



MARKET  
SURVEILLANCE  
ADMINISTRATOR

# Annual Report

For the Year Ended December 31, 2025

April 27, 2026

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

[www.albertamsa.ca](http://www.albertamsa.ca)

April 27, 2026

Honourable Nathan Neudorf  
Minister of Affordability and Utilities and Vice Chair Treasury Board  
Edmonton, Alberta

**Re: Annual Report for the year ended December 31, 2025**

Dear Minister,

I am pleased to submit the Annual Report of the Market Surveillance Administrator (MSA) for the year ended December 31, 2025. This report is provided to you pursuant to section 38(1) of the *Alberta Utilities Commission Act*.

If you have any questions about this report or the activities of the MSA, please do not hesitate to contact me.

Yours truly,

Derek Olmstead  
Market Surveillance Administrator

Cc: David James, Deputy Minister, Affordability and Utilities

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## 1 INTRODUCTION

The MSA is an independent agency continued under the *Alberta Utilities Commission Act* (AUCA) to promote the fair, efficient, and openly competitive operation of Alberta's electricity and retail natural gas markets. The MSA's roles in these markets are to conduct surveillance and report publicly on the competitiveness of market outcomes, investigate market participant conduct, bring enforcement actions before the Alberta Utilities Commission (AUC), and publish guidelines to support the fair, efficient, and openly competitive operation of these markets. The MSA may investigate and seek administrative penalties or other remedies from the AUC for contraventions of the *Electric Utilities Act* (EUA), the *Fair, Efficient and Open Competition Regulation* (FEOC Regulation), the ISO rules, and the Alberta Reliability Standards (ARS).

This Annual Report of the MSA for 2025 (Report) is provided pursuant to section 38(1) of the AUCA, which requires that the MSA provide the Minister with an annual report that reports on the MSA's activities in the fiscal year and contains its audited financial statements for the fiscal year.

Sections 2 and 3 of this Report summarize the MSA's activities in 2025 related to surveillance and enforcement, respectively. Section 4 provides the MSA's audited financial statements for 2025.

## 2 SURVEILLANCE ACTIVITIES IN 2025: MARKET MONITORING AND ASSESSMENT

### 2.1 Restructuring of public reporting

For many years, the MSA has made public a report for each quarter that provides an overview of:

- recent outcomes with respect to Alberta's electricity and retail natural gas markets;
- analysis of these market outcomes;
- a summary of the MSA's recently completed investigations and issue assessments; and
- an update on the MSA's enforcement activities in the quarter.

Through these reports, published pursuant to section 38(4) of the AUCA, the MSA made available to the Minister and the public its views on market events or conditions related to the MSA's mandate. The MSA's long-standing practice was to publish its quarterly reporting within 30 business days of the end of each quarter.

As heralded in the MSA's [Annual Report for 2024](#), in 2025 the MSA separated its surveillance and enforcement reporting into different reports along the following themes:

- wholesale market (discussed in section 2.2)
- retail market (discussed in section 2.6)

- enforcement and regulatory activities (discussed in section 3.2)

## 2.2 Publication of Wholesale Market Reports

Following its long-established practice, pursuant to section 38(4) of the AUCA, the MSA made available to the Minister and the public a report for each quarter that provided an overview of:

- recent outcomes with respect to Alberta’s wholesale electricity markets;
- analysis of these market outcomes; and
- its views on market events or conditions related to the MSA’s mandate.

During 2025, the MSA published four such reports, one of which covers the last quarter of 2024 (related to a period before the report restructuring occurred):

- [Quarterly Report for Q4 2024](#) (February 12, 2025)
- [Wholesale Market Report: Q1 2025](#) (May 14, 2025)
- [Wholesale Market Report: Q2 2025](#) (August 13, 2025)
- [Wholesale Market Report: Q3 2025](#) (November 13, 2025)

The highlights of these four reports are not reproduced here. Each report begins with a summary section called “The Quarter at a Glance” that summarizes the highlights of the quarter. Each report was published within 30 business days of the end of the relevant quarter.

To allow time for the process set out in section 6 of the *Market Surveillance Regulation* (MSR) to occur, the MSA has changed the timeline it targets for the completion and publication of its Wholesale Market Report going forward. Instead of targeting publication within 30 business days of the end of the relevant quarter, the MSA will aim to complete these reports within 25 business days of the end of the relevant quarter and will date and provide them to the Minister by this time. In practice, this change does not affect how or when the MSA completes its Wholesale Market Reports.

Concurrent with the provision of the reports to the Minister, the MSA will initiate the notice process set out in section 6 of the MSR. If no additional process steps are required in respect of the MSR, the report will be made public approximately 30 business days after the end of the relevant quarter. If additional process steps are required in respect of the MSR, publication would be delayed.

## 2.3 Publication of market data and statistics

The MSA produces and maintains datasets that are relied on for its surveillance work. The MSA understands market participants review MSA reports to collect these data for their own use and recognizes that there may be greater benefit were the raw data made public.

On November 14, 2025, the MSA launched its [Data Portal](#): a webpage where the public can access datasets produced by the MSA and associated visualizations. Making these datasets public in this form will make this information more accessible to market participants, stakeholders, and the public.

The Data Portal currently hosts eleven data products produced and maintained by the MSA. Datasets are accompanied by visualizations or a restructured data table in alignment with MSA reporting on the data. Each dataset has an associated product ID which the MSA may reference in future reporting or can be cited in external publications. Each data product has an associated Data Dictionary that provides a description of the data and the data sources and methodologies used by the MSA to produce the data.

The MSA will maintain data products and update them with data on varying update cycles, with datasets updated to reflect data used in recent MSA report publications. Additional data products and features will be added to the Data Portal in 2026.

In addition to the Data Portal, the MSA continues to publish information in relation to the share of different groups of consumers on competitive retail contracts for electricity and natural gas, the rate at which customers on competitive contracts change suppliers, and competitive retailer market shares on its website.

## 2.4 Comments on AESO initiatives

The MSA develops written comments on AESO initiatives when doing so is within the MSA's mandate. In 2025, the MSA provided written comments in respect of the following matters:

- [Fast Frequency Response Plus \(FFR+\) Proposal](#) (July 4, 2025)
- [FFR+ Proposal Addendum](#) (September 22, 2025)
- [Proposed REM ISO rules](#) (October 20, 2025)
- [Reliability Standards Sync Up Project](#) (December 19, 2025)

To maintain a transparent record of its views on these matters, the MSA posts its written comments to its website.

## 2.5 Market Share Offer Control report

Section 5(3) of the FEOC Regulation requires the MSA to at least annually make available to the public an offer control report that:

- includes the names and the percentage of offer control held by electricity market participants, where the percentage of offer control is greater than 5%; and
- may include the names and the percentage of offer control held by electricity market participants, where the percentage of offer control is 5% or less.

Under the *Market Power Mitigation Regulation*, the MSA's offer control report determines which electricity market participants can be subject to the monthly net revenue secondary offer price cap. Electricity market participants cannot be subject to that price cap if they have offer control of less than 5% of the total maximum capability of generating units in Alberta, as determined in the MSA's offer control report.

The MSA's standard practice is to publish one offer control report per year. For 2025, the MSA's offer control report was published on February 12, 2025, in section 1.7 of the [Quarterly Report for Q4 2024](#).

## 2.6 Rate of Last Resort

The MSA's [Quarterly Report for Q4 2024](#) included the publication of all Rate of Last Resort (RoLR) energy charges offered by RoLR providers, an analysis of RoLR customers' switching incentives, and a summary of the MSA's determinations included within RoLR energy price setting plan determination reports provided to RoLR providers in 2024, as required under the *Rate of Last Resort Regulation* (RoLR Regulation).

The MSA is required to prepare reports twice annually that include its evaluation and assessment of the financial performance of each RoLR provider in accordance with the RoLR Regulation. A RoLR provider's regulatory authority must initiate a rate reopener proceeding if the MSA determines the RoLR provider's financial performance falls outside of parameters for what constitutes acceptable financial performance.

The MSA initiated a public [stakeholder consultation](#) to establish parameters for acceptable financial performance under the RoLR Regulation on December 20, 2024, in accordance with requirements of the RoLR Regulation (Parameters Consultation). As part of this consultation, the MSA solicited and received [comments](#) from stakeholders on its draft parameters and held technical sessions with RoLR providers.

The MSA established two sets of parameters over the course of the Parameters Consultation. The [July 2025 Report Parameters for Acceptable Financial Performance](#) under the Rate of Last Resort Regulation were established on May 1, 2025, and were used to assess RoLR providers' financial performance in reports provided to them on June 30, 2025. The MSA established the [Parameters for Acceptable Financial Performance under the Rate of Last Resort Regulation](#) on

August 6, 2025, and used these parameters to assess RoLR providers' financial performance in reports provided to them on December 27, 2025. The MSA [determined](#) that RoLR providers' financial performance was acceptable in 2025.

### 3 ENFORCEMENT ACTIVITIES IN 2025: INVESTIGATIONS AND COMPLIANCE

#### 3.1 Meetings of the Enforcement Committee

The MSA's Enforcement Committee is comprised of senior staff of the MSA, including the Administrator. It serves as an oversight body within the MSA regarding compliance and enforcement matters, including issue assessments and investigations.

In 2025, the Enforcement Committee disposed six matters at six meetings. These matters, categorized by the main applicable authority, are set out in Table 1.

*Table 1: Matters disposed by the MSA's Enforcement Committee in 2025*

<b>Statute / Regulation / ISO rules</b>	<b>Disposed</b>
FEOC Regulation	1
<i>Code of Conduct Regulation</i>	2
ISO rules	2
Alberta Reliability Standards	1
<b>Total</b>	<b>6</b>

#### 3.2 Publication of Enforcement and Regulatory Activities reports

As discussed in section 2.1, the MSA restructured its public reporting in 2025. Following its long-established practice, pursuant to section 38(4) of the AUCA, the MSA made available to the Minister and the public a report for each quarter that provided an overview of:

- a summary of the MSA's recently completed investigations and issue assessments;
- an update on the MSA's enforcement activities in the quarter; and
- its views on market events or conditions related to the MSA's mandate.

During 2025, the MSA published four such reports, one of which covers the last quarter of 2024 (related to a period before the report restructuring occurred):

- [Quarterly Report for Q4 2024](#) (February 12, 2025)
- [Enforcement Activities: Q1 2025](#) (May 8, 2025)
- [Enforcement Activities: Q2 2025](#) (August 11, 2025)

- [Enforcement and Regulatory Activities: Q3 2025](#) (November 10, 2025)

The MSA aims to publish its Enforcement and Regulatory Activities reports on the same cadence as its Wholesale Market Reports.

### **3.3 Summary of selected enforcement matters**

#### **3.3.1 *Spinning reserve technical requirements and performance standards investigation***

In December of 2023, the MSA concluded an investigation which resulted in Alberta Utilities Commission Decision 28217-D01-2023,<sup>1</sup> wherein the MSA learned that to comply with ISO Rule 205.5, Spinning Reserve Technical Requirements and Performance Standards (ISO Rule 205.5), Megapack lithium-ion batteries (Megapacks) supplied by Tesla Energy (Tesla) require specific settings to always be enabled.

ISO Rule 205.5 requires a dispatched asset for spinning reserve to provide an immediate, automatic, and sustained response to any deviation of the system frequency outside the prescribed deadband. Moreover, an asset qualified by the AESO to provide spinning reserve must have a governor system without characteristics which prevent the asset from providing the required immediate, automatic, and sustained frequency response.

Given other battery assets in Alberta rely on Megapacks, the MSA was concerned similar issues to those addressed in Decision 28217-D01-2023 may have occurred elsewhere and commenced an investigation. The scope of the investigation encompassed the development and qualification of battery assets that provide spinning reserve, as well as the sale and provision of spinning reserves and the frequency response from these assets.

For additional information on this investigation, see section 1.1 of the MSA's report [Enforcement Activities: Q2 2025](#).

#### **3.3.2 *Rate of Last Resort provider exit fee investigation***

In Q1 2025, the MSA became aware that a Rate of Last Resort (RoLR) provider may have collected exit fees from regulated rate customers that switched to a competitive retailer. As set out in the *Rate of Last Resort Regulation*, RoLR providers are prohibited from “collect[ing] fees related to the entry to, or exit from, the regulated rate tariff by an eligible customer.” Collecting exit fees from regulated rate customers could disincentivize those customers from switching to competitive retailers, limiting competition in the distribution service area.

Accordingly, the MSA initiated an investigation of the RoLR provider pursuant to section 39(1)(b) of the AUCA. As a result of the MSA's investigation, the MSA determined the RoLR provider had not collected exit fees from regulated rate customers. The MSA subsequently discontinued the

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<sup>1</sup> Decision 28217-D01-2023 Market Surveillance Administrator - Application for Approval of a Settlement Agreement Between the Market Surveillance Administrator, Canadian Hydro Developers Inc. and TransAlta Corporation, September 14, 2023 (Decision 28217-D01-2023)

investigation and recommended the RoLR provider remove language in its RoLR terms and conditions that might suggest RoLR customers would be charged exit fees for switching to a competitive retailer. No further enforcement action was taken against the RoLR provider.

The results of this investigation were originally reported in section 1.2 of the MSA's report [Enforcement Activities: Q2 2025](#).

### **3.3.3 Direct Energy customer information sharing investigation**

Following an investigation, the MSA was satisfied that Direct Energy Partnership (DEP) and Direct Energy Regulated Services (DERS) each contravened subsection 17(2) of the *Code of Conduct Regulation* (Code of Conduct) and section 6 of the EUA (collectively, the "Contraventions").

DERS is a "regulated rate supplier" within the meaning of the Code of Conduct, and DEP is its "affiliated provider" under the Code of Conduct. The Contraventions arose out of an arrangement where customer billing information from DERS was used create a "pass/fail" signal provided to DEP for its prospective customers. A "fail" signal was provided to DEP if a prospective customer had a sufficiently high credit risk and outstanding bill with DERS. It resulted in the prospective customer having to contact and settle the outstanding bill with DERS before DEP provided competitive retail services.

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

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

- (a) DEP, DERS, and their affiliates avoiding the future use of DERS customer information to assess prospective customers' financial eligibility;
- (b) DEP paying an administrative penalty of \$90,000, including:
  - (i) \$70,000 as the approximate assumed benefit received by DEP; and
  - (ii) \$20,000 as an additional administrative penalty;
- (c) DERS paying an administrative penalty of \$20,000; and

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

The Commission approved the settlement agreement in Decision 30325-D01-2025.

The results of this investigation were originally reported in section 1.4 of the MSA's report [Enforcement and Regulatory Activities: Q3 2025](#).

#### **3.3.4 Notices of Specified Penalty (NSP) issued related to section 206.2 of the ISO rules**

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

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

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

The results of this investigation were originally reported in section 1.5 of the MSA's report [Enforcement and Regulatory Activities: Q3 2025](#).

### **3.4 ISO rules enforcement**

The ISO rules require orderly and predictable actions by electricity market participants to facilitate the efficient and reliable operation of the Alberta interconnected electric system (AIES). The MSA is responsible for the enforcement of the ISO rules and endeavours to promote a culture of compliance and accountability among electricity market participants, thereby contributing to the reliability and competitiveness of the AIES. If the MSA is satisfied that a contravention has occurred and has determined that an NSP is appropriate, then AUC Rule 019 guides the MSA on how to issue an NSP.

In 2025, the MSA addressed 586 ISO rules matters. Of these, 145 matters were addressed with an NSP, totalling \$1,142,000 in financial penalties. For additional information regarding the MSA's ISO rules enforcement activities in 2025, see section 3 of the MSA's [Compliance Review 2025](#).

### **3.5 ARS enforcement**

The purpose of ARS is to ensure the various entities involved in grid operation (generation operators/owners, transmission operators/owners, distribution system operators/owners, and the independent system operator) are doing their part by way of procedures, communications, coordination, training, and maintenance, among other practices, to support the reliability of the AIES. ARS apply to both electricity 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 with respect to compliance with ARS is focused on promoting awareness of obligations and a proactive compliance stance. The MSA has established a process that, in conjunction with AUC rules, provides incentives for robust internal compliance programs, and self reporting.

In 2025, the MSA addressed 97 O&P ARS compliance matters. Of these, 45 matters were addressed with an NSP, totalling \$265,500 in financial penalties. In 2025, the MSA addressed 173 CIP ARS compliance matters. Of these, 61 matters were addressed with an NSP, totalling \$1,279,275. For additional information regarding the MSA's ARS compliance activities in 2025, see section 4 of the MSA's [Compliance Review 2025](#).

### **3.6 Preferential sharing of records**

Section 3 of the FEOC Regulation allows electricity market participants to preferentially share electricity market records relating to price-quantity offers not available to the public, after approval by the AUC. In the interest of regulatory efficiency, the MSA typically engages with electricity market participants to refine the application prior to submission to the AUC. This engagement helps ensure that any issues with the application are resolved efficiently. The MSA's experience and perspective is especially valuable to section 3 applicants because prior applications are not publicly available, due to the confidential nature of the proceedings. The MSA's review also ensures that appropriate safeguards are in place to ensure that the shared information is not used for purposes that do not support fair, efficient, and open competition.

In 2025, the MSA reviewed and provided feedback on 24 information sharing matters. The MSA believes that it can continue to help reduce regulatory burden by engaging with electricity market participants in similar instances.

### **3.7 Public consultation regarding the MSA's enforcement processes**

On November 25, 2025, the MSA [initiated](#) a stakeholder consultation on its enforcement processes. The latest version of the [Compliance Process](#) was published in December 2020 following a period of [stakeholder consultations](#) and the latest version of the [Investigation Procedures](#) was published in August 2016, also following a period of [stakeholder consultation](#). The MSA believed consultation at this time is appropriate due to changes already implemented,

such as the AESO's implementation of the [Alberta Risk-Based Compliance Monitoring Program \(ARCMP\)](#), and pending changes such as the [Restructured Energy Market \(REM\)](#).

The initial scope for the review included the following:

- The integration of the Compliance Process and the Investigation Procedures into one cohesive document that can scale appropriately between straight-forward matters and more complex matters. In the integrated process, matters received from any source would be handled in a consistent investigation process with required notifications that provide clarity on the scope, process, and timelines. Following the investigation stage, enforcement would proceed according to the requirements specified in the *Alberta Utilities Commission Act*.
- The content to be included in self-reports, mitigation plans, and referrals.
- The process for Alberta Reliability Standards enforcement with respect to the ARCMP and the AESO compliance audit process.
- Additional information on the factors that the MSA considers when determining the incidence of penalties for contravention(s) in relation to a given matter; this would be like the existing section 4.1 describing the factors considered when deciding whether forbearance is appropriate.
- Additional information on the factors that the MSA considers when determining whether to accept or reject a mitigation plan.
- Additional requirements for the submission of data and records requested during MSA matters.

The scope of the review evolved following feedback from market participants. The MSA expects to publish its new Investigation and Enforcement Procedures (IEP) in 2026.

#### **4 FINANCIAL STATEMENTS**

Section 36(3) of the AUCA provides that the MSA must be managed so that, on an annual basis, no profit or loss results. To that end, the MSA's fiscal operations are managed in accordance with an annual budget approved by the Chair of the AUC and its revenue is obtained from electricity market participants through a levy based on the approved budget and collected by the AESO and remitted monthly to the MSA. The MSA's audited financial statements for the year ended December 31, 2025, follow, as prepared by an independent auditor appointed by the MSA. The format of the audited financial statements reflects accounting standards for not-for-profit organizations.

**Market Surveillance Administrator**

Financial Statements

**December 31, 2025**

(in Canadian dollars)



# Independent auditor's report

To the Management of Market Surveillance Administrator

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## Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Market Surveillance Administrator (the Organization) as at December 31, 2025 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at December 31, 2025;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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## **Independence**

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## **Other information**

Management is responsible for the other information. The other information comprises the annual Report to the Minister.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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## **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*PricewaterhouseCoopers LLP*

Chartered Professional Accountants

Calgary, Alberta

April 24, 2026

**Market Surveillance Administrator**

Statement of Financial Position

**As at December 31, 2025**

(in Canadian dollars)

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		2,226,175	1,582,701
Prepaid expenses and deposits		61,606	56,712
		<u>2,287,781</u>	<u>1,639,413</u>
<b>Capital assets</b>			
	3	397,883	378,963
		<u>2,685,664</u>	<u>2,018,376</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		188,049	158,784
Deferred contributions	4	2,170,550	1,483,356
Current portion of deferred lease inducement		49,171	49,171
		<u>2,407,770</u>	<u>1,691,311</u>
<b>Deferred lease inducement</b>		277,894	327,065
<b>Net Assets</b>	1	-	-
		<u>2,685,664</u>	<u>2,018,376</u>
<b>Contingencies and commitments</b>	5		

The accompanying notes are an integral part of these financial statements.

**Market Surveillance Administrator**

## Statement of Operations and Changes in Net Assets

**For the year ended December 31, 2025**

(in Canadian dollars)

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Contributions from the Alberta Electric System Operator	5,791,608	5,337,939
Interest and other income	58,795	63,786
	<u>5,850,403</u>	<u>5,401,725</u>
<b>Expenses</b>		
Salaries and benefits	4,604,825	3,718,616
Operating, office and administrative	804,998	831,691
Consultants and audit	219,194	454,684
Amortization	145,070	176,759
Legal fees	76,316	219,975
	<u>5,850,403</u>	<u>5,401,725</u>
Excess of revenue over expenses for the year	-	-
Net assets - Beginning of year	-	-
Net assets - End of year	<u>-</u>	<u>-</u>

**Market Surveillance Administrator**  
Statement of Cash Flows  
**For the year ended December 31, 2025**

(in Canadian dollars)

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	-	-
Item not affecting cash		
Amortization and impairment of capital assets	145,070	176,759
	<u>145,070</u>	<u>176,759</u>
Changes in non-cash working capital items		
(Increase) decrease in prepaid expenses and deposits	(4,894)	773
Increase (decrease) in accounts payable and accrued liabilities	29,265	(134,835)
Deferred contributions	687,194	378,811
Decrease in accounts receivable	-	491,634
Decrease in deferred lease inducement	(49,171)	(49,171)
	<u>807,464</u>	<u>863,971</u>
<b>Investing activities</b>		
Purchase of capital assets	(163,990)	(129,225)
	<u>643,474</u>	<u>734,746</u>
<b>Increase in cash during the year</b>	<b>643,474</b>	<b>734,746</b>
<b>Cash - Beginning of year</b>	<b>1,582,701</b>	<b>847,955</b>
<b>Cash - End of year</b>	<b><u>2,226,175</u></b>	<b><u>1,582,701</u></b>

# Market Surveillance Administrator

Notes to Financial Statements

December 31, 2025

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(in Canadian dollars)

## 1. Nature of business

Market Surveillance Administrator (the MSA) was incorporated on June 1, 2003 under the Electric Utilities Act of the Province of Alberta and continued as of January 1, 2008 under the Alberta Utilities Commission Act (AUCA).

The operations of the MSA corporation are managed by an individual appointed as Market Surveillance Administrator by the Minister of Affordability and Utilities for the Province of Alberta.

The MSA has a broad mandate including surveillance, investigation and enforcement to help ensure fair, efficient and openly competitive electricity and retail natural gas markets in Alberta. The MSA monitors the behaviour of market participants, the Alberta Electric System Operator (AESO) and the overall performance of the market to ensure there are no anti-competitive activities and that rules are appropriate and working as intended.

The MSA also issues guidance to the markets and makes recommendations to the Ministry of Affordability and Utilities and other parties, where appropriate, toward the development and operation of fair, efficient and openly competitive markets.

The MSA has no share capital. The AUCA requires that the MSA prepare a budget for each fiscal year for approval by the chair of the Alberta Utilities Commission. Once approved, the AESO is required to pay the MSA the budgeted costs net of any other revenue. The MSA is to be managed so that no profit or loss results on an annual basis from its operations.

## 2. Significant accounting policies

### Basis of preparation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

### Cash

Cash consists of cash held with chartered financial institutions.

### Capital assets

Capital assets are recorded at cost less accumulated amortization and any provision for impairment. The cost of capital assets made up of significant separable component parts is allocated to the component parts when practical and when estimates can be made of the estimated useful lives of the separate components.

Amortization is provided using the following methods and estimated lives:

Leasehold improvement	straight-line over the term of the lease
Furniture and equipment	5 years
Computer hardware	3 years
Computer software	3 years

Capital assets are tested for impairment when conditions indicate that a capital asset no longer contributes to the MSA's ability to provide services, or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The impairment of capital assets is recognized in expenses in the statement of operations and changes in net assets. Impairments are not subsequently reversed.

## **Market Surveillance Administrator**

Notes to Financial Statements

**December 31, 2025**

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(in Canadian dollars)

### **Leases**

Leases in which the MSA obtains substantially all the risks and rewards of ownership are classified as capital leases. The MSA records its capital leases as an acquisition of an asset and an assumption of an obligation. The asset value and the amount of the obligation, recorded at the inception of the lease, are the present value of the minimum lease payments. Each lease payment is allocated between the liability and interest expense so as to achieve a constant rate of interest on the recorded capital lease obligations. Equipment acquired under a capital lease is amortized over the term of the lease, or the expected useful life of the asset when the lease contains a purchase option. All other leases are accounted for as operating leases, wherein rental payments are recognized in the statement of operations and changes in net assets on a straight-line basis over the terms of the leases. Deferred lease inducements represent amounts received for leasehold improvements and the value of rent-free periods. Lease inducements are deferred and amortized on a straight-line basis over the term of the lease and the amortization is recorded as a reduction of rent expense for the year.

The MSA does not have any leases that are classified as capital leases as at December 31, 2025.

### **Revenue recognition**

The MSA follows the deferral method of accounting for contributions.

Consistent with the requirements of the AUCA that the MSA operate with no annual profit or loss, contributions from the AESO are recognized as revenue to the extent of annual operating costs, including amortization of capital costs. In circumstances where annual contributions are in excess of annual costs, the excess is deferred and recognized in future periods. In the event of a shortfall between contributions and costs, the shortfall in revenue will be accrued and collected in a subsequent period from the AESO.

### **Income taxes**

No provision has been made for income taxes, as the MSA is a not-for-profit organization as set out in the AUCA of the Province of Alberta.

### **Financial instruments**

The MSA's financial instruments consist of cash, deferred lease inducement and accounts payable and accrued liabilities. Due to the current nature of the MSA financial instruments, fair value approximates the carrying value. It is management's opinion that the MSA is not exposed to significant interest rate, currency or credit risks associated with these financial statements.

### **Measurement uncertainty**

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Because the precise determination of many assets, liabilities, revenue and expenses is dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations, which have been made using management's best judgment. Actual results could differ from those estimates.

**Market Surveillance Administrator**

Notes to Financial Statements

**December 31, 2025**

(in Canadian dollars)

**3. Capital assets**

			<b>2025</b>	<b>2024</b>
	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>	<b>Net</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Leasehold improvement	753,163	463,341	289,822	249,428
Furniture and equipment	300,910	265,759	35,151	10,024
Computer hardware	293,534	224,195	69,339	112,734
Computer software	32,004	28,433	3,571	6,777
	<u>1,379,611</u>	<u>981,728</u>	<u>397,883</u>	<u>378,963</u>

**4. Deferred contributions**

Contributions from the AESO are set to recover the operating and capital costs of the MSA. Any excess or shortfall in collections is deferred to or accrued for future years.

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>AESO</b>		
Opening balance - January 1	1,483,356	1,104,545
Contributions from February to December	5,948,574	5,175,971
Less: Revenue recognized in the year from AESO	(5,791,608)	(5,337,939)
	<u>1,640,322</u>	<u>942,577</u>
Contribution for January	530,228	540,779
Closing balance - December 31	<u>2,170,550</u>	<u>1,483,356</u>

**5. Contingencies and commitments**

The MSA is committed under a lease agreement for its current premises until July 2030.

This lease provides the MSA with landlord - funded capital improvements and rent - free periods. These benefits will be amortized on a straight-line basis over the lease term.

## Market Surveillance Administrator

Notes to Financial Statements

December 31, 2025

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(in Canadian dollars)

### Commitments

Total lease costs are approximately as follows:

	\$
2026	173,445
2027	173,445
2028	173,445
2029	173,445
2030	101,176
	<u>794,956</u>

The MSA has entered into a service agreement with the AESO, under which the MSA receives certain information technology and office services. These services are provided for a monthly fee of \$3,365, plus an hourly fee for special projects.

The MSA is involved in claims arising in the normal course of business. In 2025, there were no contingencies arising from any claims (2024 - \$nil).

### 6. Credit facility

The MSA has a demand operating facility. Under the terms and conditions of this facility, the MSA can borrow up to \$300,000 at the prime rate plus 0.75% of interest. No pledges of security are required from the MSA for the facility and no amount was drawn on this facility as at year-end (2024 - \$nil).