MARKET SURVEILLANCE ADMINISTRATOR

Regulatory and Enforcement Activities: Q2 2026

August 10, 2026

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

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1. REGULATORY AND ENFORCEMENT MATTERS

1.1. Regulatory activity

1.1.1. MSA comments on AESO initiatives

The Market Surveillance Administrator (MSA) provided comments to the Alberta Electric System Operator (AESO) regarding the high complexity and milestone 3 packages as part of the Reliability Standards Sync Up Project on May 15, 2026.

Having reviewed the information associated with these two consultation packages, the MSA provided commentary to inform parties considering the proposed reliability standards on the following three topics:

1. Removal of requirements applicable to the Independent System Operator (ISO)

   The AESO is proposing to consolidate functional entity types present in NERC standards into a single entity type, called the ISO, and to not adopt reliability standard requirements, and their associated mandatory actions, that relate to communications or processes entirely within that entity. The MSA is concerned that the proposal will result in increased reliance on internal AESO processes for reliability tasks that would otherwise be subject to compliance monitoring oversight with mandatory evidentiary requirements that better protect grid reliability.

2. Expanded applicability of reliability standards

   With the information available, the MSA is concerned that the AESO's expansion of reliability standard applicability beyond what was established in the NERC standards development process may not have sufficient benefits to justify the costs and therefore may not be in the public interest.

3. Inconsistent approach to information documents for additional guidance

   The AESO is proposing to continue using information documents to provide implementation guidance to market participants. The MSA is concerned that the lack of a formalized and timely process to provide this guidance risks inconsistent interpretation and implementation of reliability standards.

The MSA also provided an appendix with additional observations on the proposed reliability standards covering opportunities to consistently define terms and authoritative content in information documents.

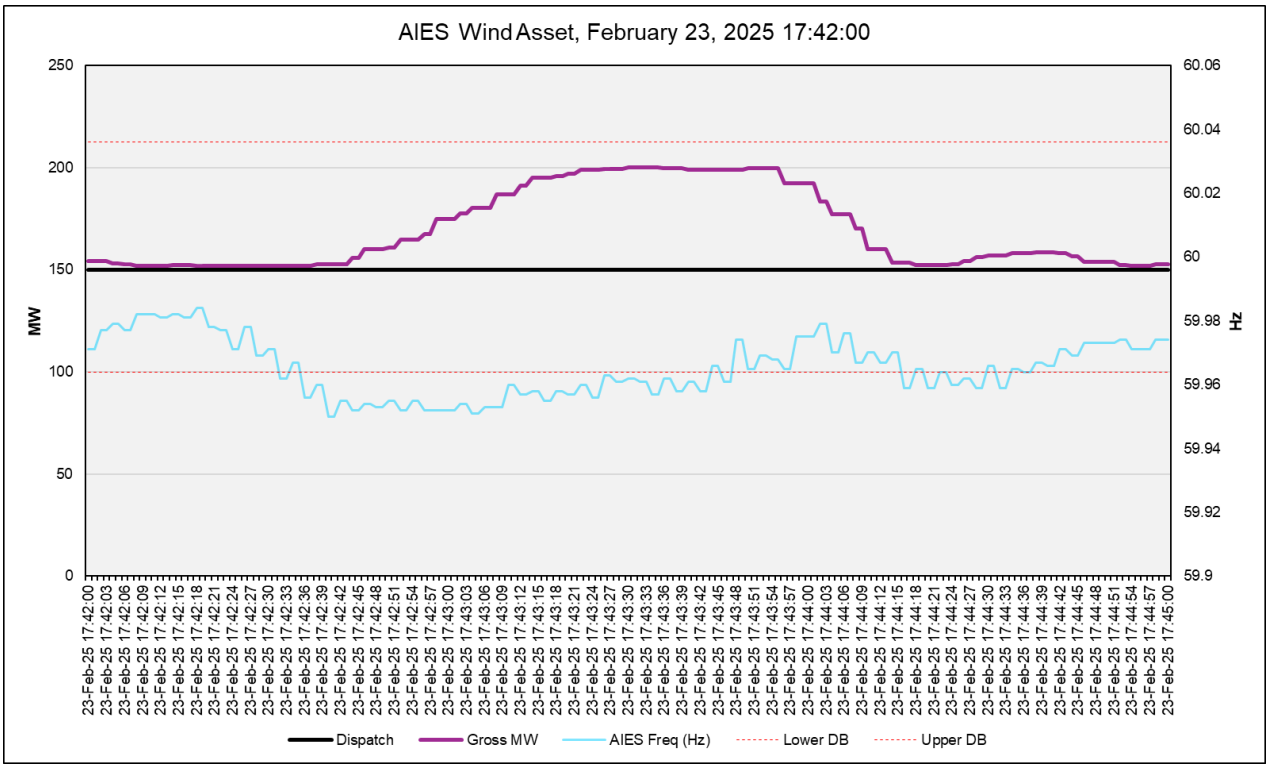
1.2. Observed trends, novel matters, and enforcement process notices

The MSA includes this section in the quarterly enforcement reports to summarize compliance trends, provide an explanation of novel matters that have been recently decided, and give additional commentary on compliance processes and documentation.

1.2.1. Frequency response from renewable resources under transmission curtailment

The MSA has observed an increasing number of referrals from the AESO regarding the primary frequency response from wind powered assets. Normally these assets operate without additional headroom such that they do not have capability to respond to low frequency conditions, but while under a transmission curtailment directive these assets must override the real power limit in effect at the time (section 3(2) of ISO rule 503.6) to provide a response while the frequency remains outside of deadband. The referrals generally relate to governors not configured properly, either not providing a sufficient response or providing too large a response as described in the example below.

The following chart observes an example 205 MW wind asset operating in the Alberta interconnected electric system (AIES) on February 23, 2025, while under a directive to not exceed 150MW due to transmission congestion.



As the chart shows, the AIES frequency briefly exits the 0.036 Hz deadband shortly after 17:42:00. Once the AIES frequency exits the deadband, the asset immediately responds by increasing real power, as required under ISO rule 503.6. However, the asset continues to ramp upwards to

approximately 200 MW, 50 MW above the active curtailment directive. Once frequency returns to within deadband, the asset real power decreases to its dispatch generation level.

During the event, AIES frequency reached approximately 59.95 Hz, a deviation of 0.05 Hz. The calculation of primary frequency response (as defined in ID#2020-018) shows that the generator in response to a 0.05 Hz frequency deviation ought to provide between 4 and 6 MW of additional generation. While real-time conditions will influence the governor response, the 50 MW response by this generator is over eight times the expected response and can pose a risk to the safe operation of the transmission system under congestion.

With the increasing likelihood of renewable assets being subject to transmission constraint directives, the circumstances where a frequency response is required in accordance with the ISO rules are becoming more common resulting in an increase in enforcement activity in relation to ISO rule 503.6 for these assets.

1.2.2. Access provisioning during information technology migrations

The MSA has received multiple self-reports of suspected contraventions during planned IT migration activities, including transitions to or between third-party providers or the repatriation of responsibility from a third-party, where documented processes and procedures for managing access to bulk electric system (BES) cyber security information (BCSI) including designated storage locations were not fully implemented or bypassed entirely.

The risks associated with this include:

a. unauthorized disclosure of BCSI (such as network diagrams, cyber asset inventories, security configurations, passwords, recovery procedures, or other sensitive information);

b. increased likelihood of cyber compromise (as sensitive information can be used to identify vulnerabilities, facilitate phishing, support privilege escalation, or aid malicious actors in targeting BES cyber systems);

c. loss of integrity of critical cyber security information, potentially resulting in unauthorized modification, destruction, or misuse of information supporting AIES operations; and

d. potential reliability impacts, where disclosure of BCSI contributes to the compromise of systems whose disruption could affect the reliable operation of the AIES.

In the self-reports received, the MSA has further noted that in these cases detective controls appeared to be ineffective in identifying issues in a timely manner, as the suspected contraventions were generally discovered during less frequent (quarterly or longer) compliance reviews rather than through more routine monitoring activities. Furthermore, the failure to plan up-front for CIP compliance in relation to a planned transition can result in a prolonged remediation period due to the need to revise processes and documentation as well as provide training to a broad group of personnel and third-party providers during which time there is elevated cyber-security risk.

1.2.3. Time-based maintenance and commercial outages

The MSA has observed multiple suspected contraventions associated with performing maintenance activities mandated by the PRC-005 reliabilty standard and the scheduling of operational outages. PRC-005 specifies maximum invervals for maintenance activities but affords entities some discretion and flexibility to determine the timing and approach to required maintenance activity.

Operational outages are often complex undertakings involving numerous interdependencies which can result in maintenance activity being postponed, potentially for prolonged periods. In the suspected contraventions received by the MSA there were examples of required maintenance that was more than two years overdue.

In the case of PRC-005 requirements, the risks associated with these non-compliances include protection system failures, protection system misoperations, and equipment damage, all of which increase the likelihood of a reliability incident on the AIES.

The PRC-005 standard does not include an exemption from required maximum maintenance intervals for issues encountered in outage planning; in the proposed mitigation plans received by the MSA some participants acknowledged the need to decouple compliance-related activities from larger outage scheduling, thereby reducing reliance on outage execution, while othes relied on efforts to improve scheduling certainty on planned outages. In none of the recent submissions did the participant apply for a waiver and variance under ADM-002-AB-1 in relation to the the changed outage schedule.

1.3. Retail information sharing advisory opinion

This Advisory Opinion (AO) is being issued by the MSA pursuant to its Advisory Opinion Program (AOP) and subject to the MSA Advisory Opinion Process (AOP Process).

The AOP Process provides as follows:

- The identity of the market participant who submitted a request pursuant to the AOP and any commercially sensitive information will not be disclosed.

- The AO is non-binding on the MSA. The requestor and other market participants are advised to seek independent legal advice or contact the MSA as to whether any legislative or ISO rule changs may have impacted this AO.

Request

On November 14, 2025, the MSA received a written request (request) from a default retailer for an AO under the AOP. In addition to the information contained in the request and required under the AOP for consideration and a decision by the MSA, the MSA requested additional information from the default retailer.

The fact pattern relied on by the MSA for this AO is as follows:

The default retailer receives unsolicited enrollments of sites that are dropped by competitive retailers. These site drops occur because of customers leaving the premises, ending their retailer contracts and non-payment. The default retailer is obligated to provide service to these dropped sites regardless of whether it has information about the customer responsible for billing at each site. Until the responsible customer is identified by the default retailer, these sites are deemed to be occupied by an "unknown customer." Unless the unknown customer at such a site contacts the default retailer to provide their billing information, the default retailer must rely on the customer information, if any, provided in the update customer information transaction.

In the case of moveouts, no contact information is provided to the default retailer. In the case of contract expiry or non-payment, information is provided by the previous retailer associated with the most recent customer at the site. In cases where there is no customer information or inaccurate customer information, the default retailer takes investigative steps, to determine the current owner of the property.

Competitive retailers may have information that could assist its efforts to locate unknown customers. The default retailer's competitive retail affiliate is one such rretailer competitive Retailer.

The default retailer is seeking advice as to whether it can initiate a pilot program whereby it will use information sourced from the competitive retailer, by employees designated as "shared" with the default retailer, to locate unknown customers for the purpose of billing and collecting by the default retailer for its accounts.

MSA assessment

The *Code of Conduct Regulation* (CCR), a regulation made pursuant to the *Electric Utilities Act* and *Gas Utilities Act*, contains Division 2, Customer Information. Section 9 of the CCR provides that a retailer shall not disclose "customer information" except as permitted by section 10 of the CCR.

Section 10(3) of the CCR contains in subsection, (l) and (m) (d) the following:

> "10(3) Customer information about a customer may be disclosed without the customer's consent
>
> (d) to the customer's retailer or regulated rate supplier,
>
> [...]
>
> (l) for the purpose of billing the customer, or
>
> (m) for the purpose of collecting the customer's unpaid bill."

Advisory opinion

Subject to the foregoing, the MSA is of the opinion that the competitive retailer may provide "customer information" to the ddefault retailer, pursuant to subsections 10(3) (d), (l), and (m) for

the “purpose of billing the customer” and the “purpose of collecting the customer’s unpaid bill” within the meaning of the CCR.

1.4. Publication of the final Investigation and Enforcement Process

On June 5, 2026, the MSA published a notice and the final Investigation and Enforcement Process (IEP) with implementation of the new process taking place on September 1, 2026. Following the publication of the IEP, the MSA published a notice on June 24, 2026 soliciting feedback on proposed updates to the self-report and mitigation plan forms to be used under the IEP with that feedback due on July 23, 2026. The MSA will consider any feedback received prior to finalizing the revised forms.

The MSA would like to thank the stakeholders who participated in the seven-month consultation process that resulted in the establishment of the new process.

2. ISO RULES ENFORCEMENT

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

From April 1 to June 30, 2026, the MSA closed 110 ISO rules compliance matters, as reported in Table 1. During the quarter, the MSA received 134 ISO rule matters (Table 1a), the balance of outstanding matters increased by 26 over the quarter to total 228 ISO rule matters which will move forward to the next quarter. During this period, 26 matters were addressed with NSPs, totalling $17,250 in financial penalties (details provided in Table 2).

Table 1: ISO rules compliance outcomes from April 1 to June 30, 2026
[MSA data portal series: msa_ed01iso]

ISO Rule	Discontinuance	Forbearance	Notice of Specified Penalty	No Contravention	Total
201.1	-	1	-	-	1
201.10	-	4	2	1	7
201.7	-	4	3	-	7
203.3	-	12	3	1	16
203.4	-	29	2	-	31
203.6	-	2	-	-	2
205.2	-	1	-	-	1
205.3	-	2	-	-	2
205.4	-	3	2	-	5
205.5	-	-	1	-	1
205.6	-	5	2	-	7
205.9	-	1	2	-	3
301.2	-	3	1	-	4
306.4	-	3	1	-	4
306.5	-	1	2	-	3
502.1	-	1	-	-	1
502.15	-	-	1	-	1
502.16	-	1	-	-	1
502.6	1	-	1	-	2
502.8	-	2	1	-	3
503.13	-	-	1	-	1
503.16	-	1	-	-	1
503.18	-	-	1	-	1
503.19	-	1	-	-	1
503.2	-	1	-	-	1
503.6	-	-	-	1	1
505.4	-	2	-	-	2
Total	**1**	**80**	**26**	**3**	**110**

Table 2a: ISO rules received from April 1 to June 30, 2026

ISO Rule	Referral	Self-Report	Total
103.1	-	1	1
103.12	2	-	2
201.7	1	7	8
203.1	-	2	2
203.3	9	23	32
203.4	1	15	16
203.6	-	10	10
205.3	-	2	2
205.4	-	3	3
205.5	-	3	3
205.6	-	1	1
301.2	1	2	3
502.1	8	1	9
502.5	15	3	18
502.8	11	2	13
503.16	-	5	5
503.2	-	1	1
503.2	-	2	2
505.4	-	3	3
Total	**48**	**86**	**134**

Table 3: Specified penalties issued from April 1 to June 30, 2026, for contraventions of the ISO rules

[MSA data portal series: msa_ed01nsp]

Market participant	Total specified penalty amount by ISO rule ($)																Total ($)	Matters
	201.1	201.7	203.3	203.4	205.4	205.5	205.6	205.9	301.2	306.4	306.5	502.15	502.6	502.8	503.13	503.18		
Alberta Electric System Operator										250							**250**	**1**
Canadian Forest Products Ltd.													250				**250**	**1**
Concord Joffre Partnership				250													**250**	**1**
ENMAX Energy Corporation									250								**250**	**1**
Enfinite Corporation								1,000									**1,000**	**2**
Forty Mile Granlea Wind GP Inc.															750		**750**	**1**
Garden Plain I LP			500														**500**	**1**
Ghost Pine Windfarm, LP	1,500	500															**2,000**	**2**
Grande Prairie Generation Inc.						500											**500**	**1**
Heartland Generation Ltd.	250																**250**	**1**
Irrican Power Ltd.					750		5,000										**5,750**	**2**
Jenner 2 Limited Partnership			250														**250**	**1**
Peyto Exploration & Development Corp.		500									500						**1,000**	**2**
Suncor Energy Inc.																250	**250**	**1**
TA Alberta Hydro LP					750												**750**	**1**
Taber Solar 1 Inc.			250											500			**750**	**2**
TransAlta Generation Partnership				1,500							250						**1,750**	**2**
Voltus Energy Canada Ltd.							250										**250**	**1**
Whitecourt Power Ltd.		250															**250**	**1**
Wild Run LP												250					**250**	**1**
Total	**1,750**	**1,250**	**1,000**	**1,750**	**1,500**	**500**	**5,250**	**1,000**	**250**	**250**	**750**	**250**	**250**	**500**	**750**	**250**	**17,250**	**26**

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

201 General (Markets)
203 Energy Market
205 Ancillary Services Market
301 General
306 Outages and Disturbances
502 Technical Requirements
503 Technical and Operating Requirements

3. ARS ENFORCEMENT

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

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

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

From April 1 to June 30, 2026, the MSA addressed 36 O&P ARS compliance matters (Table 3). During the quarter, 32 O&P matters were received (Table 3a), for a total of 69 O&P ARS matters that carried forward to the next quarter. During this period, 22 matters were addressed with NSPs, totalling $100,000 in financial penalties (Table 4). For the same period, the MSA addressed 87 CIP ARS compliance matters, as reported in Table 5, with 59 matters addressed with NSPs, totalling $1,895,250 in financial penalties. 107 CIP ARS matters were carried forward to next quarter. One CIP notice of specified penalty for $115,500 is being disputed.

Table 3: O&P ARS compliance outcomes from April 1 to June 30, 2026
[MSA data portal series: msa_ed01ars]

Reliability Standard	Discontinuance	Forbearance	Notice of Specified Penalty	No Contravention	Total
COM-001-AB-3	1	1	8	-	10
COM-002-AB-4	1	-	5	-	6
FAC-003-AB1-1	-	3	-	-	3
FAC-008-AB-3	2	-	2	-	4
IRO-008-AB-2	-	1	-	-	1
PER-004-AB-2	-	1	1	-	2
PRC-001-AB3-1.1(ii)	-	1	-	-	1
PRC-002-AB-2	-	-	1	1	2
PRC-005-AB2-6	-	1	3	-	4
PRC-019-AB-2	-	-	2	-	2
PRC-023-AB-4	-	1	-	-	1
Total	**4**	**9**	**22**	**1**	**36**

Table 3a: O&P ARS received from April 1 to June 30, 2026

Reilaibility Standard	Referral	Self-Report	Total
COM-001	8	8	16
COM-002	6	-	6
EOP-011	-	1	1
FAC-003	-	3	3
PRC-001	-	1	1
PRC-005	-	3	3
PRC-025	-	2	2
Total	**14**	**18**	**32**

Table 4: Specified penalties issued from April 1 to June 30, 2026, for contraventions of O&P ARS [MSA data portal series: msa_ed01nsp]

Market Participant	Total specified penatly amounts by ARS ($)							Total ($)	Matters
	COM-001	COM-002	FAC-008	PER-004	PRC-002	PRC-005	PRC-019		
Alberta Electric System Operator				2,500				2,500	1
Alberta Power (2000) Ltd.							2,500	2,500	1
Cenovus Energy Inc.						3,750		3,750	1
Heartland Generation Ltd.	3,750	2,500						6,250	2
MEG Energy Corp.						2,500		2,500	1
Suncor Energy Inc.			8,750					8,750	2
Syncrude Canada Ltd.	27,750	29,250			250	7,500		64,750	11
TransAlta Cogeneration LP							7,500	7,500	1
TransAlta Corporation		1,500						1,500	2
Totals	**31,500**	**33,250**	**8,750**	**2,500**	**250**	**13,750**	**10,000**	**100,000**	**22**

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

COM Communications
FAC Facilities Design, Connections, and Maintenance
PER Personnel Performance, Training, and Qualifications
PRC Protection and Control

Table 5: CIP ARS compliance outcomes from April 1 to June 30, 2026
[MSA data portal series: msa_ed01ars]

Reliability Standard	Non-Pursuit	Forbearance	Notice of Specified Penalty	Total
CIP-002-AB-5.1	-	2	1	3
CIP-003-AB-8	-	3	3	6
CIP-004-AB-5.1	1	6	11	18
CIP-005-AB-5	-	1	1	2
CIP-006-AB-5	-	1	2	3
CIP-007-AB-5	-	8	28	36
CIP-009-AB-5	-	1	3	4
CIP-010-AB-1	-	-	7	7
CIP-010-AB-4	-	5	3	8
Total	**1**	**27**	**59**	**87**

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

CIP-002	BES Cyber System Categorization
CIP-003	Security Measurement Controls
CIP-004	Personnel and Training
CIP-005	Electronic Security Perimeter(s)
CIP-006	Physical Security of BES Cyber Systems
CIP-009	Recovery Plans for BES Cyber Systems
CIP-007	System Security Management
CIP-010	Configuration Change Management and Vulnerability Assessments