

AESO INITIATIVES ON COST MANAGEMENT

Supporting Alberta's economic recovery coming out of COVID-19 and low oil prices is paramount. Across the province, home owners to small businesses and farms to large industrial operations are experiencing unprecedented pressures and the Alberta Electric System Operator (AESO) is committed to doing what we can within our mandate to enable Alberta's future prosperity.

The electricity system is a foundational element for the economy and, as such, the AESO is focused on the following:

- Driving better cost management across the industry value chain
- Facilitating business in the province
- Creating a simpler and more agile approach to our own business processes

To achieve this we have taken the following measures to enable an estimated **\$289M** in near-term cost savings.

NEAR-TERM

COST MANAGEMENT STRATEGIES

Wires ~\$260M ↓

- Relaxed system project standards and enabled variances for control centre designations, protection settings and transmission lines that do not pose reliability risks
- Identified opportunities for transmission facility owners to lower system project cost estimates
- Created opportunities for customers to tap into transmission lines and connect more economically
- Met distribution facility owners' needs by utilizing existing transmission infrastructure instead of new development

Market procurement ~\$10M (annually) ↓

- Optimized use of regulating reserves, reducing procurement volumes in the ancillary services market

AESO (reduced budget in 2020 from 2019 spend)

- General & Administrative ~\$8M ↓
- Capital ~\$11M ↓

RED TAPE REDUCTION

Reducing red tape and regulatory burden is an ongoing business practice as part of our cost management strategy and commitment to driving value for Albertans.

We are currently focusing our red tape reduction efforts in three key areas:

NEAR-TERM

Information Documents

LONG-TERM

Tariff

Connection Process

LONG-TERM

The AESO is committed to facilitating stability and maximizing competition in the electricity market, optimizing existing transmission infrastructure, enabling new technologies and ensuring we are flexible, agile and prudent in our business operations. We will continue to work with government and industry on cost management and red tape reduction opportunities.