

May 5, 2020

To Registered Participants in Proceeding 790 and Other Interested Parties

Dear Stakeholder:

Re: **Changes to Export and Import Loss Factors for Alberta-British Columbia Intertie Under Section 501.10 of the ISO Rules, Transmission Loss Factors (“Loss Factor Rule”)**

On December 13, 2019, the AESO held a stakeholder technical meeting at which it presented information on its loss factor activities. Subsequent to that meeting, the AESO published recalculated loss factors for 2018 on December 31, 2019, and for 2017 on March 31, 2020. The AESO has also recalculated, but not yet published, loss factors for 2016 and 2015.

Throughout this period, the AESO has been improving its loss factor calculation process, examining the loss factor results, and addressing questions raised by stakeholders. These efforts have identified an error in the calculation of the average level of losses incurred in exporting and importing electric energy over the Alberta-British Columbia (“AB-BC”) intertie under subsections 10(1) and 10(2)(b) of the Loss Factor Rule.

The average level of losses over the AB-BC intertie had been incorrectly calculated in all years for which loss factors have been published under the current Loss Factor Rule. The error resulted from an incorrect and incomplete update to the calculation formula used in the current loss factor calculation process. The AESO has corrected the error and has recalculated export and import loss factors for the AB-BC intertie for 2019 and 2020. The corrected loss factors are summarized in the following table.

AB-BC Intertie Loss Factors	2019 Loss Factors		2020 Loss Factors	
	Originally Published	Corrected	Originally Published	Corrected
Export	2.21%	0.85%	1.96%	0.91%
Import	5.19%	4.05%	4.44%	3.90%

The corrected loss factors for 2019 and 2020 have been published on the AESO website, at www.aeso.ca ► Grid ► Loss factors, in the sections for 2019 loss factors and 2020 loss factors, respectively.

The corrected loss factors will be used for billing of system access service under Rates XOS and IOS for the AB-BC intertie on statements of account issued in May 2020, for initial, interim, and final settlement of April 2020, February 2020, and December 2019, respectively, and for adjustments to amounts previously settled for January through November 2019. The corrected loss factors will subsequently be used for billing on statements of account issued in June 2020, for initial, interim, and final settlement of May, March, and January 2020, respectively.

The AESO will publish corrections to the export and import loss factors for the AB-BC intertie for 2018 and 2017 in the near future and will advise stakeholders at that time when billing of adjustments for those years will occur.

The AESO will include corrections to the export and import loss factors for the AB-BC intertie for 2016 and 2015 in the recalculated loss factors for those years, which are expected to be published in May 2020. Billing of adjustments for those years will occur as part of the settlement process established through Proceeding 790 – Module C.

The error and correction discussed above affects only export and import loss factors for the AB-BC intertie. Other loss factors have not been affected. The reduction in loss factor revenue that will result from the correction will be included in the calculation of Rider E of the ISO tariff, *Losses Calibration Factor Rider*, in the third and fourth quarters of 2020.

If you have any questions regarding this information, please contact John Martin at 403-539-2465 or by email to john.martin@aeso.ca.

Yours truly,

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