

2025 Transmission Rate Outlook

The AESO's role is to provide a safe and reliable grid for Albertans.

Background and Assumptions

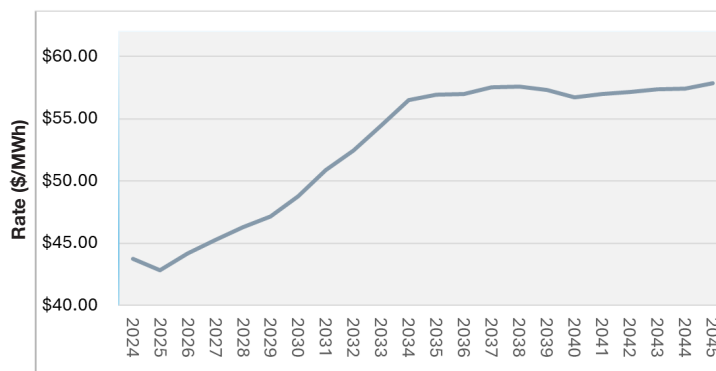
The Transmission Rate Outlook (TRO) aims to provide stakeholders with information to aid their long-term planning and residential consumers with an approximate projection of how much they may pay for future transmission. *Note: The acronym TRP now refers to Transmission Reinforcement Payment in the Optimal Transmission Planning (OTP) project. Therefore, we have adopted a new term to reflect the future cost of the Transmission Rate.*

The TRO update follows methodology and assumptions aligned with existing regulations and the AESO acknowledges potential variability due to ongoing market and transmission activities.

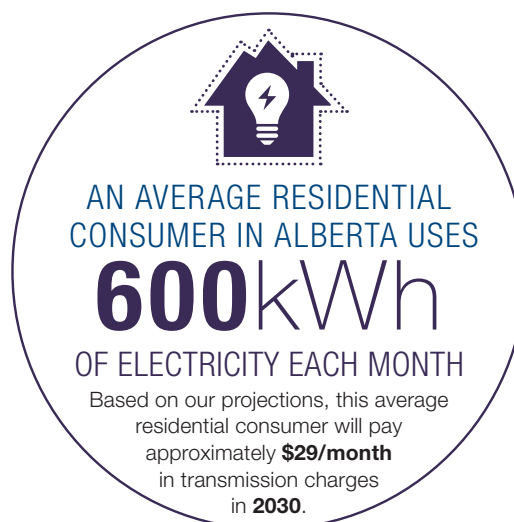
- Transmission rates are charged based on a consumer's usage of electricity. As most electricity in Alberta is consumed by industry, the majority of transmission costs are paid for by industry users
- The AESO's projections start with data from current transmission utility tariff applications and incorporate forecasts, inflation factors and other assumptions to project rates in the future. Major forecasts and assumptions used in the projections include:
 - Updated costs and schedules for transmission projects in the AESO 2025 Long-Term Transmission Plan (LTP)
 - Recovery of transmission project costs over the life of the transmission equipment, generally between 30–60 years, as approved by the Alberta Utilities Commission (AUC)
 - Forecast Energy Requirements and pool price
 - Inflation factors based on indices provided by the Conference Board of Canada
 - AESO own cost and ancillary services costs based on the Budget Development Process (BDP) 2025 proposal

- The AESO has provided information on capital spend projections for system and connection transmission development as well as capital maintenance and replacement projects from current transmission utility tariff applications
- Actual rates charged for transmission will be as approved by Alberta's regulator, the AUC

2025 TRO



Average Cost of Electricity For Transmission (\$/MWh)
Applicable to Average Consumer Connected to the Transmission System





2025
CALCULATED
AVERAGE
TRANSMISSION RATE

APPROXIMATELY
\$43/MWh
1 MWh = 1,000 kWh



2030
PROJECTED
AVERAGE
TRANSMISSION RATE

APPROXIMATELY
\$49/MWh



5 Year
PROJECTED
CAPITAL SPEND
ON TRANSMISSION
SYSTEM PROJECTS

APPROXIMATELY
\$1.5 Billion (inflight projects
and planned developments)

Transmission Rate Projections

	Near term projections (2025–2029)					Medium term projections (2030–2034)				
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Transmission system capital spend (nominal \$ Million) ¹	\$33	\$508	\$277	0	0	\$706	\$706	\$706	\$736	\$854
Transmission connection capital spend ² (nominal \$ Million)	\$93	\$95	\$97	\$99	\$101	\$103	\$105	\$108	\$110	\$112
Capital maintenance and replacement ³ (2022 \$ Million)	\$312	\$315	\$314	\$321	\$320	\$324	\$325	\$327	\$329	\$332
Total revenue requirement ⁴ (nominal \$ Millions)	\$2,718	\$2,834	\$2,914	\$2,999	\$3,057	\$3,170	\$3,330	\$3,486	\$3,642	\$3,813
DTS energy forecast ⁵ (GWh)	63,497	64,148	64,401	64,824	64,811	64,972	65,453	66,428	66,869	67,485
Average transmission rate (nominal \$/MWh)	\$43	\$44	\$45	\$46	\$47	\$49	\$51	\$52	\$54	\$57
Average transmission portion (600kWh) of residential monthly bill (nominal \$)	\$25	\$26	\$27	\$27	\$28	\$29	\$30	\$31	\$32	\$33

¹ In the 2025 LTP, transmission system capital spend is adjusted for expected inflation using sector-specific indices

² Annual average from AESO's 2021 ISO tariff filing. This value is also adjusted for expected inflation using sector-specified indices

³ Information gathered from Transmission Facility Owner (TFO) General Tariff Applications

⁴ Revenue requirement is the total transmission charge that is to be recovered from all consumers in that year. Refer to the AESO's 2024 ISO Tariff Update Application for details

⁵ The Demand Transmission Service (DTS) forecast is part of the Reference Case scenario of AESO's 2024 LTO

Looking Forward to 2035–2045

While looking beyond 10 years can produce less certainty in our projections, we have prepared our projection to 2045. Projection highlights include:

- Transmission System capital spend from 2025 to 2045 is projected to be \$3.2 billion if all transmission projects proceed
- Average transmission rate in 2045 is estimated to be \$58/MWh, assuming the \$3.2 billion capital spend
- Average transmission portion of a residential monthly bill in 2045 is estimated to be \$35 (600kWh/month)

Who Is the AESO?

The Alberta Electric System Operator (AESO) plans and operates Alberta's electricity grid and wholesale electricity market safely, reliably and in the public interest of all Albertans. We are a not-for-profit organization with no financial interest or investment of any kind in the power industry.