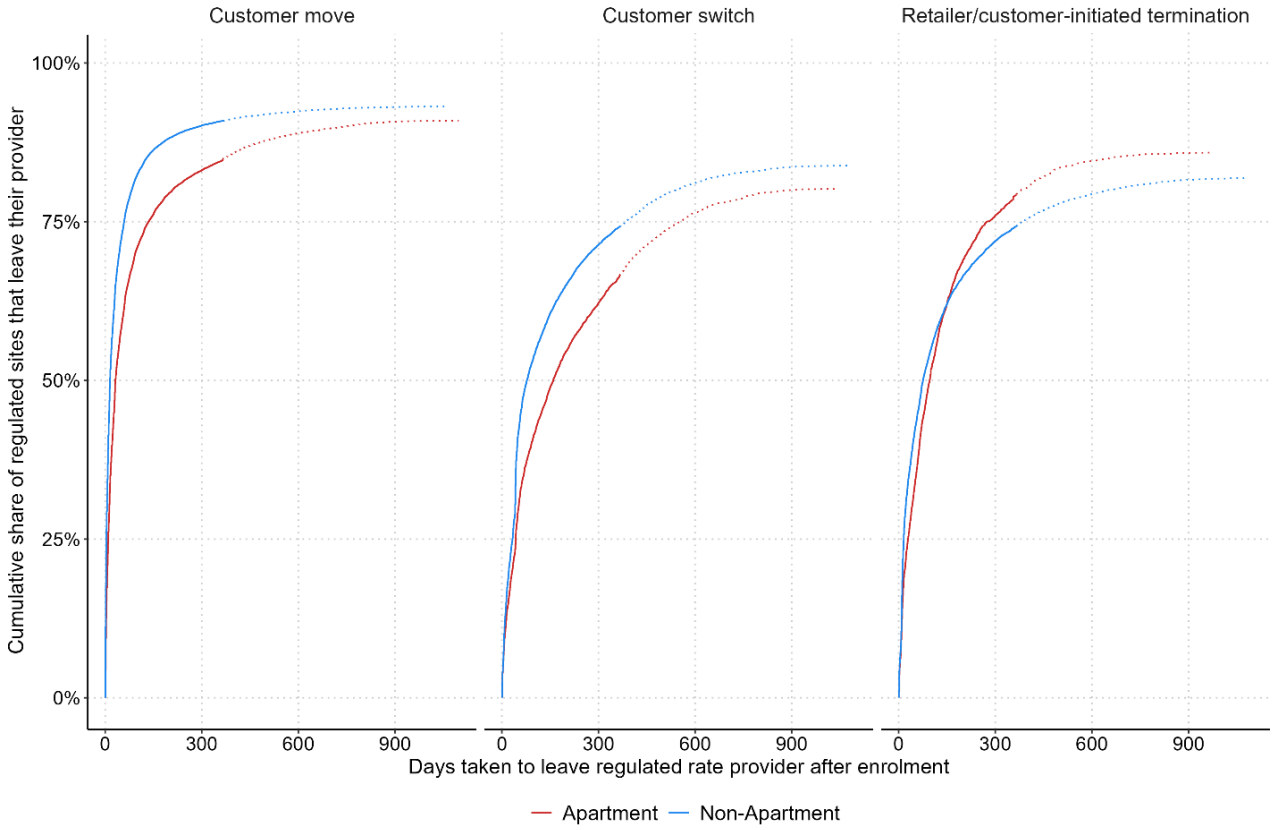
While apartment sites were more likely than non-apartment sites to deliberately choose to enrol on the RoLR or to enrol on the RoLR due to either a retailer or customer-initiated termination in 2025, a greater number of non-apartment sites enrolled on the RoLR for either reason. This is because there are significantly more non-apartment sites than apartment sites within the southern Alberta municipal service areas.

Regulated rate enrolments of apartment sites due to retailer or customer-initiated terminations were higher between December 2024 and February 2025 than in previous months. This may be associated with one competitive retailer's change to its competitive offering in November 2024. This change may have induced some residential customers to terminate their services with this competitive retailer, leading to them defaulting to their regulated rate provider.

More new apartment sites than non-apartment sites were enrolled on regulated rates between 2023 and 2025. Approximately 8,300 newly created apartment sites were enrolled on regulated rates in southern Alberta municipal service areas between 2023 and 2025, compared to approximately 2,400 non-apartment sites enrolled on regulated rates over the same period.

Apartment sites that were enrolled on regulated rates in the southern Alberta municipal service areas between 2023 and 2024 following a customer move or the customer's deliberate choice to enrol on regulated rates have been less likely to leave their regulated rate provider than non-apartment sites (Figure 34). However, some apartment sites that enrolled on regulated rates in those areas following a retailer or customer-initiated termination between 2023 and 2024 have been more likely to leave their regulated rate provider than non-apartment sites enrolled on regulated rates for the same reason.

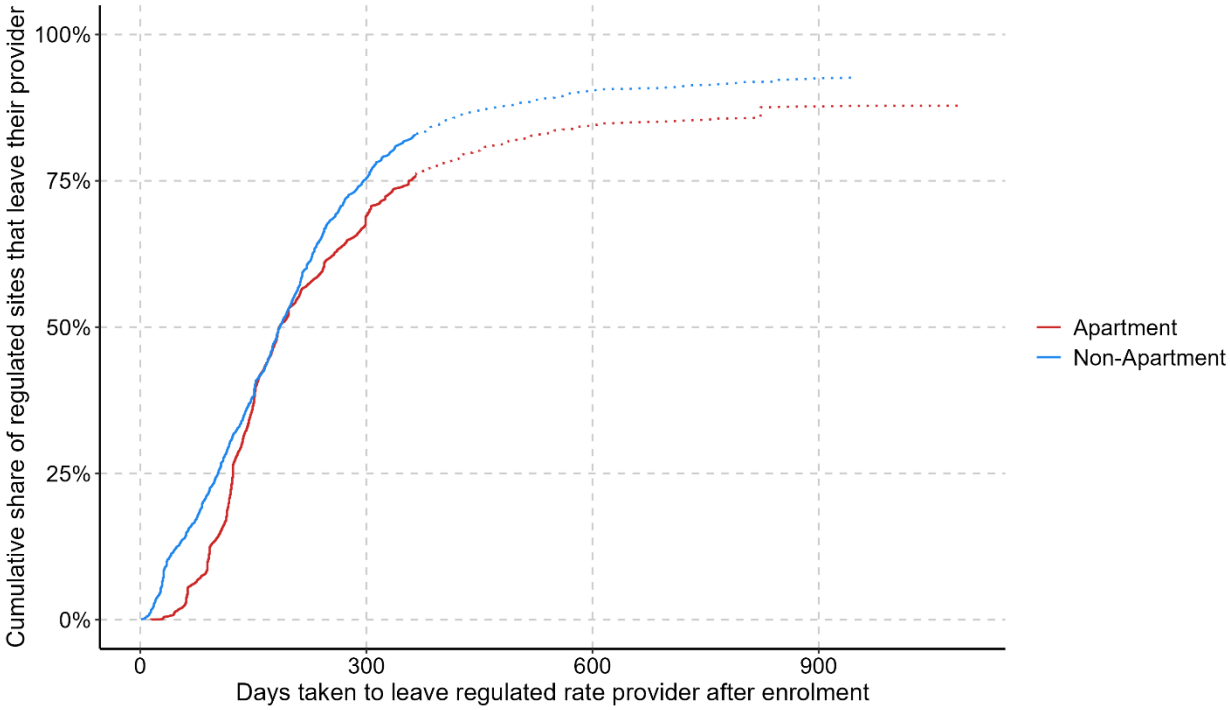
Figure 34: Exit curves for regulated sites enrolled between 2023 and 2024 by select enrolment reason and residential customer type, southern Alberta municipal service areas, as of December 31, 2025



Many newly created sites are enrolled with the regulated rate provider when they are initially energized and do not switch to a competitive retailer for some time. The lag between a new site's energization date and the date the site leaves their regulated rate provider for a competitive retailer may in part be caused by the lag between a site's energization date and the date when the site is first occupied.

This occupancy-driven delay in switching may explain why new regulated apartment sites were less likely to leave their regulated rate provider than new non-apartment sites enrolled between 2023 and 2024 (Figure 35). New apartment buildings contain multiple apartment sites (units) built at one time, so new apartment sites may experience a longer average delay between energization and initial occupancy than new non-apartment sites if new apartment buildings energize all their apartment sites at one time without acquiring occupants for all units. Many types of non-apartment sites may be constructed for a specific occupant, meaning that when the site is created and energized, the occupant may occupy the new non-apartment site sooner than an average new apartment site may become occupied, enabling the occupant residing in the new non-apartment site to select a retailer closer to the site's energization date than an occupant residing in an average apartment site.

Figure 35: Exit curves for new regulated sites enrolled between 2023 and 2024 by residential customer type, southern Alberta municipal service areas, as of December 31, 2025



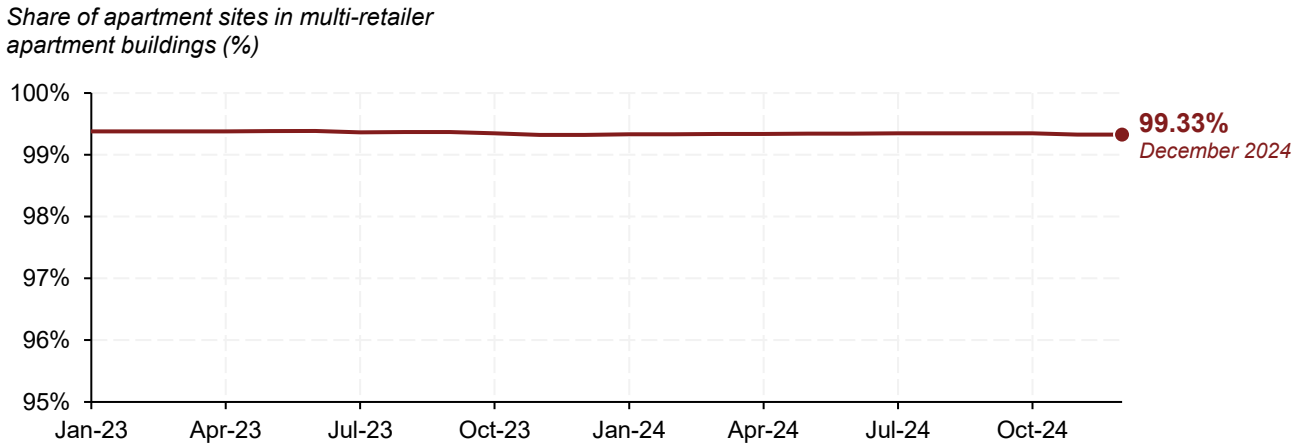
The regulated churn rates illustrated in Figure 32 and the exit curves illustrated in Figure 34 and Figure 35 together suggest that apartment customers enrolled prior to 2023 have been more likely than non-apartment customers to leave their regulated rate provider since 2020, while apartment customers enrolled between 2023 and 2024 have generally been less likely to leave their regulated rate provider since they enrolled. While additional research is needed to assess the cause of these findings, these findings suggest that more apartment customers that have recently enrolled with regulated rate providers may be less able or are less willing to switch to competitive retailers than apartment customers that enrolled before 2023.

Some apartment building managers pay electricity bills on behalf of their residents, even if individual apartment units are sub-metered.[47] Customers living in these types of apartments pay their building manager for electricity rather than their retailer and are not able to choose to switch their services to a competitive retailer or regulated rate provider (collectively, "retailers of record"). If a building manager passes through the cost of electricity to apartment residents, the building manager may not have an incentive to enrol apartment sites on the lowest priced offerings offered by retailers of record, and apartment residents could pay higher electricity bills than they might otherwise.

The MSA refers to customers that can choose to enrol with a retailer of record as customers that have retailer choice. If all sites within an apartment building are enrolled with the same retailer of record, this may indicate that customers living in that building do not have retailer choice.[48] If at least one site within an apartment building is enrolled with a different competitive retailer or regulated rate provider than other sites in the building, this could indicate that all sites within that apartment building have retailer choice.[49]

Between January 2023 and December 2024, between 99.32% and 99.39% of residential apartment sites in the southern Alberta municipal service areas lived in apartment buildings with sites enrolled on more than one retailer of record (multi-retailer apartment buildings) (Figure 36).

Figure 36: Monthly share of apartment sites in multi-retailer apartment buildings, southern Alberta municipal service areas, January 2023 to December 2024[50]



[47] Utilities Consumer Advocate, Tips for Tenants.

[48] All sites within an apartment building could also enrol with the same competitive retailer or regulated rate provider by chance.

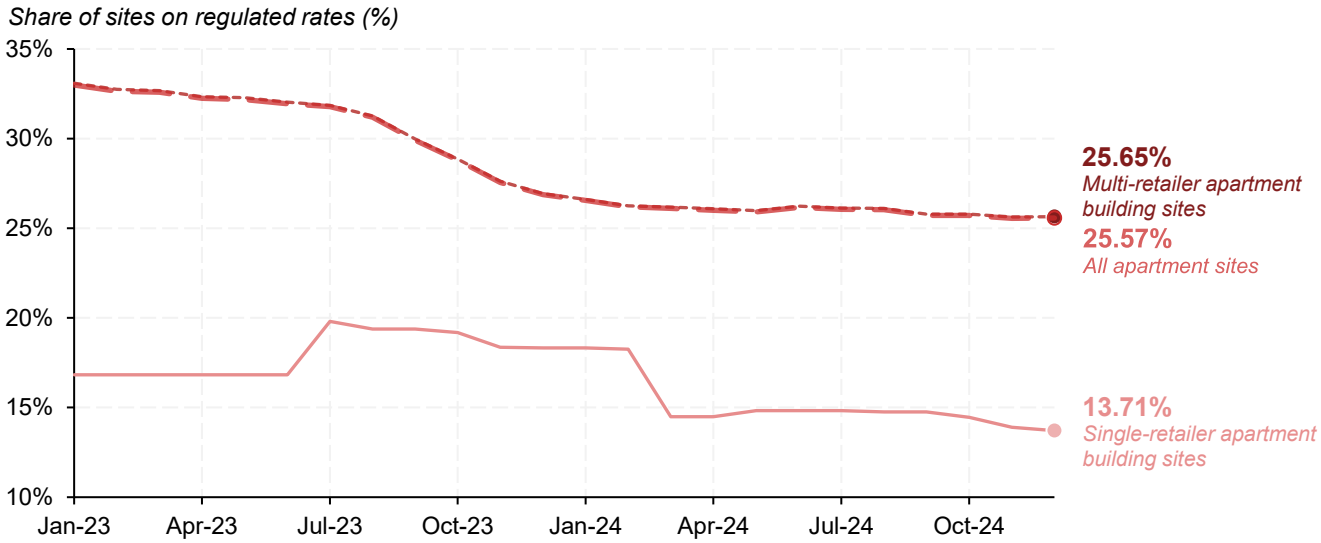
[49] This may not always be the case. There may be multiple owners within an apartment building that own more multiple units. An owner of multiple units within an apartment building may pay electricity bills for each of these units and may enrol each site on an identical competitive retailer. These sites could be incorrectly classified as sites that have retailer choice if any other apartment sites in the same building are enrolled with a different competitive retailer or the regulated rate provider.

[50] 2025 data have been excluded to remove the impact to the metric from newly created apartment buildings that may not have begun acquiring occupants for apartment units.

The share of residential apartment sites in multi-retailer apartment buildings is relatively stable across time, which suggests the share may reflect the maximum share of apartment customers that have retailer choice.

Apartment sites that live in multi-retailer apartment buildings were more likely to be served by a regulated rate provider than apartment sites living in apartment buildings where the same retailer of record served all sites (single-retailer apartment buildings) in 2023 and 2024 (Figure 37). While around 26% of apartment sites in multi-retailer apartment buildings were on regulated rates as of December 2024, only around 14% of apartment sites in single-retailer apartment buildings were on regulated rates in that month.

Figure 37: Share of apartment sites on regulated rates by apartment customer type, southern Alberta municipal service areas, January 2023 to December 2024



These differences in regulated rate shares may reflect differences between competitive retailer offerings and regulated rate offerings. Some competitive retailers may offer services that simplify the payment process for customers. Apartment building managers that pay electricity bills for multiple sites may find using these payment services to be more convenient than the payment services offered by the regulated rate provider.

3.4 Market impacts

3.4.1 Regulated market shares

The RoLR market share among all eligible sites[51] decreased by 5% in 2025 (Table 12, Figure 38). This decline is largely due to increases in the number of regulated sites that left their Commission-

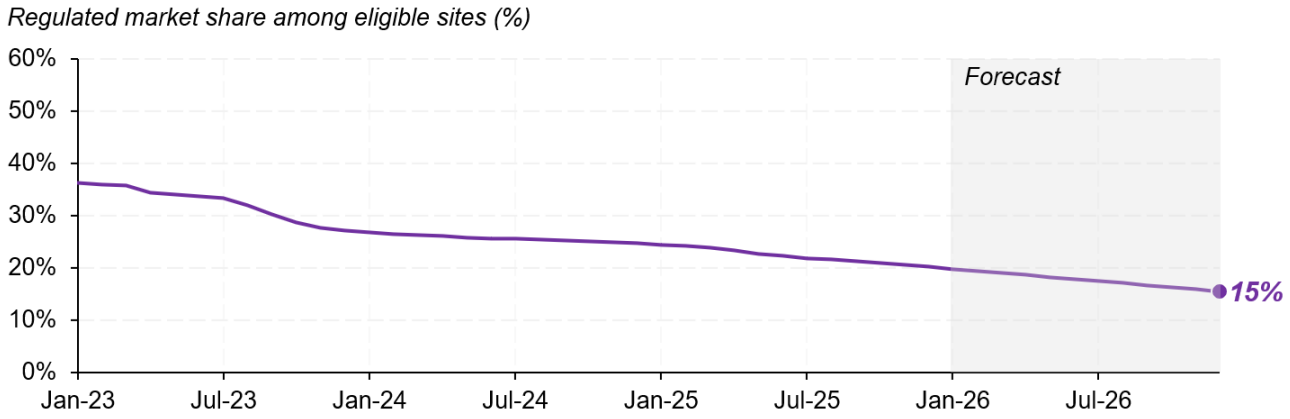
[51] Includes all sites from all customer types that are expected to consume less than 250 MWh annually. Regulated market shares presented in this subsection may not equal "Default" market share values derivable from the MSA Retail Statistics, as MSA Retail Statistics "Default" site counts may include Default Supply customers and may include non-regulated sites served by some REAs, and not all competitive customers included in the MSA Retail Statistics used to calculate total market shares are eligible for regulated rates.

regulated provider in 2025 (see subsection 3.2.2). Provided RoLR energy charges remain higher than competitive retail rates in 2026, the MSA forecasts that the RoLR market share among all eligible sites will decrease from 20% at the end of 2025 to 15% by the end of 2026.

Table 12: Regulated market share, all regulated rate providers, service areas, and customer types, December 31, 2023, to December 31, 2025, snapshot days

Day	Regulated market share
December 31, 2023	27%
December 31, 2024	25%
December 31, 2025	20%

Figure 38: Monthly actual and forecast regulated market share, all regulated rate providers, service areas, and customer types, January 2023 to December 2026



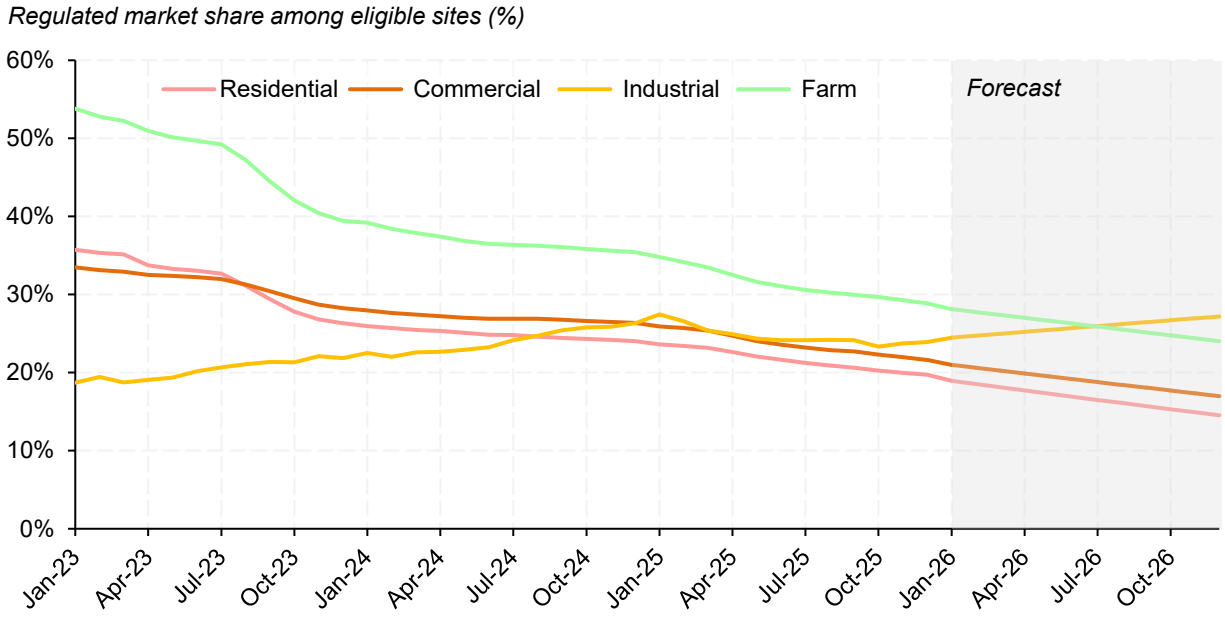
RoLR market shares fell among all customer types in 2025 (Figure 39). While regulated market shares have fallen among most customer types since 2023, this has not been the case for industrial sites. RoLR providers had 24% market share among eligible industrial sites at the end of December 2025, up from 19% at the end of January 2023.

This trend among industrial sites may be caused in part by growth in the number of sites eligible for regulated rates. The number of industrial sites eligible for regulated rates increased by 28% between January 2023 and December 2025. This increase in the number of industrial sites eligible for regulated rates exceeds increases in the number of regulated rate-eligible residential sites (+7%), farm sites (+0.4%), and commercial sites (-1%) over the same period. This growth in regulated rate-eligible industrial sites may contribute to the increase in the regulated market share among industrial sites if a significant proportion of these sites remain on regulated rates rather than switching to competitive retailers.

The MSA anticipates that RoLR market shares will fall across most customer types in 2026. The RoLR market share among residential sites is forecasted to fall by 5% between the end of 2025

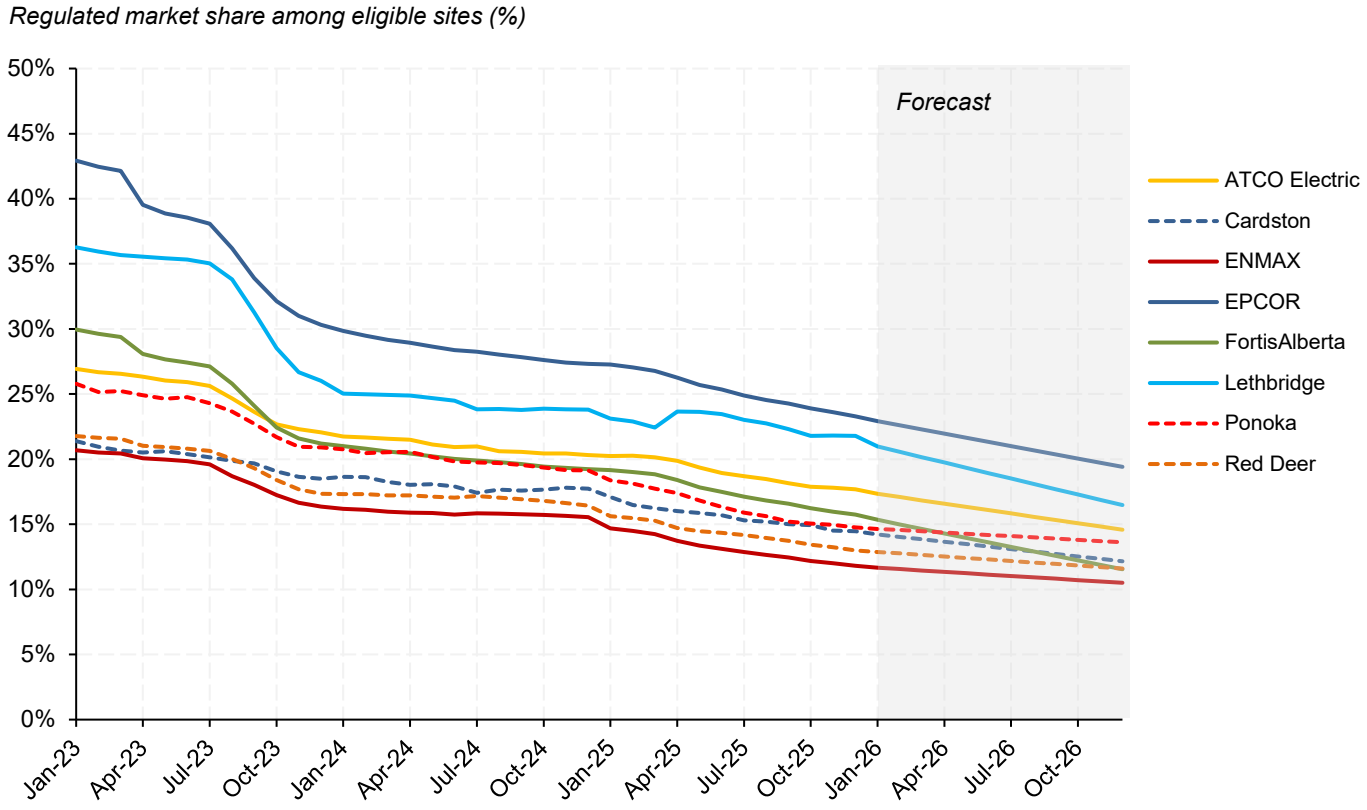
and end of 2026 (from 20% to 15%), while RoLR market shares among commercial and farm sites are also expected to fall by 5%. In line with trends observed since 2023, the MSA forecasts that the RoLR will have a 27% market share among industrial sites by the end of 2026.

Figure 39: Monthly actual and forecast regulated market share by customer type, all regulated rate providers and service areas, January 2023 to December 2026



Regulated market shares decreased significantly among residential customers since 2023 and continued to decline in all service areas in 2025 (Figure 40). Regulated residential market shares ranged from 12% to 23% across service areas at the end of 2025, down from 16% to 27% at the end of 2024. The most significant declines in regulated residential market shares over 2025 occurred in the EPCOR, ENMAX and Ponoka service areas, with regulated residential market shares decreasing by approximately 4% in each service area. Combined, these three areas accounted for 56% of the total reduction in regulated residential sites between the end of 2024 and the end of 2025.

Figure 40: Regulated residential market share by service area, all regulated rate providers, January 2023 to December 2026



The MSA anticipates that regulated residential market shares will decline in 2026. The largest decreases in regulated residential market shares are forecasted to occur in the Lethbridge service area (5% decrease) and in the FortisAlberta and EPCOR service areas (4% decreases). Regulated residential market shares are expected to range from 11% to 19% by the end of 2026.

3.4.2 Rate of Last Resort energy charges

RoLR providers offered RoLR energy charges ranging from 9.975 ¢/kWh to 14.025 ¢/kWh as of January 1, 2026 (Table 13).

Table 13: RoLR energy charges by RoLR provider as of January 1, 2026

RoLR provider	RoLR energy charge (¢/kWh)
Blue Mountain Power Co-op	13.424
Battle River Power Coop	13.000 and 13.500
Direct Energy Regulated Services	12.020
Duffield REA Ltd.	12.588
EPCOR Energy Alberta GP Inc.	12.010
ENMAX Energy Corporation	12.060
EQUS REA Ltd.	13.100
Ermineskin REA Ltd.	13.000
Lakeland Power Co-op	12.699
City of Lethbridge Electric Utility	9.975
Mayerthorpe & District Rural Electrification Association Ltd.	14.025
Niton REA Ltd.	12.730
North Parkland Power Co-op	13.310
Peigan REA	13.000
Wild Rose REA Ltd.	13.022

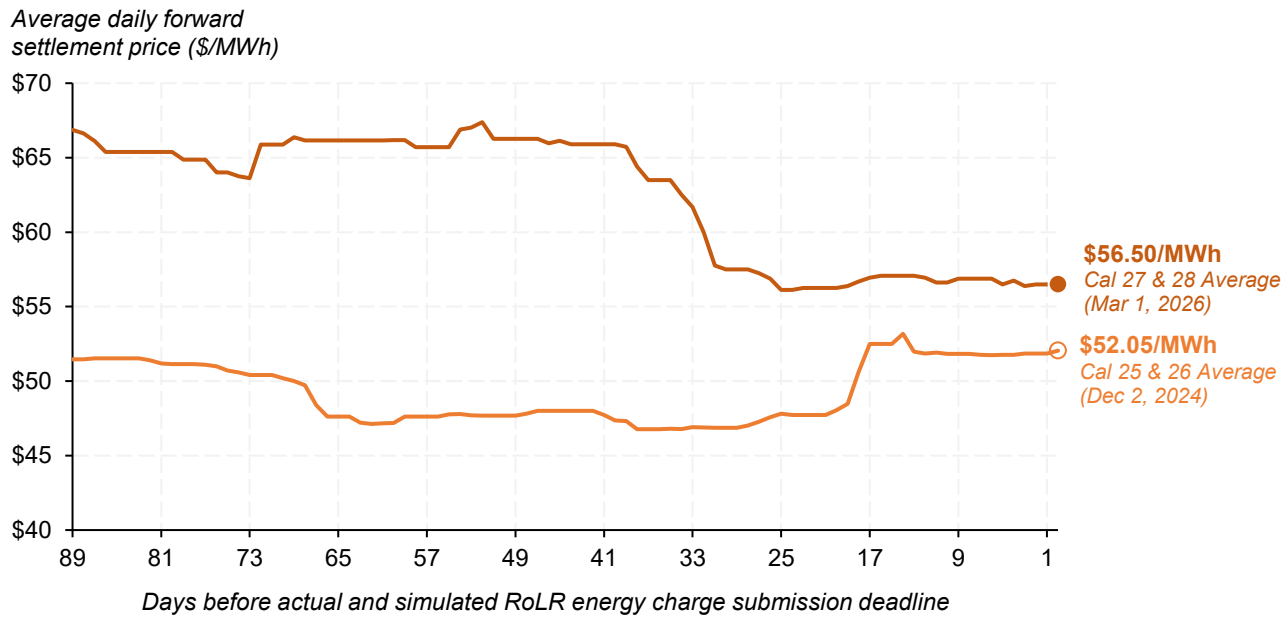
Three RoLR providers adjusted their RoLR energy charges in 2025. Ermineskin REA Ltd. and Peigan REA each adjusted their RoLR energy charges from 15 ¢/kWh to 13 ¢/kWh effective June 1, 2025.[52] EQUS REA Ltd. also adjusted its RoLR energy charge from 13.367 ¢/kWh to 13.10 ¢/kWh.[53] The MSA did not provide a recommendation to these RoLR providers' regulatory authorities to initiate a rate reopener proceeding in accordance with sections 11.2(2)(c) and 11.3 of the RoLR Regulation prior to or following their RoLR energy charge adjustments.

[52] Ermineskin REA Ltd. "Our Rates", and Peigan REA "Our Rates".

[53] EQUS REA Ltd. January 2025 Rate Changes: ROLR and CER, January 7, 2025, and EQUS REA Ltd. Rates, Understanding your rate options., Rate of Last Resort (ROLR).

The MSA anticipates that RoLR energy charges offered by many RoLR providers will increase in the 2027 to 2028 RoLR term. This is because prices for annual forward contracts as of March 1, 2026 indicate the cost of serving RoLR load in 2027 and 2028 will be higher than the forward market expected the cost of serving RoLR load in 2025 and 2026 would be prior to the establishment of RoLR energy charges for the 2025 to 2026 RoLR term (Figure 41).[54]

Figure 41: Average 2025 to 2026 and 2027 to 2028 annual flat forward contract prices over the 89 days prior to the RoLR energy charge submission deadline

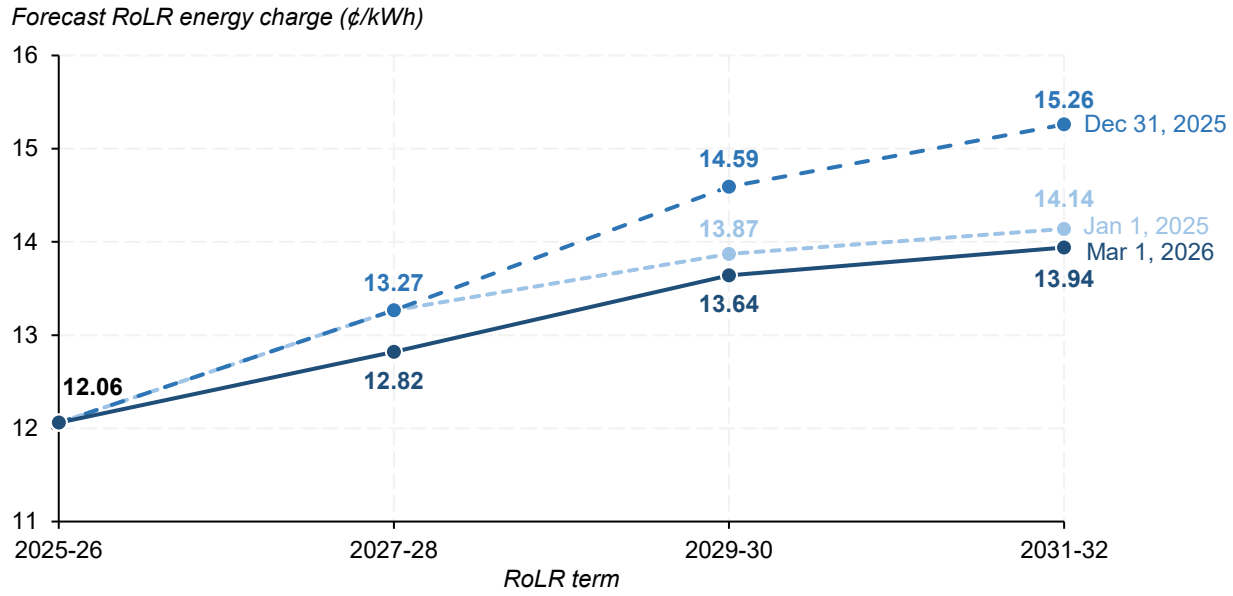


The MSA has forecasted RoLR energy charges for RoLR customers in the ENMAX service area using the approved 2025-2028 EPSP with updated inputs. As of March 1, 2026, the MSA forecasts that RoLR energy charges offered in the ENMAX service area will increase from 12.06 ¢/kWh in the 2025 to 2026 RoLR term to 12.82 ¢/kWh in the 2027 to 2028 RoLR term (Figure 42). The MSA forecasts RoLR energy charges for RoLR customers in the ENMAX service area will later rise to 13.64 ¢/kWh and 13.94 ¢/kWh in the 2029 to 2030 and 2031 to 2032 RoLR terms, respectively.[55]

[54] RoLR providers are required to submit their RoLR energy charge and its calculations to their regulatory authorities at least 30 days before the start of a RoLR term (on or before December 2) in accordance with section 12 of the RoLR Regulation.

[55] Forecasts for RoLR energy charges between 2029 and 2032 assume the RoLR Regulation is renewed at the end of 2028. It is also assumed the 2025-2028 EPSP is used to set RoLR energy charges between 2029 and 2032.

Figure 42: Forecast RoLR energy charges, ENMAX service area, as of January 1, 2025, December 31, 2025, and March 1, 2026



Forecasted values of future RoLR energy charges for the ENMAX service area have declined since 2025. While the 10% collar did not bind on any of the MSA's March 1, 2026, forecasted RoLR energy charges, the collar did bind on 2027 to 2028 RoLR energy charges forecasted on January 1, 2025, and December 31, 2025, limiting the forecast RoLR energy charge to 13.27 ¢/kWh. The collar also bound on RoLR energy charges for the 2029 to 2030 RoLR term forecasted on December 31, 2025, limiting the RoLR energy charge to 14.59 ¢/kWh. Although the collar is not expected to bind in future RoLR terms as of March 1, 2026, the volatility of historical forecasts suggests the collar could bind in future RoLR terms if market conditions change before RoLR energy charges are established for those terms.

The MSA monitors the relative magnitudes of RoLR energy charges and competitive retail energy rates to assess whether customer migration from competitive retailers to the RoLR could impact RoLR providers' financial performance. If competitive retail energy rates rise to a level where they exceed RoLR energy charges offered at a given point in time, some retail customers on expiring competitive contracts could enrol on the RoLR to access the lowest-priced energy rate available them.

Such switching to the RoLR could reduce participation in the competitive retail market, and impact RoLR providers' financial performance if those new customers remain on the RoLR until the end of the RoLR term. If a RoLR provider was otherwise expected to earn a higher return margin ($/MWh) on RoLR load for the remaining months of the RoLR term as compared to prior months, this increase in RoLR customers could increase its RRM for the RoLR term. Similarly, if a RoLR provider was otherwise expected to earn a lower return margin on RoLR load throughout the remainder of the RoLR term as compared to prior months, RoLR load from the new customers could decrease the RoLR provider's RRM for the RoLR term.

As of March 1, 2026, the MSA does not expect that competitive fixed energy rates will exceed RoLR energy charges established by Commission-regulated providers or RoLR energy charges established by most other RoLR providers during the RoLR terms spanning 2025 to 2030 (see Figure 55 and Figure 56 in Appendix C).[56]

Some 2, 3, and 5-year competitive fixed energy rates offered in 2025 and early 2026 exceeded the City of Lethbridge's RoLR energy charge. In particular, the average 5-year competitive fixed energy rate exceeded the City of Lethbridge's RoLR energy charge in January 2025 and from July 2025 to February 2026. The MSA forecasts that the average 3-year fixed energy rate may exceed the City of Lethbridge's RoLR energy charge in the last two months of the 2025 to 2026 RoLR term, and from November 2027 to December 2028. The MSA also forecasts the average 5-year fixed energy rate may exceed the City of Lethbridge's RoLR energy charge from June 2026 to December 2026, and from October 2027 to at least January 2028.

While the MSA will continue to monitor competitive retail market outcomes in the Lethbridge service area, neither significant competitive customer migration to the RoLR nor competitive fixed rate compression has occurred in the Lethbridge service area. Therefore, it is not likely that current or forecast RoLR energy charges will impede the development of the competitive retail electricity market or impact RoLR providers' financial performance via competitive customer migration to the RoLR.

3.5 Customer impacts

3.5.1 Bill magnitudes

Regulated electricity bills for residential customers generally declined in 2025 alongside the introduction of the RoLR.

Average residential apartment and non-apartment customers residing in most major service areas paid lower regulated electricity bills in 2025 than in 2024 (Table 14). Regulated electricity bills for residential customers have fallen across all major service areas since 2023.

[56] RoLR energy charges in the ENMAX service area are used as actual and forecast "Commission-regulated RoLR energy charges". RoLR energy charges for other RoLR providers have been forecast using the term-over-term change in RoLR energy charges expected for RoLR customers in the ENMAX service area.

Table 14: Annual electricity bill for average regulated apartment and non-apartment residential customers by service area, 2020 to 2025[57]

Customer type	Service area	2020	2021	2022[58]	2023	2024	2025	Bill change between 2024 and 2025
Apartment	ATCO Electric	$1,453	$1,579	$1,728	$1,993	$1,876	$1,952	**+$75**
	ENMAX	$729	$844	$745	$1,088	$1,034	$1,008	**-$26**
	EPCOR	$714	$816	$693	$913	$918	$889	**-$29**
	FortisAlberta	$1,014	$1,150	$1,095	$1,378	$1,336	$1,294	**-$42**
Non-apartment	ATCO Electric	$2,611	$2,933	$3,493	$3,846	$3,307	$3,419	**+$112**
	ENMAX	$1,400	$1,641	$1,825	$2,357	$1,887	$1,846	**-$41**
	EPCOR	$1,310	$1,562	$1,666	$2,022	$1,731	$1,691	**-$40**
	FortisAlberta	$1,934	$2,292	$2,548	$2,959	$2,539	$2,450	**-$90**

Regulated bills for average apartment and non-apartment customers in 2025 were between 25% and 38% higher than in 2020 (Figure 43, Figure 44). Regulated bills for average apartment and non-apartment customers were highest in the ATCO Electric service area and lowest in the EPCOR service area in 2025, as has been the case in prior years. Regulated electricity bills for apartment customers in the ATCO Electric and ENMAX service areas increased the most among residential customers between 2020 and 2025 (+34% and +38%, respectively).

Regulated bills for non-apartment customers have experienced increases and decreases of greater magnitudes between years compared to regulated bills for apartment customers because regulated non-apartment customers consume more energy than regulated apartment customers.

[57] Consumption was estimated for apartment and non-apartment residential customers across the four largest service areas based on the average usage of regulated rate customers in each service area. Average residential apartment and non-apartment usage were estimated for customers outside of the ENMAX service area by scaling average residential usage by apartment and non-apartment usage factors representative of customers in the ENMAX service area. Annual bill estimates account for the RRO or RoLR energy charges, transmission charges, distribution charges, rider charges, local access fees, franchise fees, and other applicable fees and taxes.

[58] The provincial government provided electricity bill rebates totalling $500 to all residential customers between July 2022 and April 2023. See the *Utility Commodity Rebate Regulation* AR 158/2022.

Figure 43: Annual electricity bill for average regulated apartment customers by service area, 2020 to 2025

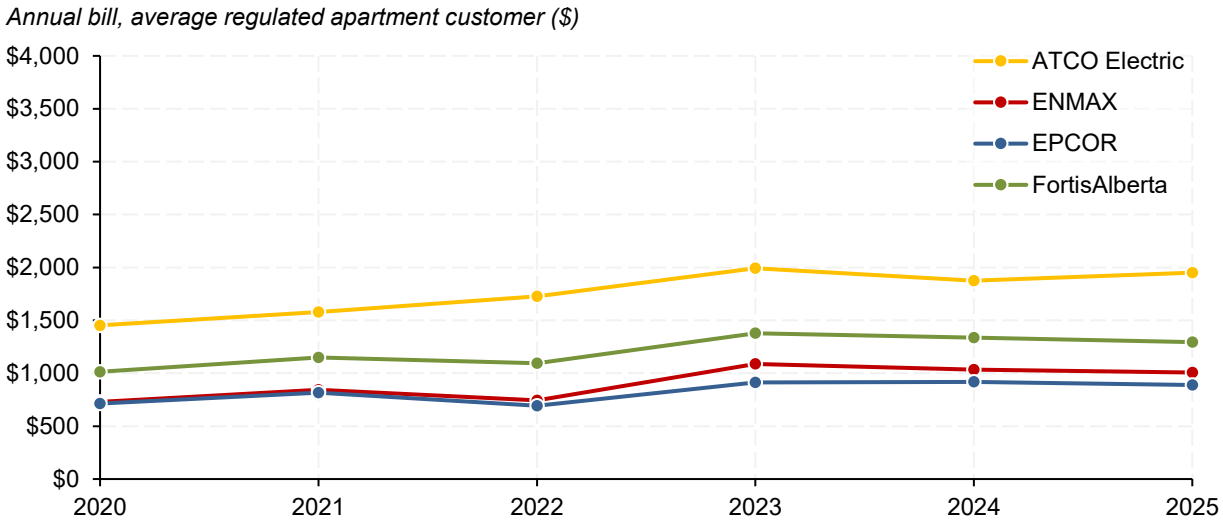
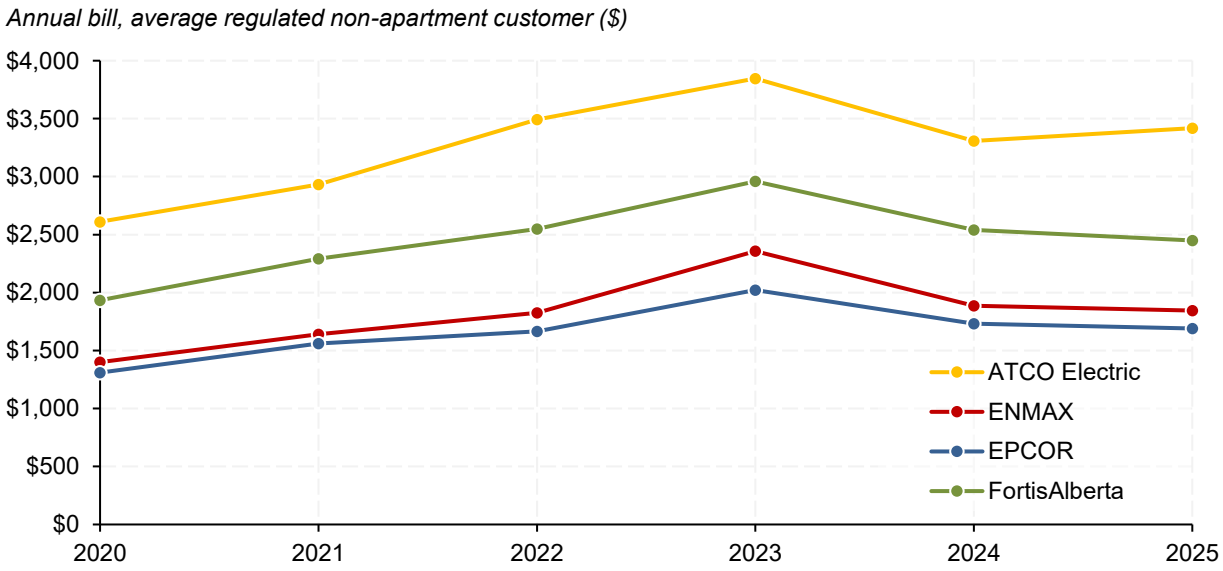


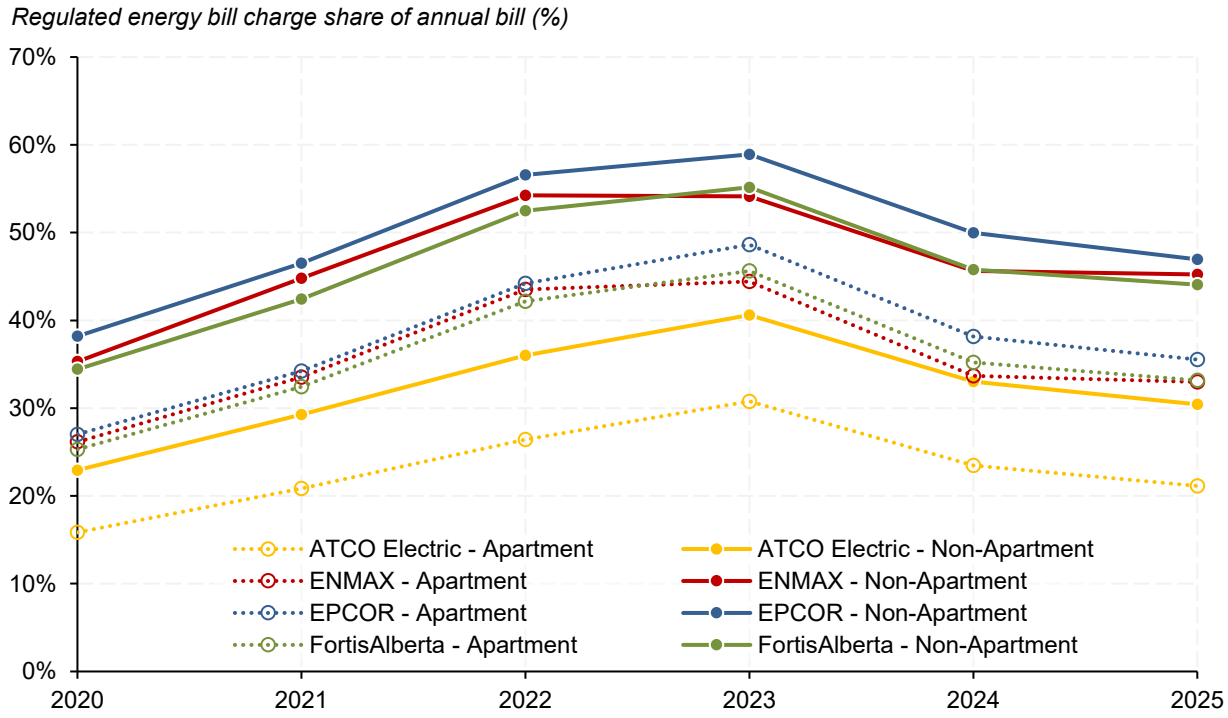
Figure 44: Annual electricity bill for average regulated non-apartment customers by service area, 2020 to 2025



3.5.2 Energy share of bills

A customer's regulated energy bill charge reflects the quantity of electricity they consume (kWh) multiplied by the regulated energy charge (¢/kWh). Regulated energy bill charges comprised smaller shares of regulated residential customers' bills in 2025 compared to 2024 (Figure 45). The regulated energy bill charge share of regulated residential customers' bills fell by between 0.4% and 3% in 2025 primarily because regulated residential customers paid slightly lower average regulated energy charges under the RoLR in 2025 than they paid under the RRO in 2024 (see Figure 1).

Figure 45: Regulated energy bill charge share of annual electricity bill for average regulated apartment and non-apartment residential customers by service area, 2020 to 2025



The regulated energy bill charge share for regulated residential customers in 2025 was 5% to 10% higher than in 2020 across all major service areas. Non-apartment residential customers experienced larger increases in regulated energy bill charge shares (8% to 10%) than apartment residential customers (5% to 9%) across all major service areas. Regulated energy bill charge shares were higher in 2025 than in 2020 because RoLR energy charges in 2025 were higher than the RRO energy charges that regulated residential customers paid in 2020 (see Figure 1).

Regulated non-apartment customers have larger regulated energy bill charge shares compared to regulated apartment customers across all major service areas because regulated non-apartment customers consume more energy than regulated apartment customers.

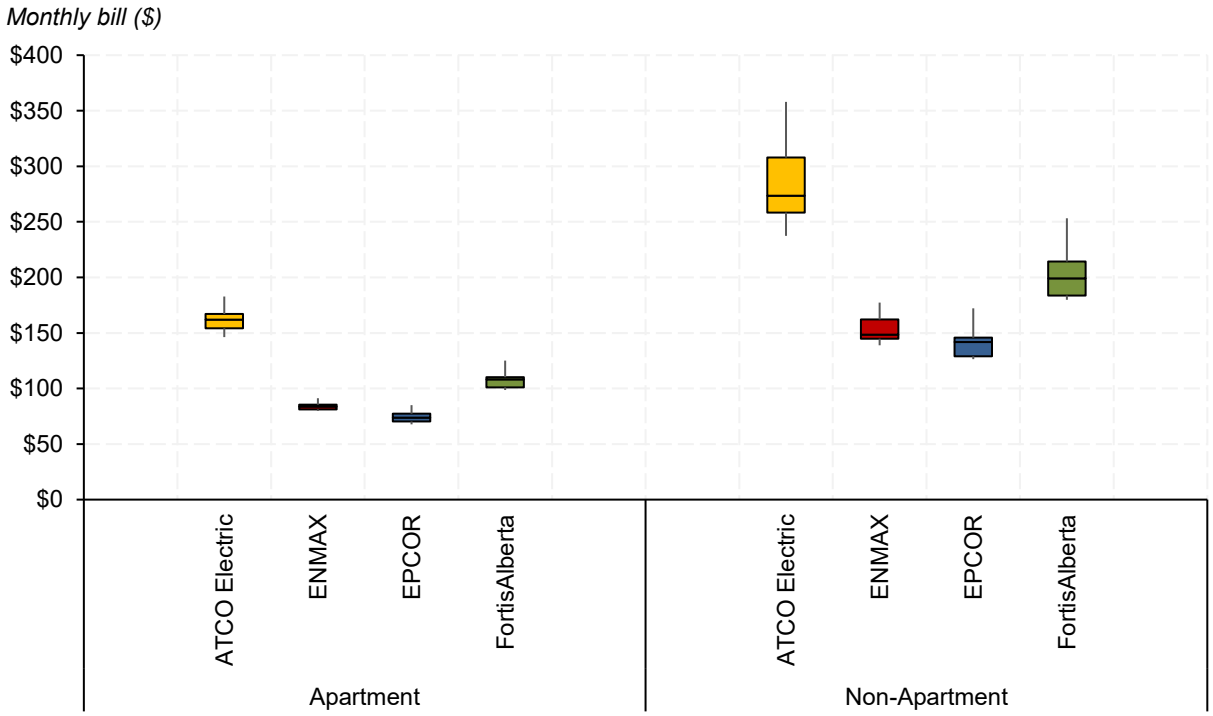
3.5.3 Bill volatility

A regulated customer's consumption pattern and variations in the regulated energy charge are the primary factors that cause variation in that regulated electricity customer's bill over time. A customer's electricity bills are calculated based on the customer's consumption and changes in billing rates for energy, distribution, transmission, administration, and municipal fees. Customers' bills will vary over time if their consumption changes or if billing rates are adjusted. As billing rates for distribution, transmission, administration, and municipal fees are often adjusted only once per year, volatility in a customer's bills will mostly reflect variation in their consumption or variation in the regulated energy charge over time.

The introduction of the RoLR in 2025 lowered regulated bill volatility in two ways compared to the RRO: RoLR energy charges are fixed for two-year terms while RRO energy charges in effect before 2025 varied monthly, and the 10% collar limits changes to RoLR energy charges to 10% every two years.

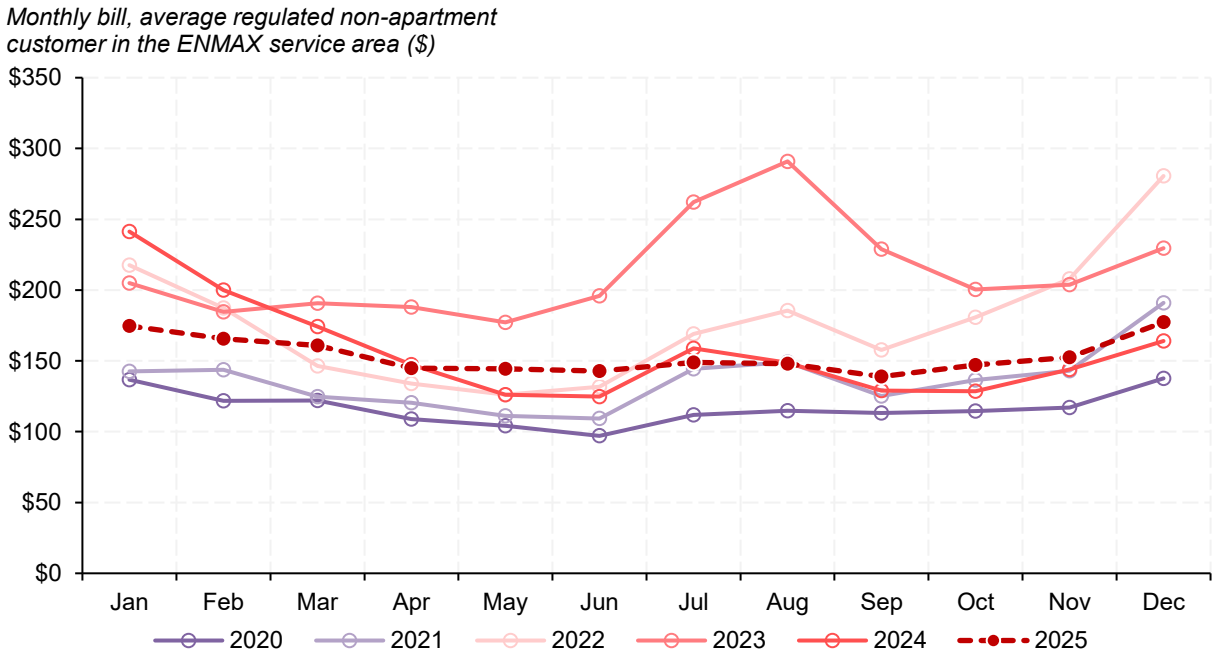
As RoLR energy charges are fixed over the 2025 to 2026 RoLR term, the extent of variation in an average residential RoLR customer's monthly electricity bills in 2025 largely depended on their consumption across the year, which varied depending on whether they resided in apartments or not, and which service area they lived in (Figure 46). Monthly electricity bills varied more over 2025 for regulated residential customers living in rural service areas (ATCO Electric, FortisAlberta) and for non-apartment customers because these customers typically have more varied consumption within a given year than regulated residential customers that live in apartments, or who live in comparably urban service areas (ENMAX, EPCOR).

Figure 46: Distribution of monthly electricity bills for average regulated apartment and non-apartment residential customers by service area in 2025



Regulated electricity bill volatility was lower in 2025 than in prior years (Figure 47). An average RoLR non-apartment customer in the ENMAX service area paid between $139 and $177 per month in 2025, a $38 bill difference over the year. Bill differences were over $100 for an average RRO non-apartment customer in the ENMAX service area in 2022, 2023, and 2024. RoLR bill variation for non-apartment customers in the ENMAX service area in 2025 was similar to RRO bill variation in 2020, when bill differences were $41 over the year.

Figure 47: Monthly electricity bill for average non-apartment residential customers, ENMAX service area, 2020 to 2025

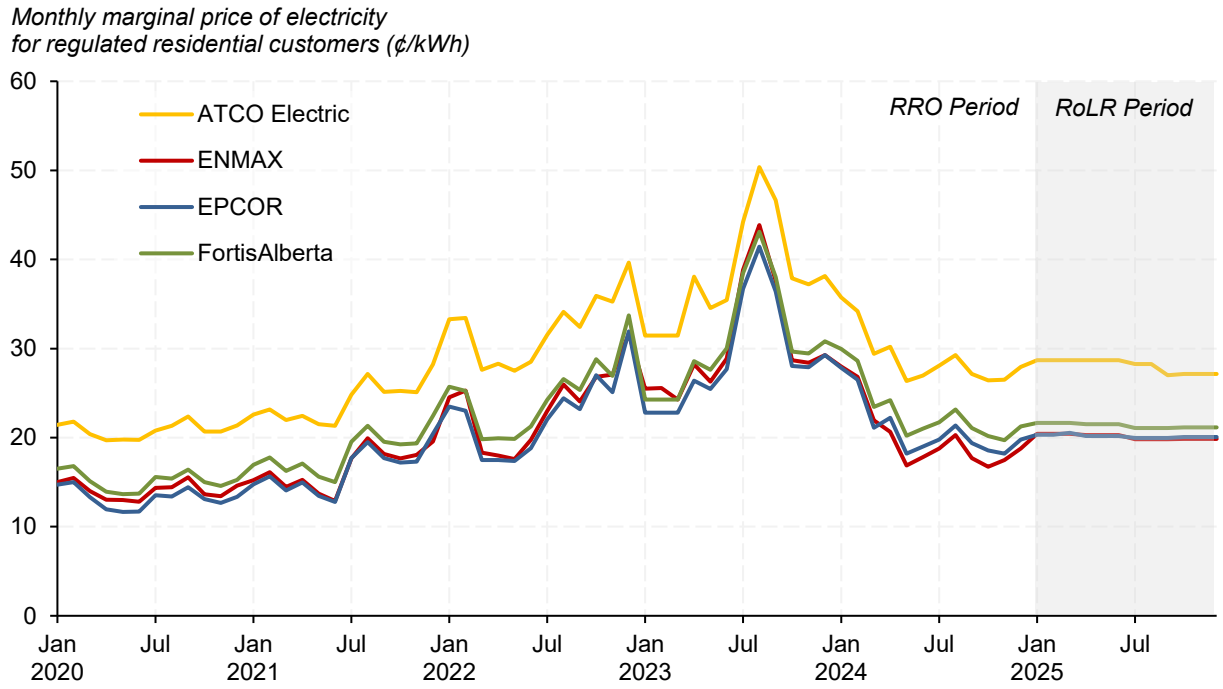


Charges included in electricity bills can be categorized as variable charges, fixed charges, or a combination of both. Variable charges are calculated using a series of variable rates (¢/kWh) and are impacted by a customer's consumption, while fixed charges are flat fees levied on a per-day or per-month basis. Many retailers and regulated rate providers do not explicitly list all variable charges associated with distribution and transmission costs on customers' bills, while some may combine fixed and variable distribution and transmission charges into single line items on bills. This obscures the real price of a customer's electricity consumption.

The MSA refers to the real price of a customer's electricity consumption as their "marginal price of electricity". While residential RoLR customers in major service areas paid a RoLR energy charge of approximately 12 ¢/kWh in 2025, the lowest marginal price of electricity for residential RoLR customers across major service areas was approximately 20 ¢/kWh in 2025. In any given month, the difference between the marginal billing price and the regulated energy charge reflects variable rates used to recover transmission costs, distribution costs, municipal fees, or associated rate rider costs (non-energy bill component costs).

The marginal price of electricity for regulated residential customers stabilized across all major service areas when the RoLR was introduced in 2025 (Figure 48). The remaining small fluctuations in marginal price of electricity for regulated residential customers over 2025 resulted from adjustments to variable rates used to recover non-energy bill component costs over that year. Although regulated residential customers face relatively stable marginal prices of electricity because of the change to the RoLR, these marginal prices of electricity are higher than they were in 2020 and exceed marginal prices of electricity faced by most customers that have enrolled with competitive retailer.

Figure 48: Marginal price of electricity for regulated residential customers, by service area, January 2020 to December 2025



3.5.4 Customer switching incentives

Retail customers incur costs when searching for and switching to an alternative retailer or retail contract. For a RoLR customer searching for and switching to a competitive retailer, these costs may include the cost of their time and effort. If a RoLR customer does not expect to recoup their search and switching costs as savings on their electricity bills if they switch to a competitive retailer, they may decide to remain on the RoLR.

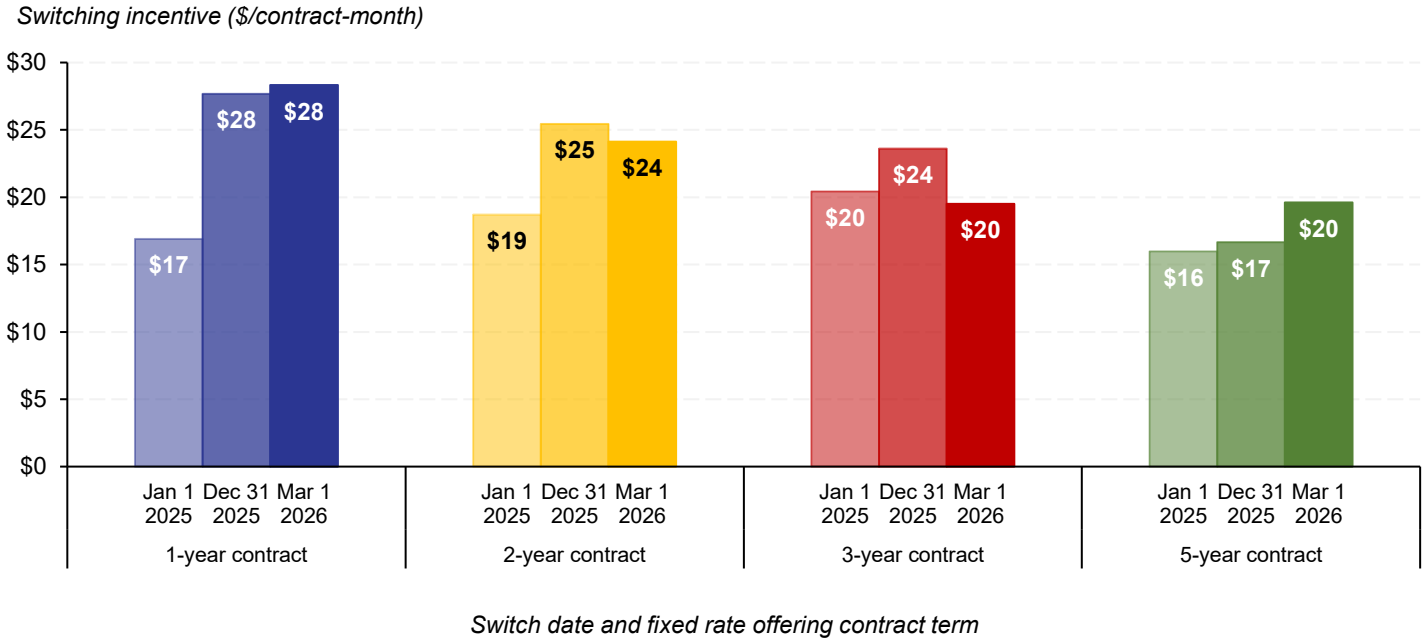
Residential customers had significant but varied financial incentives to switch off the RoLR at the beginning of the 2025 to 2026 RoLR term. These switching incentives increased for many residential RoLR customers by March 2026. A RoLR customer's incentive to switch to competitive fixed rate contracts will vary throughout a RoLR term depending on the magnitude of RoLR energy and administration charges the customer would be expected to incur if they remained on the RoLR, prevailing competitive fixed rate contract prices, and their energy consumption.

On January 1, 2025, an average residential RoLR customer in the ENMAX service area could switch to the lowest-priced 1, 2, 3, or 5-year fixed rate contract offered by major retailers and expect to save between $16 and $20 per month over the length of the contract's term (Figure 49).[59] At that time, an average residential RoLR customer could expect to save more per month

[59] The lowest-priced fixed rate contract for any given contract term and switch date is the contract that is least costly for a residential customer in the ENMAX service area consuming an average of 435 kWh/month (accounting for administrative costs). The 2025 to 2026 RoLR energy charge and forecasts for the 2027 to 2028, 2029 to 2030, and 2031 to 2032 RoLR energy charges are used to calculate savings.

by switching to a 3-year or 2-year fixed rate contracts ($20 and $19 per contract-month, respectively), than they could expect to save by switching to 1-year or 5-year fixed rate contracts ($17 and $16 per contract-month). This was because the lowest 1-year and 5-year fixed energy rates were priced higher than the lowest 2-year and 3-year fixed energy rates on January 1, 2025.[60]

Figure 49: Monthly competitive fixed rate switching incentive for average residential RoLR customers in the ENMAX service area, as of January 1, 2025, December 31, 2025, and March 1, 2026



RoLR customers' incentive to switch off the RoLR increased by December 31, 2025 as prices for 1, 2, and 3-year fixed rate contracts declined, while an increase in the forecast RoLR energy charge for the 2029 to 2030 RoLR term (Figure 42) more than offset the impact of 5-year fixed rate contract price increases on RoLR customers' incentive to switch to 5-year fixed rate contracts.

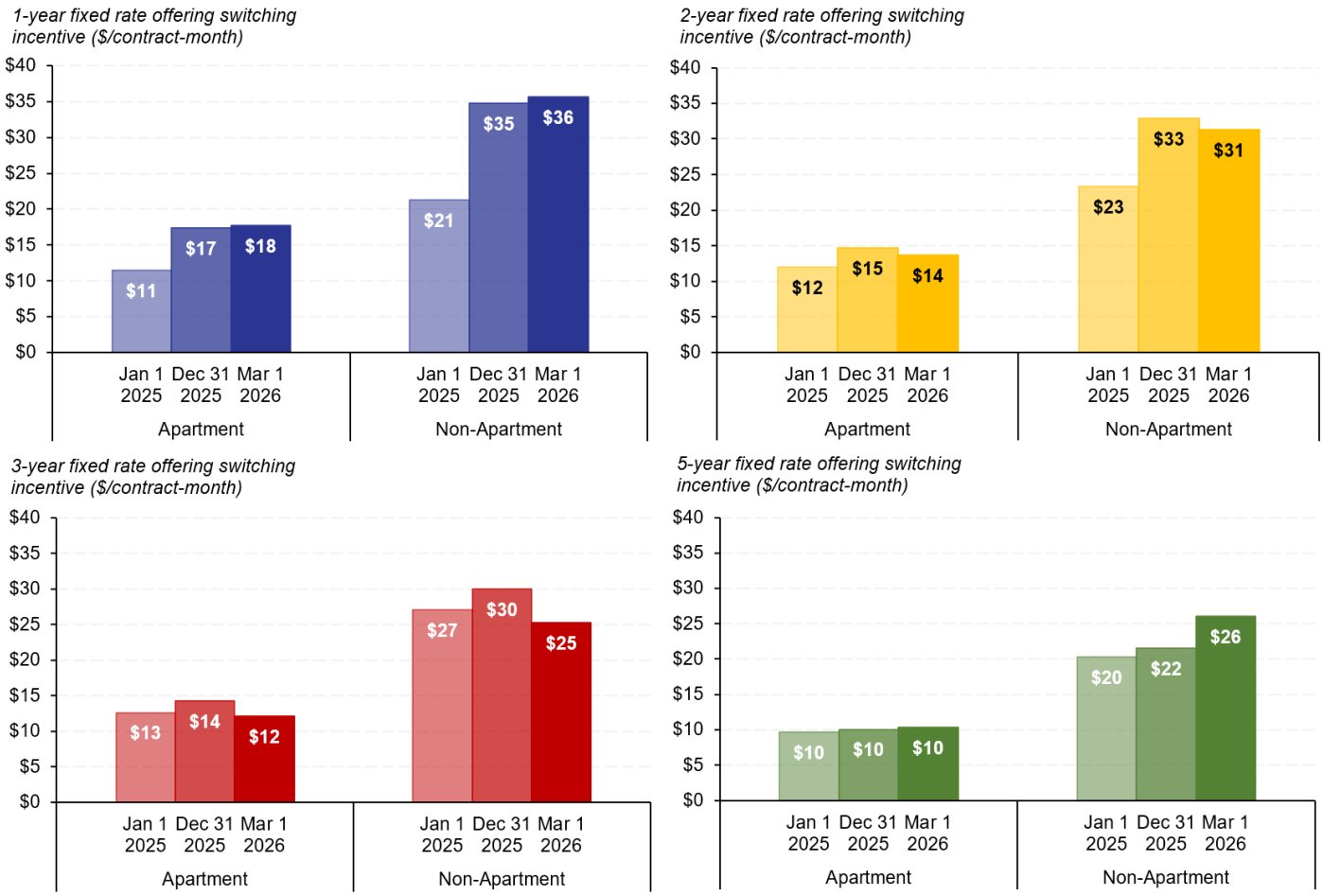
RoLR energy charge forecasts for the three RoLR terms spanning 2027 to 2032 fell significantly between December 31, 2025, and March 1, 2026. This caused a decline in the monthly amount an average residential RoLR customer could expect to save by switching to a 2-year or a 3-year fixed rate on March 1, 2026, but falling 1-year and 5-year fixed rate contract prices in January and February offset the decline in RoLR energy charge forecasts, leading to an increase in the 1-year and 5-year fixed rate contract switching incentive by March 1, 2026.

An average residential RoLR customer living in an apartment in the ENMAX service area could expect to save approximately half of the amount that an average residential RoLR customer living in other forms of housing could expect to save by switching to a competitive fixed rate contract

[60] MSA Data Portal - Competitive Retail Fixed Rates (msa_rm01fr).

(Figure 50).[61] These relatively low switching incentives for average RoLR apartment customers are particularly notable, given the MSA's finding that an average RoLR apartment customer may in some cases be more likely to switch to competitive retailers as compared to RoLR customers living in other forms of housing, as detailed in subsection 3.3.3.

Figure 50: Monthly competitive fixed rate switching incentive for average apartment and non-apartment RoLR customers in the ENMAX service area, as of January 1, 2025, December 31, 2025, and March 1, 2026



3.5.5 Load-limited sites

Retail customers that do not pay electricity bills may have their electricity services disconnected or have a load limiter installed to restrict the amount of power they can consume at a given time.[62] As electricity service disconnection is prohibited between October 15 and April 15 and in periods

[61] Monthly consumption values averaging 230 kWh and 577 kWh were used to determine the least costly competitive fixed rate contracts for apartment and non-apartment customers in the ENMAX service area, respectively.

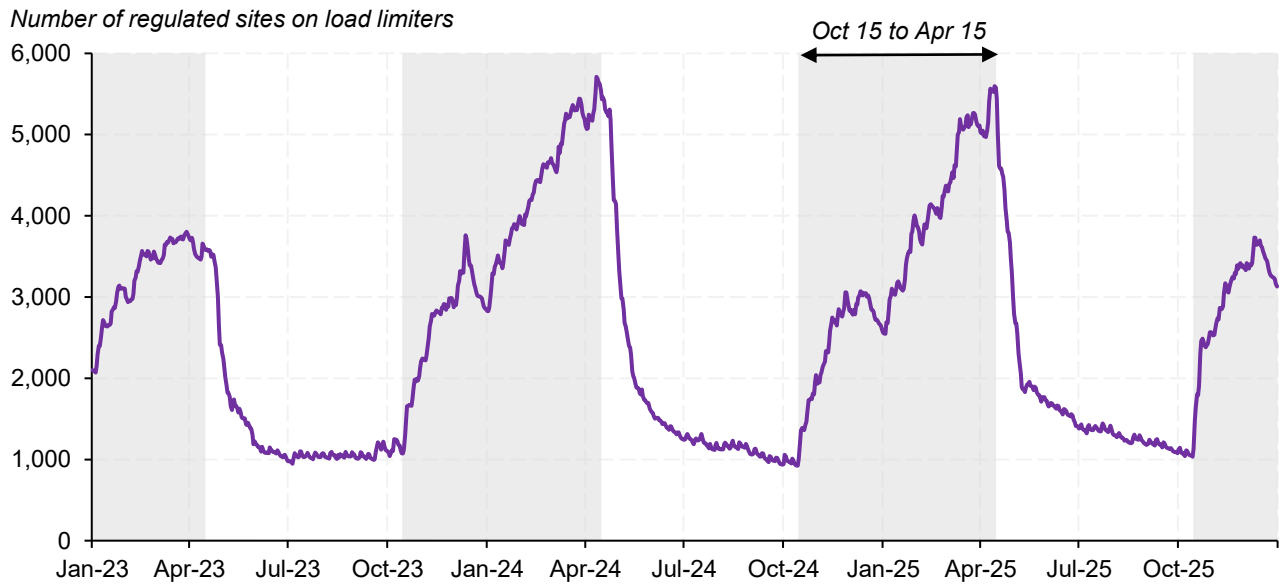
[62] Utilities Consumer Advocate, Load Limiters.

with negative temperatures,[63] a regulated rate provider may request a load limiter be installed on sites with accounts in arrears.

Vulnerable customers with financial difficulties may not be able to consistently pay their electricity bills and may therefore have load limiters installed at certain times of year. Vulnerable customers may have greater difficulties switching to a competitive retailer if they have insufficient credit or are unable to afford any deposit required by the competitive retailer.

On any given day between January 1, 2023, and December 31, 2025, between 924 and 5,711 regulated sites were on load limiters (Figure 51).

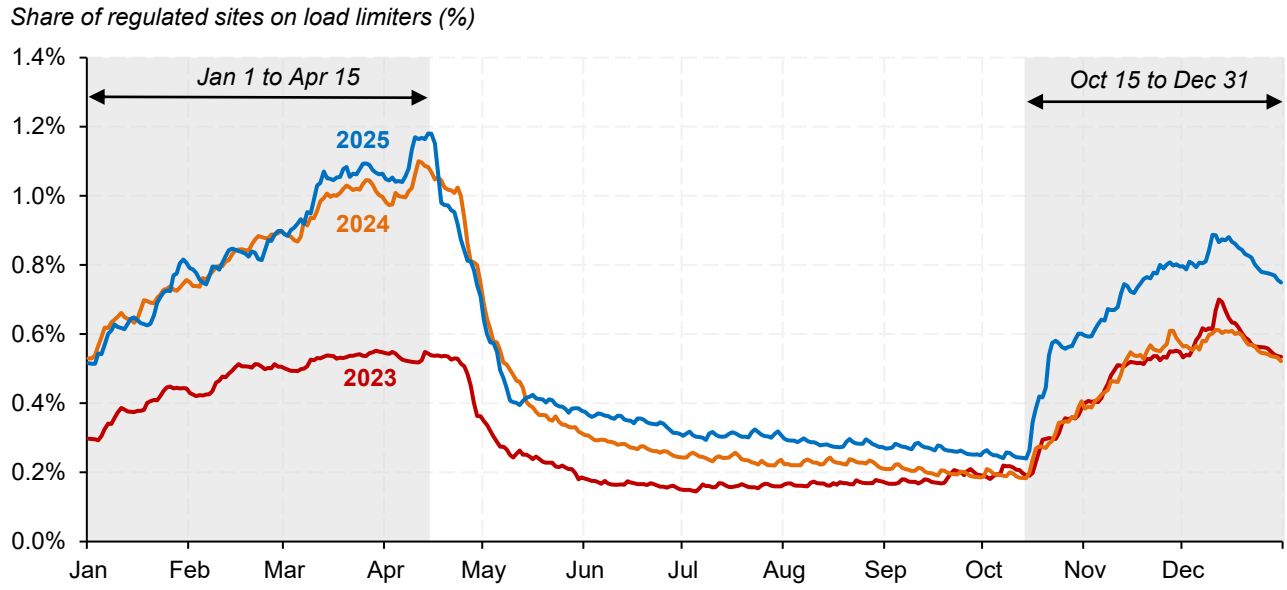
Figure 51: Number of regulated sites on load limiters by day, all regulated rate providers, 2023 to 2025



A greater share of regulated sites was on load limiters on any given day in 2024 and 2025 than in 2023 (Figure 52). Approximately 0.2% more RoLR sites were on load limiters on the last day of 2025, compared to regulated sites at the end of 2023 and 2024.

[63] AUC Rule 003: Service Quality Reporting for Energy Service Providers, December 17, 2020, ss. 1.2(e)-(f), 3.4.1(1), 3.4.1(3), pp. 1, 4.

Figure 52: Share of regulated sites on load limiters by day, all regulated rate providers, January 1, 2023, to December 31, 2025



4.4% of RoLR sites had a load limiter installed on at least one day in 2025, compared to 4.0% of regulated sites in 2024 and 2.7% of regulated sites in 2023 (Table 15).

Table 15: Annual regulated site load limiter statistics, all regulated rate providers, 2023 to 2025

	2023	2024	2025
Number of regulated sites with load limiters within year	22,018	26,892	27,903
Number of unique regulated sites within year	823,198	677,603	636,410
Share of unique regulated sites with load limiters within year	2.7%	4.0%	4.4%
Average load limiter duration (days)	37	37	36

The higher share of unique RoLR sites with load limiters in 2025 as compared to 2023 and 2024 (annual load limiter shares) may indicate that regulated rate providers incurred greater bad debt from customer non-payment as a proportion of their revenue in 2025 than in 2023 or 2024, impacting their financial performance.

Higher annual load limiter shares in 2025 could also indicate that a higher proportion of RoLR customers in 2025 are vulnerable customers as compared to regulated rate customers in 2023 and 2024. However, annual load limiter shares may not be representative of the shares of

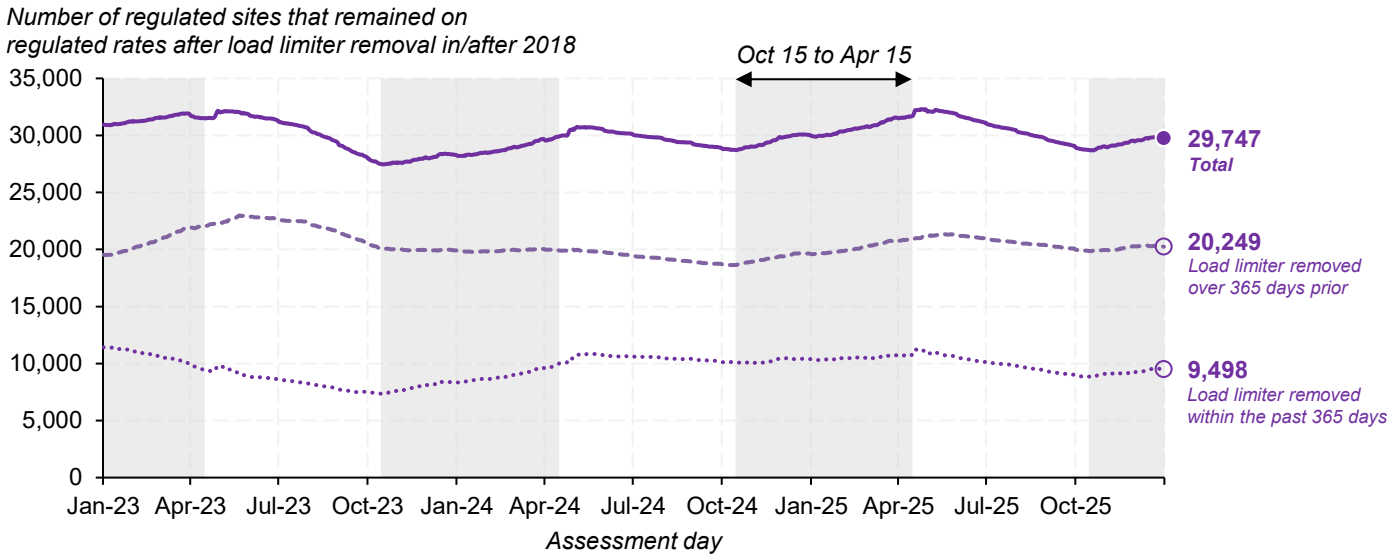
regulated rate customers that might be vulnerable customers. This is because annual load limiter shares do not account for:

- the number of regulated rate customers that were able to switch from their regulated rate provider to a competitive retailer after having a load limiter removed; and,
- the number of regulated rate customers that were able to pay their regulated electricity bills in any given year while not having the financial means to switch to a competitive retailer.

The first factor can be accounted for by only assessing the number of regulated sites that remain on regulated rates after having their load limiter removed. The second factor can be partially accounted for by including regulated sites that were on load limiters in prior years and remained on regulated sites since having them removed.

29,747 regulated sites had a load limiter removed at least once since 2018 and remained on regulated rates up to December 31, 2025 (Figure 53).

Figure 53: Number of regulated sites that have remained on regulated rates since a load limiter removal, by assessment day and time since load limiter removal, all regulated rate providers, January 1, 2023, to December 31, 2025[64]



Most of these 29,747 regulated sites may be occupied by vulnerable customers, as most of these sites were load limited in the past because they could not pay their electricity bills, and they had not yet left their regulated rate provider as of December 31, 2025. However, some vulnerable customers may be able to consistently pay their regulated electricity bills while not having

[64] On any given assessment day, a regulated site that has a load limiter on that day may be classified as a regulated site that has remained on regulated rates since a load limiter removal if it previously had a load limiter removed and has remained a regulated site since that time.

sufficient credit for a competitive retailer or the ability to pay a deposit to switch to a competitive retailer; these vulnerable customers are not accounted for among the 29,747 regulated sites.

Among the 29,747 regulated sites that remained on regulated rates after having a load limiter removed, 20,249 had a load limiter removed over 365 days before December 31, 2025, and remained on regulated rates since its removal (old load-limited regulated sites),[65] while 9,498 had a load limiter removed since December 31, 2024, and remained on regulated rates throughout 2025 (recently load-limited regulated sites).[66]

The number of regulated sites that have remained on regulated rates since a load limiter removal varies seasonally, increasing over the winter as more regulated sites have load limiters installed and removed and decreasing over the summer when load limiter installation and removal is less common and some of these previously load limited sites switch to competitive retailers. Despite seasonal increases and decreases, the number of regulated sites that have remained on regulated rates continuously since a load limiter removal was similar between 2023 and 2025, increasing only slightly over that period (Table 16).

Table 16: Number of regulated sites that have remained on regulated rates since a load limiter removal, all regulated rate providers, 2023 to 2025

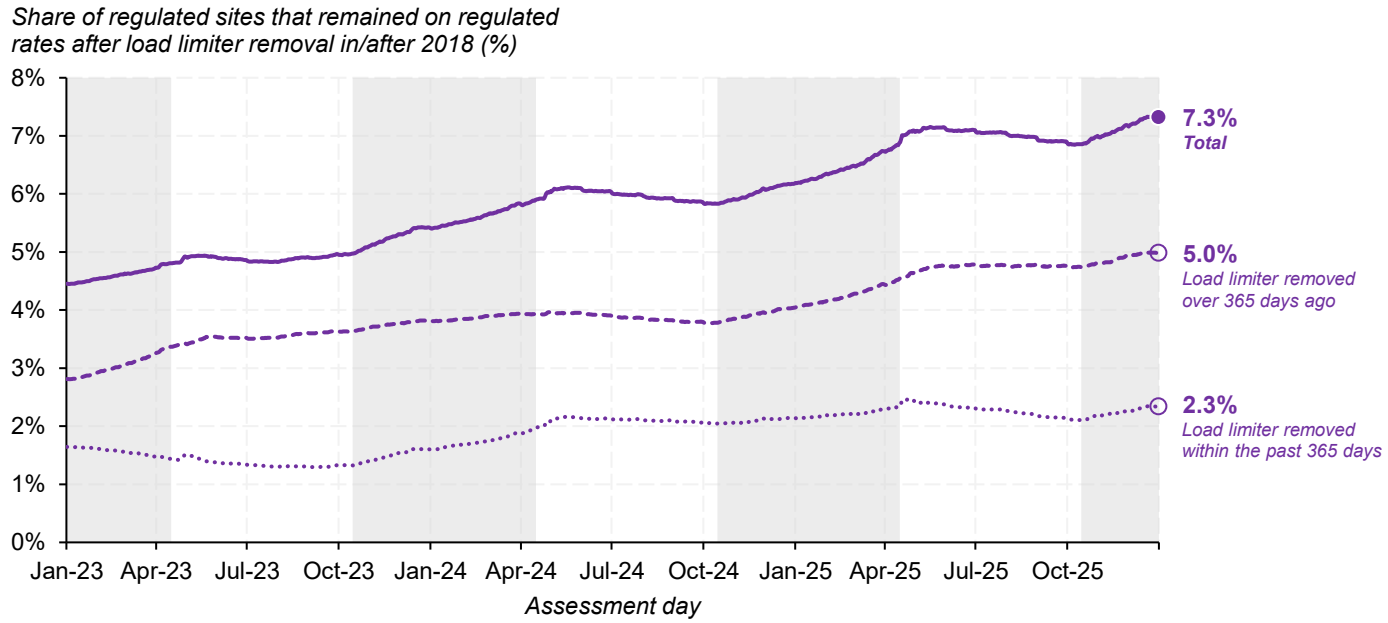
Year	Annual average	Year-over-year change in annual average (%)	Number as of October 14	Number as of December 31
2023	30,203	N/A	27,493	28,278
2024	29,485	-2.4%	28,724	30,017
2025	30,420	+3.2%	28,742	29,747

As the number of regulated sites overall has declined since 2023 (see subsection 3.1.1), the share of regulated sites that remained on regulated rates since a load limiter removal increased significantly between 2023 and 2025 (Figure 54).

[65] A regulated site is classified as being an “old load-limited regulated site” on December 31, 2025, if it has been served by a regulated rate provider since having a load limiter removed between January 1, 2018, and December 30, 2024.

[66] A regulated site is classified as being a “recently load-limited regulated site” on December 31, 2025, if it has been served by a regulated rate provider since having a load limiter removed between December 31, 2024, and December 30, 2024.

Figure 54: Share of regulated sites that have remained on regulated rates since a load limiter removal, by assessment day and time since load limiter removal, all regulated rate providers, January 1, 2023, to December 31, 2025



By the end of 2025, 7.3% of regulated sites were sites that remained on regulated rates since a load limiter removal, higher than at the end of 2024 (6.2%) or at the end of 2023 (5.4%). The MSA expects the majority of these 7.3% of regulated sites are occupied by vulnerable customers.

APPENDIX A: RRD METRIC CALCULATIONS

The Divergence from Implied Return (DIR) metric is used as the RRD metric for RoLR providers with an IRM:

$$\textbf{Divergence from Implied Return (DIR) (\%)} = \frac{\text{Realized Return Margin} - \text{Implied Return Margin}}{\text{Implied Return Margin}}$$

The Adjusted Divergence Margin (ADM) metric is used as the RRD metric for RoLR providers without an IRM:[67]

$$\textbf{Adjusted Divergence Margin (ADM) (\%)} = \frac{\text{Realized Return Margin}}{(\text{Energy charge} - \text{Non-prevailing term energy charge components})}$$

A RoLR provider's RRM ($/MWh) in any given RoLR term reflects the RoLR energy revenues it receives that are used to recover current-term costs (Adjusted RoLR Energy Revenue, or ARER), less the costs recovered using the RoLR energy charge (Energy Revenue-Recovered Costs, or ERRC) per MWh of consumption volumes charged to customers (total adjusted wholesale settlement consumption):

$$\textbf{Realized Return Margin (RRM) (\$/MWh)} = \frac{(\text{Adjusted RoLR Energy Revenue} - \text{Energy Revenue-Recovered Costs})}{\text{Total adjusted wholesale settlement consumption}}$$

Revenues, costs, and consumption values are calculated for each month of the prevailing two-year RoLR term, using actual values for historical months in the RoLR term and MSA forecasts of values for the remaining months in the RoLR term. RoLR providers are required to submit historical data, records, and information to the MSA to support these calculations.

The ARER is calculated as the sum of all RoLR energy charge revenues over the RoLR term that are used to recover current-term costs. ARER excludes any RoLR energy charge revenues received to recover collar-related costs in future RoLR terms. ARER also excludes revenue shortfalls or surpluses resulting from the requirement that RoLR energy charges comply with the 10% collar between RoLR terms.

The ERRC is calculated as the sum of all costs incurred by the RoLR provider over the RoLR term that are recovered using its RoLR energy charge. This includes: AESO settlement costs, costs associated with procurements of physical forward or financial contracts to hedge RoLR load,

[67] Non-prevailing term energy charge components are all $/MWh components of the RoLR energy charge that adjust the energy charge in any prevailing RoLR term to comply with the 10% collar or recover costs a RoLR provider incurs in a term other than the prevailing RoLR term.

consumer awareness surcharge costs, income tax, and any non-energy costs or bad debt expenses approved to be recovered using the RoLR energy charge.

APPENDIX B: FINANCIAL PERFORMANCE ASSESSMENT PROCESS

The MSA provided sixteen financial performance reports to fifteen RoLR providers twice in 2025.[68] The July 2025 Reports were provided to RoLR providers on June 30, 2025, and the January 2026 Reports were provided to RoLR providers on December 27, 2025.

The MSA used the RRD parameter established in the July 2025 Parameters to assess RoLR providers' financial performance for the July 2025 Reports and used the RRD and RRE parameters established in the Final Parameters to assess RoLR providers' financial performance for the January 2026 Reports.

The MSA requested records, information, and data from RoLR providers to complete both sets of financial performance reports.[69]

For the July 2025 Reports, the MSA requested limited records, information, and data from RoLR providers pertaining to their costs between January 1, 2025, and April 30, 2025, in addition to data and records pertaining to their EPSP and IRM.[70] The MSA issued these Information Requests on May 1, 2025, and requested responses by May 15, 2025. The MSA calculated RoLR revenues, costs, volumes, and RRD metrics for each RoLR provider using their responses if they could be validated, publicly available price and cost data, and load settlement data available to the MSA.

The MSA requested more substantial records, information, and data from RoLR providers for the January 2026 Reports on October 1, 2025, and requested responses by November 3, 2025.[71] The MSA requested RoLR providers submit revenue, cost, volume, and site data pertaining to the period beginning January 1, 2025, and ending September 30, 2025, in addition to supporting information, data, records, and any EPSP information not previously provided. The MSA also requested RoLR providers submit written comments identifying any uncompensated risks that will significantly impact their financial performance under the RoLR to the end of the RoLR term. The MSA calculated RRD metrics for each RoLR provider using their responses if they could be validated, publicly available price data, and load settlement data available to the MSA.

The MSA considered all records, information, and data submitted by RoLR providers when completing financial performance assessments in the July 2025 Reports and January 2026 Reports, including any records, information, or data submitted by RoLR providers that the MSA

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[68] One RoLR provider received two financial performance reports in both sets of reports provided over 2025, as that RoLR provider provides RoLR service under two RoLR energy charges.

[69] The MSA sent Information Requests to RoLR providers on May 1, 2025, and October 1, 2025, to receive information necessary to complete the July 2025 Reports and January 2026 Reports, respectively.

[70] Information, records, and data requested from RoLR providers for the July 2025 Reports are listed in Appendix B of the July 2025 Report Parameters.

[71] Information, records, and data requested from RoLR providers for the January 2026 Reports are listed in Appendix B of the Final Parameters. In addition to the Requests detailed in Appendix B of the Final Parameters, the MSA also requested RoLR providers submit AESO pool statements in advance of the production of the January 2026 Reports.

had not requested. The MSA validated RoLR providers' submissions to confirm they were reasonable to use in the MSA's assessment of their financial performance, and requested additional records, information, and data where necessary to support these validations. The MSA validated RoLR providers' submissions to confirm that:

1. any submitted IRM was consistent with their EPSP, RoLR energy charge calculations, and the Parameters;

2. any revenue data submissions were reasonable, reflected revenues recovered using their RoLR energy charge and were consistent with their RoLR energy charge, RoLR energy charge calculations, approved EPSP, and RoLR load settlement data submissions, and were supported by relevant records, data, and information;

3. any cost data submissions were reasonable, reflected costs they incurred that are recovered using their RoLR energy charge, and were supported by relevant records, data, and information;

4. any accrued CAS revenues were remitted in the 2025 months subject to the Information Requests;[72] and

5. any financial or physical forward contracts submitted as costs were used exclusively to hedge RoLR load.

Where the MSA identified deficiencies in a RoLR provider's data submissions, the MSA substituted that data with values calculated by the MSA. These calculated values were derived using pool prices, electricity futures prices, the RoLR provider's load settlement data, publicly available information, or other validated information, records, and data obtained from the RoLR provider.

To assess RoLR providers' financial performance using the RRD parameter, the MSA calculated RRD metrics for each RoLR provider using validated data submitted by RoLR providers or data calculated by the MSA, in accordance with the established parameters. The MSA used actual RoLR revenues, costs, and volume data in historical months and its own forecasts of RoLR revenues, costs, and volumes for the remaining months of the 2025 to 2026 RoLR term to calculate RRD metrics for each provider.[73] The MSA compared a RoLR provider's RRD metric to the appropriate Indicative RRD Threshold to determine whether the RoLR provider's financial performance was unacceptable.

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[72] January 2025 to April 2025 for the July 2025 Reports, and January 2025 to September 2025 for the January 2026 Reports.

[73] For the July 2025 Report, data pertaining to the period between January 2025 and April 2025 reflect actual results, and data for the remaining months in the 2025 to 2026 RoLR term was forecasted.

For the January 2026 Report, data pertaining to the period between January 2025 and September 2025 reflect actual results, and data for the remaining months in the 2025 to 2026 RoLR term was forecasted.

To assess RoLR providers' financial performance using the RRE parameter, the MSA assessed whether any risks identified by RoLR providers or the MSA (assessed risks) were uncompensated risks that will significantly impact their financial performance under the RoLR to the end of the RoLR term. The MSA did this by assessing whether all the following were true:

1. the RoLR provider is exposed to the assessed risk;

2. the RoLR provider's EPSP does not compensate them for the risk it may incur costs or revenues if the assessed risk is realized; and

3. the RoLR provider's RRM will be significantly impacted if the assessed risk is realized.

The MSA provided drafts of the January 2026 Reports and the workbooks used to calculate RRD metrics to RoLR providers on December 9, 2025. A seven-day review period was provided for RoLR providers to provide comments on the draft January 2026 Reports. The MSA considered all comments submitted by RoLR providers in the review period and made adjustments as necessary prior to finalizing the January 2026 financial performance reports on December 27, 2025.[74]

[74] A review period was not provided for the July 2025 Reports, in accordance with the July 2025 Parameters.

APPENDIX C: SUPPLEMENTAL TABLES AND FIGURES

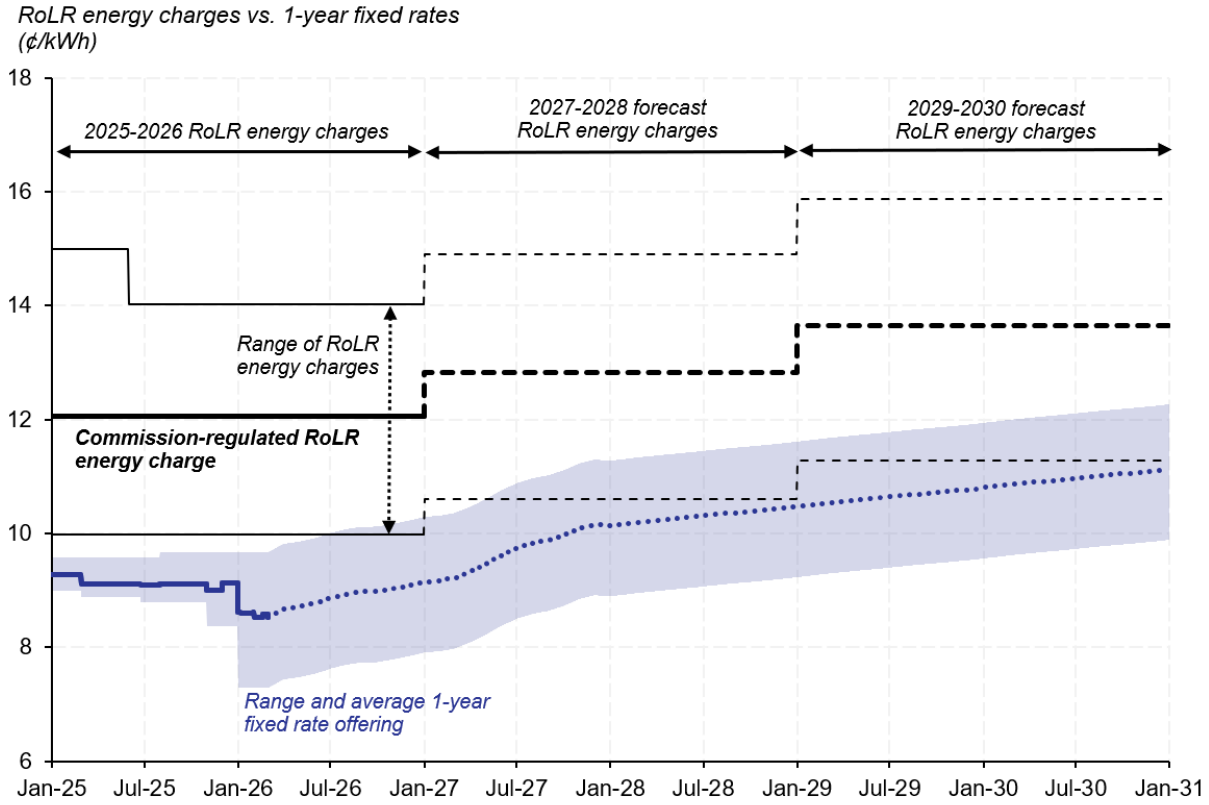
Table 17: Year-over-year change in RoLR provider site counts, 2024 to 2025[75]

RoLR provider	Site count			Change in site count	
	End of 2023	End of 2024	End of 2025	2024	2025
RoLR Provider A	70,418	64,955	56,460	-8%	-13%
RoLR Provider B	110,822	106,367	85,187	-4%	-20%
RoLR Provider C	317,585	293,018	247,123	-8%	-16%
RoLR Provider D	1,266	1,251	0	-1%	-100%
RoLR Provider E	259	261	0	+1%	-100%
RoLR Provider F	0	0	0	N/A	N/A
RoLR Provider G	220	181	77	-18%	-57%
RoLR Provider H	693	592	346	-15%	-42%
RoLR Provider I	535	481	256	-10%	-47%
RoLR Provider J	1,231	1,071	335	-13%	-69%
RoLR Provider K	883	865	880 *	-2%	+2% *
RoLR Provider L	3,254	3,155	2,968 *	-3%	-6% *
RoLR Provider M	12,179	11,412	10,583 *	-6%	-7% *
RoLR Provider N	423	417	433 *	-1%	+4% *
RoLR Provider O	264	256	250 *	-3%	-2% *
RoLR Provider P	1,782	1,677	1,323 *	-6%	-21% *
Commission-regulated providers	**498,825**	**464,340**	**388,770**	**-7%**	**-16%**
Providers for REAs and municipalities	**22,989**	**21,619**	**17,451**	**-6%**	**-19%**
All RoLR providers	**521,814**	**485,959**	**406,221**	**-7%**	**-16%**

[75] Values marked with an asterisk (*) are estimated based on MSA forecasts. Two entries are included for the RoLR provider that offers two distinct RoLR energy charges to customers in different service areas.

Anonymized names used for RoLR providers in Appendix C differ from anonymized names used for RoLR providers in subsections 2.2 and 2.2.1.

Figure 55: Actual and forecast RoLR energy charges (ENMAX service area and range of other service areas) and actual and forecast 1,2-year competitive fixed rates as of March 1, 2026



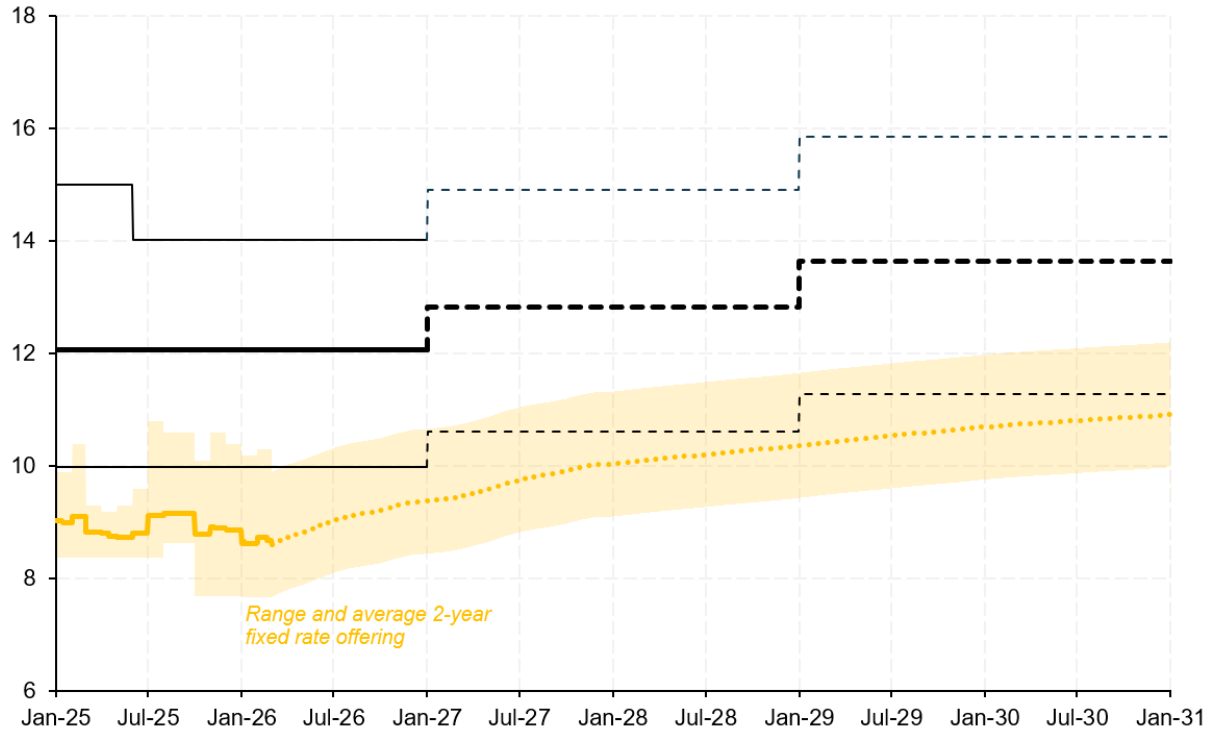


Figure 56: Actual and forecast RoLR energy charges (ENMAX service area and range of other service areas) and actual and forecast 3,5-year competitive fixed rates as of March 1, 2026