



ALBERTA
AFFORDABILITY AND UTILITIES

*Office of the Minister
MLA, Lethbridge-East*

October 6, 2025

Aaron Engen
President and Chief Executive Officer
Alberta Electric System Operator
3000, 240 – 4 Avenue SW
Calgary AB T2P4H4
aaron.engen@aeso.ca

Dear Aaron Engen:

I would like to express my appreciation to the Alberta Electric System Operator (AESO) for its continued commitment to advancing the Government of Alberta's electricity policy objectives.

The Government of Alberta remains committed to modernizing the province's electricity system to ensure it is resilient, efficient, and capable of meeting the evolving long-term needs of Albertans. In support of this commitment, I am writing to inform the AESO of recent decisions that will further guide implementation of this policy framework.

Incumbency Recognition

The Government of Alberta requests the AESO to continue advancing the implementation of incumbency recognition, as outlined in my July 15, 2025, letter. This remains a key component of the transition to the REM.

To support this process, the AESO is asked to engage with all relevant project proponents, including generators currently in service and those actively participating in the AESO Connection Process. As part of this engagement, we request the AESO ask for a formal statutory declaration confirming that a final investment decision was made on or before July 9, 2025, for any project seeking recognition as an incumbent. This declaration will ensure that only projects that have committed to proceeding are considered for incumbency recognition and align with the policy's objective of supporting projects that will operate under the restructured market framework.

I understand the AESO will be gathering information through industry consultation on implementation details related to the incumbency transition payments, including the volume allocation. As this work progresses, the AESO will maintain close coordination with Affordability and Utilities to ensure alignment with regulatory timelines and implementation planning.

Generating Unit Owner's Contribution Refund Implementation

Building on the policy direction outlined in my July 15, 2025, letter, the Government of Alberta has made the following decisions regarding the one-time refund of Generating Unit Owner's Contribution (GUOC) payments for eligible cancelled projects.

The AESO is asked to establish a formal GUOC cancellation window. During this period, proponents of generation projects currently in the AESO Connection Process who have paid GUOC should be invited to submit a statutory declaration in support of cancellation and refund request. Proponents that initiated cancellation of their connection applications from January 1, 2025, to December 1, 2025, may also request a refund during the cancellation window by submitting a statutory declaration. Any refund amounts will be strictly limited to GUOC payments that have not been previously forfeited.

These next steps are intended to support a stable and transparent transition of Alberta's electricity market and provide clarity to stakeholders during this period of regulatory change. The government will introduce the necessary regulatory amendments in early 2026 to enable full implementation.

Thank you for your continued collaboration and commitment.

Sincerely,

A handwritten signature in blue ink, appearing to read 'N Neudorf', is positioned above the printed name of the Minister.

Nathan Neudorf
Minister

cc: Karl Johannson
Chair, Alberta Electric System Operator

Carolyn Dahl Rees
Chair, Alberta Utilities Commission

Derek Olmstead
Administrator and Chief Executive Officer, Market Surveillance Administrator