

NOTICE TO PARTICIPANTS AND STAKEHOLDERS

April 21, 2017

Re: Options for Enhancing the Design of the Regulated Rate Option (RRO)

Request from Minister of Energy to MSA

On April 18, 2017 the MSA received a letter (attached) from the Minister of Energy requesting that the MSA “conduct an analysis and provide a report with options for enhancing the design of the Regulated Rate Option to provide long-term, stable and affordable prices for Alberta’s electricity consumers into the future.”

The Minister further requested that the MSA identify options that provide for: “affordability of electricity; predictable and stable rates; and minimized regulatory and administrative costs.” She also requested that the report “identify any issues or possible challenges associated with transitioning from current Regulated Rate Option arrangements to alternative approaches. Rather than providing a recommendation, the report should provide advantages and disadvantages of the different options identified.” The Minister requests that this report be completed by June 1, 2017.

MSA Request to Stakeholders

The MSA is of the view that in preparing an options paper for the Minister it would benefit from stakeholder involvement to assist in identifying options, advantages and disadvantages. The MSA plans to provide the Minister with a draft report by June 1, 2017. The report is expected to present advantages and disadvantages of a variety of options and will present the view of the MSA having been informed by stakeholder comment.

When formulating comments, in addition to the Minister’s direction, the MSA asks that stakeholders consider:

- i) whether there should be one RRO rate for all eligible consumers (or customer category) in Alberta;
- ii) changes to procurement, including advanced procurement of longer term products, centralized procurement or options that do not require advanced procurement;
- iii) introduction of deferral accounts or changes to bill smoothing; and
- iv) when and how a change to the RRO should occur.

For each option put forward, please identify the advantages and disadvantages of the option and, if relevant, regulatory or legislative changes that may be necessary.

Stakeholder Process

Given the requested timeline in which the MSA has been asked to carry out the work and nature of the work the MSA is not following its usual Stakeholder Consultation Process, but instead asks stakeholders to provide written comments by **May 19, 2017**, noting that earlier responses would be preferred. All comments should be sent to stakeholderconsultation@albertamsa.ca. Any written comments received will be attached to the report in an appendix. Should timelines allow, the MSA may invite another round of comments prior to completing a final report at a later date.

In addition to providing written comments, should stakeholders wish to meet regarding the report, please contact me directly.

Mark Nesbitt

Manager, Retail and Investigations

mark.nesbitt@albertamsa.ca



Office of the Minister
MLA, Dunvegan-Central Peace-Notley

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April 6, 2017

Dr. Matt Ayers
Market Surveillance Administrator
#500, 400 5 Avenue SW
Calgary AB T2P 0L6

Dear Dr. Ayers:

It is the Government of Alberta's intention to protect consumers from price volatility by ensuring Alberta's electricity arrangements are in the long-term interests of consumers. Consequently, I am requesting that the Market Surveillance Administrator conduct an analysis and provide a report with options for enhancing the design of the Regulated Rate Option to provide long-term, stable and affordable prices for Alberta's electricity consumers into the future.

The Market Surveillance Administrator is in an expert position to analyze the Regulated Rate Option Regulation and identify options for reform that would meet the needs of Albertans by providing for:

- affordability of electricity;
- predictable and stable rates; and
- minimized regulatory and administrative costs.

In addition to the issues highlighted above, the report should identify any issues or possible challenges associated with transitioning from current Regulated Rate Option arrangements to alternative approaches. Rather than providing a recommendation, the report should provide advantages and disadvantages of the different options identified.

To enable the implementation of possible reform options within reasonable timeframes, I am requesting the report be finalized by June 1, 2017.

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For detailed inquires or concerns, please contact the Acting Executive Director of Alberta Energy's Markets and Distribution Branch, Mr. Philip Shum at 780-415-4573 or philip.shum@gov.ab.ca.

Sincerely,



Margaret McCuaig-Boyd
Minister

cc: Philip Shum
Alberta Energy