



ALBERTA  
AFFORDABILITY AND UTILITIES

*Office of the Minister  
MLA, Lethbridge-East*

July 03, 2024

Mike Law  
President and Chief Executive Officer  
Alberta Electric System Operator  
mike.law@aeso.ca

Dear Mike Law:

I am writing to inform the Alberta Electric System Operator (AESO) of Government of Alberta's decisions that will direct the technical design of the Restructured Energy Market (REM), future changes to transmission planning, and design of the Independent System Operator (ISO) tariff.

Specifically, the government directs AESO to advance the REM technical design, with the following decisions:

- Move forward with the introduction of a mandatory day-ahead market.
- Allow the price of energy to be determined by the strategic offers of market participants, while using market mitigation to limit the potential for excessive exercise of market power.
- Maintain a province-wide uniform price for electricity.
- Maintain the following components of REM as outlined in the AESO's Advice to the Minister on January 31, 2024: Security Constrained Economic Dispatch, shorter settlement intervals, review of the price floor and ceiling as well as the co-optimization of energy and ancillary services.

Moreover, with respect to transmission planning and ISO tariff design, on a go forward basis government has decided to:

- move away from the current zero-congestion transmission planning standard to an optimally planned transmission planning standard; and
- allocate new transmission infrastructure costs and all ancillary services costs based on cost causation principles.

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I want to express my appreciation for the extensive work to date by the AESO, along with the Market Surveillance Administrator and the Alberta Utilities Commission, and my commitment to continued collaboration from my Ministry as we move towards the implementation of a new market and transmission framework to better enable a reliable, affordable, and sustainable electricity system for all Albertans.

Sincerely,

A handwritten signature in blue ink, appearing to read 'N. Neudorf', written in a cursive style.

Nathan Neudorf  
Minister

cc: David James  
Deputy Minister, Affordability and Utilities

Karl Johannson  
Chair, Alberta Electric System Operator

Carolyn Dahl-Rees  
Chair, Alberta Utilities Commission

Bob Heggie  
Chief Executive, Alberta Utilities Commission

Derek Olmstead  
Chief Executive Officer, Market Surveillance Administrator