

May 16, 2019

To Registered Participants in Proceeding 790 and Other Interested Parties

Dear Stakeholder:

Re: **Update on Loss Factor Activities Under Section 501.10 of the ISO Rules, *Transmission Loss Factors* (“Loss Factor Rule”)**

On December 13, 2018, the AESO held a stakeholder technical meeting at which it presented information on its loss factor activities. At that time the AESO advised that it believed all implementation issues had been identified during its investigation of matters raised during prior loss factor technical meetings and in the context of its compliance filing in Alberta Utilities Commission Proceeding 790 Module C.

The AESO provides the following information to further update stakeholders on its loss factor activities since the technical meeting.

- (a) In January 2019 the AESO completed its examination of some exception cases discussed during the stakeholder technical meeting, with no further implementation issues identified.
- (b) Revisions to the loss factor calculation scripts were completed in February 2019.
- (c) The revised scripts were used to calculate 2019 loss factors in March and April 2019.
- (d) Loss factors determined for 2019 appear reasonable based on forecast volumes. To further validate the effects of the revised scripts, the AESO is recalculating 2016 loss factors and will compare the results against both the initial recalculation of 2016 loss factors (published in July 2018) and actual volumes for 2016. The recalculation and validation of 2016 loss factors is expected to be complete in early June 2019.
- (e) The AESO expects to finalize and publish 2019 loss factors in late June 2019. The AESO intends to post a description of the resolution of the implementation issues discussed during the stakeholder technical meeting.
- (f) Following the publication of 2019 loss factors, the AESO will then prepare loss factors for 2020. The 2020 loss factors will be published in accordance with the requirements of the Loss Factor Rule.
- (g) Following the publication of 2020 loss factors, the AESO will complete recalculations of loss factors first for 2018 and then for 2017, followed by recalculations of loss factors for the remaining years in the Module C historical period, starting with 2015 and working back to 2006.

The information contained in this letter, including the indicative timeline set out above, is for information purposes only. The dates in the timeline may be adjusted as activities are completed, in response to unanticipated issues or delays or to changes in business or other priorities.

The AESO is diligently pursuing these activities and acknowledges that completion is taking materially longer than indicated in the AESO's previously published schedules of loss factor activities. The AESO is therefore creating a more conservative schedule of loss factor activities based on its experience to date and expects to post an updated schedule of activities by the end of May 2019.

The development and filing of the payment plan compliance filing has been delayed while the AESO is pursuing the investigation and validation activities related to 2019 loss factors. The AESO considers that the more conservative schedule discussed above will provide additional time for the payment plan compliance filing process.

The AESO will schedule additional stakeholder technical meetings on loss factor activities that will reflect major milestones in the schedule of those activities when it is posted.

The AESO will continue to post stakeholder information related to loss factor activities on the AESO website, at www.aeso.ca ► Grid ► Loss factors ► Stakeholder engagement.

Yours truly,

John Martin
Senior Tariff and Special Projects Advisor

cc: Milton Castro-Núñez, Senior Engineer, AESO