ELECTRIC UTILITIES ACT

REGULATED RATE OPTION REGULATION

Alberta Regulation 262/2005

With amendments up to and including Alberta Regulation 135/2018

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Definitions

1 In this Regulation,

(a) “Act” means the Electric Utilities Act;

(b) repealed AR 264/2007 s2;

(c) “business day” means a day other than Saturday or a holiday as defined in the Interpretation Act;

(c.1) “Commission” means the Alberta Utilities Commission established by the Alberta Utilities Commission Act;

(d) “eligible customer” means

(i) a rate classification customer, and

(ii) any other customer, if the owner’s reasonable forecast of the customer’s annual consumption of electric energy at a site is less than 250 megawatt hours of electric energy at that site;

(e) “losses” means the energy that is lost through the process of transmitting and distributing electric energy;

(f) “new RRO rate” means the charge to regulated rate customers for the supply of electric energy determined in accordance with sections 10 and 11;

(g) “owner” means

(i) the owner of an electric distribution system, or

(ii) if the owner makes arrangements under which one or more other persons perform any or all of the duties or functions of the owner, the owner and those one or more other persons;

(h) “rate classification customer” means

(i) a residential rate classification customer,

(ii) a farm rate classification customer, or

(iii) an irrigation rate classification customer

as defined in a regulated rate tariff;

(i) “regulated rate” means

(i) repealed AR 11/2013 s2;
(ii) on and after July 1, 2010, a new RRO rate;

(j) “regulated rate customer” means an eligible customer who is not receiving electricity services from a retailer;

(k) “regulatory authority” means the entity that approves an owner’s regulated rate tariff under section 103 of the Act;

(l) “risk margin” means the just and reasonable financial compensation that an owner’s regulatory authority approves for the owner based on the financial risks

(i) that remain with the owner, and

(ii) that are associated with the supply of electricity services to regulated rate customers;

(m) “site” means a site as defined in accordance with ISO rules for load settlement;

(n) repealed AR 11/2013 s2;

(o) “unaccounted for energy” means the difference between the distribution system total load for a settlement interval and the sum of the allocated loads at the customer meters, plus their allocated losses, for the settlement interval.

Regulated Rate Tariff

Requirement to provide regulated rate tariff

2 Each owner must make available to eligible customers in the owner’s service area the option of being supplied electricity services in accordance with a regulated rate tariff instead of purchasing electricity services from a retailer.

Requirements of regulated rate tariff

3(1) An owner’s proposed regulated rate tariff provided to its regulatory authority for approval under section 103 of the Act

(a) must include

(i) repealed AR 11/2013 s3,

(ii) a new RRO rate energy price setting plan,

(iii) the owner’s proposed risk margin, and

(iv) the terms and conditions under which the owner proposes to offer electricity services,
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and

(b) must show the following information separately, and must indicate how the following information will be shown separately on a regulated rate customer’s bills:

(i) the electric energy charge;

(ii) the administrative charge, which may include a billing charge, as a dollar amount for each period specified in the tariff;

(iii) the delivery charge for distribution access service and system access service, separately, as either

(A) a distribution charge and transmission charge, or

(B) a fixed delivery charge and variable delivery charge;

(iv) if applicable, shown under the heading “local access fee”, any amount levied under section 45 of the Municipal Government Act, or Schedule 1, section 21 of the Metis Settlements Act or by bylaw under the Indian Act (Canada).

(2) A proposed regulated rate tariff must not use, provide for or contemplate any deferral accounts, true-ups, rate riders or other similar accounts or devices for energy related costs.

(3) A proposed regulated rate tariff must indicate the period in which the owner intends the tariff to have effect.

AR 262/2005 s3;11/2013

Price setting plans

4(1) The price setting plans referred to in section 3(1)(a) must, with a reasonable degree of transparency, use a fair, efficient and openly competitive acquisition process to ensure that the resulting prices for the supply of electric energy are just, reasonable and electricity market based.

(2) Repealed AR 11/2013 s4.

AR 262/2005 s4;11/2013

Risk margin

5(1) An owner’s regulatory authority must ensure the risk margin is just and reasonable.
(2) The risk margin may only cover risks to which the owner is directly exposed and may not include risks that are borne by a person other than the owner.

(3) Risks covered by the risk margin must include the following:
   (a) all volume risk, including attrition and forecast risk;
   (b) all price risk;
   (c) all credit risk;
   (d) all unaccounted for energy and losses.

(4) Risks covered by the risk margin may include other risks associated with energy related costs and non-energy related costs that an owner’s regulatory authority considers reasonable and prudent.

(5) An owner is not entitled to recover from customers any past costs or expenses related to the risks described in subsections (3) and (4) except through the risk margin approved by the owner’s regulatory authority.

(6) The risk margin may be set for a period of months approved by an owner’s regulatory authority.

Approval of Tariff by Regulatory Authority

Matters to be considered when approving tariff

(1) When considering an application for approval of a regulated rate tariff under section 103 of the Act, a regulatory authority must

   (a) have regard for the principle that a regulated rate tariff, including the risk margin described in section 5, must provide the owner with a reasonable opportunity to recover the prudent costs and expenses incurred by the owner,

   (b) have regard for the principles that

      (i) a regulated rate tariff must allow for a reasonable return for the obligation on the owner to provide electricity services in accordance with section 2, and

      (ii) the risk margin described in section 5 must not be considered as a part of that reasonable return,

   (c) have regard for the principle that a risk margin approved by it must provide the owner with a just and reasonable
financial compensation for the risks described in section 5,

(d) have regard for the principle that a regulated rate tariff must not impede the development of an efficient electricity market based on fair and open competition in which neither the market nor the structure of the Alberta electric industry is distorted by unfair advantages of any electricity market participant,

(d.1) not have regard to a rate established by or under section 2(1)(b) or (2)(b) of An Act to Cap Regulated Electricity Rates,

(e) examine the reasonableness of the owner’s billing costs and other costs the owner’s regulatory authority considers appropriate in the prevailing circumstances, without regard to any overall increase in costs due to the separation of distribution access service and the provision of electricity services, and

(f) approve the price setting plans referred to in section 3(1)(a) in a manner that ensures that the procurement risk of acquisition remains with the owner.

(2) A regulatory authority must not approve a regulated rate tariff that uses, provides for or contemplates any deferral accounts, true-ups, rate riders or other similar accounts or devices for energy related costs.

(3) Subsection (2) does not apply with respect to a deferral account established under An Act to Cap Regulated Electricity Rates.

Approval of method to determine regulated rates

7(1) A regulatory authority may approve a regulated rate tariff that determines how regulated rates will be established for a period of months.

(2) A regulatory authority may approve a regulated rate tariff under subsection (1) only if the new RRO rate component of the regulated rate tariff is calculated in accordance with section 11.

(3) In an approval under subsection (1), a regulatory authority must select one of the following methods to determine regulated rates:

(a) acknowledgment of each monthly rate calculated by an owner through its price setting plans;
(b) approval of each monthly rate separately.

(4) If a regulatory authority selects the method referred to in subsection (3)(a), the owner must retain records sufficient to enable the regulatory authority to audit any previous monthly rates set by the owner.

(5) If a regulatory authority discovers that an owner has made an incorrect rate calculation resulting in an overcharge of customers, the regulatory authority must require the owner to refund the amount overcharged to the customers as soon as practicable after the error is discovered.

Setting Regulated Rates

8 Repealed AR 11/2013 s5.


Duty to set new RRO rates

10(1) An owner must set a new RRO rate for each calendar month.

(2) Each new RRO rate must be set in accordance with the new RRO rate energy price setting plan referred to in section 3(1)(a) and the calculations referred to in section 11.

Calculation of new RRO rate

11(1) Each new RRO rate

(a) must be based on

(i) regulated rate customer load forecasts made during a relevant price setting period described in subsection (2), and

(ii) monthly forward electricity market prices established in a relevant price setting period,

and

(b) must not be based on prices established before or after a relevant price setting period.

(2) The price setting period for a calendar month is a period beginning on a day that is not more than 120 days preceding the month and ending on the 5th business day preceding the month.
Duty to provide regulated rates to regulatory authority

12 An owner must submit to its regulatory authority, not less than 5 business days prior to the commencement of each calendar month, the regulated rate for that calendar month and the calculations of the regulated rate.

Publication of regulated rates by Commission

13(1) The Commission must post on its internet page the regulated rates from all owners it regulates, on the first day of each calendar month in which the rates are to have effect.

(2) For eligible customers without access to the internet, the Commission must make available on request the regulated rates from all owners it regulates in an alternative format determined by the Commission.

Publication of regulated rates by owner

14(1) An owner must post its regulated rate for each calendar month on an easily accessible internet page on the first day of the calendar month in which the rate is to have effect.

(2) The owner must ensure

(a) that there is a link on the internet page to a historic file of previous regulated rates for at least the previous 12 months, and

(b) that the address of the internet page is shown on each regulated rate customer’s bill, with directions that current and historical regulated rates may be found on the internet page.

(3) The owner may communicate the information described in subsections (1) and (2) using a method other than the internet, but must ensure that

(a) the method used to communicate the information will permit regulated rate customers to access the information easily,

(b) the regulated rates for each calendar month will be available by the first day of the calendar month in which the rates are to have effect,

(c) the regulated rates for the previous 12 months will be available at least once in a calendar month, and
(d) information about the method to be used to communicate the current and historical regulated rates is shown on each regulated rate customer’s bill.

**Billing**

**Billing information**

**15** An owner must include on every bill sent to a regulated rate customer at least the following information, showing separately:

(a) the electric energy charge;

(b) the administrative charge, which may include a billing charge, as a dollar amount for each period specified in the bill;

(c) the delivery charge for distribution access service and system access service separately as either

   (i) a distribution charge and transmission charge, or

   (ii) a fixed delivery charge and variable delivery charge;

(d) the customer’s consumption of electric energy on which the charge referred to in clause (a) is based;

(e) if applicable, shown under the heading “local access fee”, any amount levied under section 45 of the *Municipal Government Act*, or Schedule 1, section 21 of the *Metis Settlements Act* or by bylaw under the *Indian Act* (Canada), and the name of the municipality, Metis settlement or band that will receive the levied amount.

AR 262/2005 s15,59/2015

**Basis for charges**

**16** For regulated rate customers,

(a) where any portion of the delivery charge is based on consumption, both the electric energy charge and the delivery charge to customers in a billing period must be based on common consumption data for that billing period, and

(b) at sites where electric energy consumption is metered, at least twice each calendar year, the charge for electric energy for a billing period must be based on an actual meter reading.
Undercharge

17 An owner is not entitled to collect from a regulated rate customer any amount undercharged as a result of an incorrect meter reading, incorrect rate calculation, clerical error or other error of any kind that is made more than 12 months before the date of the bill.

Overcharge

18 If a regulated rate customer is overcharged, the owner must refund the customer the amount overcharged as soon as practicable after the error is discovered.

Miscellaneous Matters

Entry to or exit from regulated rate tariff

19(1) An owner must not, either in its regulated rate tariff or by other means,

(a) collect fees related to the entry to, or exit from, the regulated rate tariff by an eligible customer, or

(b) require notice periods greater than 30 days for entry to, or exit from, the regulated rate tariff.

(2) For the purposes of subsection (1), entry to a regulated rate tariff includes a request by an eligible customer

(a) to purchase electricity services for an existing site, or

(b) to purchase electricity services for a previously unserviced site.

Delegation of duties

20 An arrangement made by an owner under section 104 of the Act under which another person is authorized to perform any or all of the duties or functions of the owner under this Regulation has no effect unless the arrangement is approved by the owner’s regulatory authority.

Financial security requirements

21 A rural electrification association is exempt from the requirement to provide financial security, as determined under the ISO rules, in respect of the electric energy acquired by the rural electrification association to meet its obligations under its regulated rate tariff.
Service standards and incentives

22 The Commission may determine or establish service standards and service incentives for providing electricity services under a regulated rate tariff.

AR 262/2005 s22;264/2007

Equalized billing

23(1) An owner may offer an equalized billing plan to regulated rate customers.

(2) The owner must make available an equalized billing plan to equalized billing plan eligible customers.

(3) For the purposes of subsection (2), an equalized billing plan eligible customer is a regulated rate customer who can provide evidence sufficient to satisfy the owner that the customer is currently receiving financial support from

(a) an income support program established under the *Income and Employment Supports Act* or the *Seniors Benefit Act*, or

(b) the Government of Canada under its Indian Northern Affairs Alberta Region First Nation Income Support Program which is administered to on-reserve residents.


26 Repealed AR 11/2013 s8.


28 Repealed AR 138/2017 s8.

29 Repealed AR 11/2013 s 10.