

April 25, 2024

Disposition 28999-D01-2024

Direct Energy Marketing Limited
2500, 530 8 Ave. S.W.
Calgary, Alta. T2P 3S8

Attention: Nicole Black
Director, Government and Regulatory Affairs

**Direct Energy Regulated Services
May 2024 Regulated Rates
Proceeding 28999**

Acknowledgment of May 2024 regulated rates

1. Customers in Alberta can choose to purchase their electricity from a variety of competitive retailers. The retail rates charged by competitive retailers are not regulated by the Alberta Utilities Commission. For information on competitive retailers, customers can refer to the website of the Office of the Utilities Consumer Advocate at <https://ucahelps.alberta.ca/retailers.aspx>.
2. Eligible customers who do not choose a competitive retailer purchase electricity under a regulated rate tariff approved by the Commission. This is called the regulated rate option or RRO.
3. ATCO Electric Ltd. is an owner of an electric distribution system in Alberta and provides customers within its service area with electric distribution service. ATCO Electric is required to provide, or make arrangements for the provision of, a regulated rate tariff within its service area. ATCO Electric has arranged for Direct Energy Regulated Services (Direct Energy) to be the regulated rate provider in its service area.
4. Direct Energy is required to set RRO rates for each calendar month in accordance with a Commission-approved energy price setting plan (EPSP). Not less than five days before the commencement of each month, Direct Energy calculates the RRO rates to be applied in that month and files them with the Commission for acknowledgment.
5. In December 2022, the Government of Alberta enacted the *Regulated Rate Option Stability Act*, in which it prescribed that the maximum rate RRO customers could be billed for energy used between January 1, 2023, and March 31, 2023, was 13.5 cents per kilowatt hour (kWh). The RRO rates for January 2023, February 2023 and March 2023 calculated in accordance with Direct Energy's EPSP were higher than 13.5 cents per kWh and the resulting revenue shortfalls were included in a deferral account, to be billed to RRO customers as part of their energy used between April 1, 2023, and December 31, 2024.

6. The *Regulated Rate Option Stability Regulation* sets out how RRO providers are to calculate monthly instalments to recover the deferral amounts accrued between January and March 2023. RRO providers must take the total remaining deferral amount for each rate class and divide it by the number of calendar months remaining in the 21-month recovery period between April 2023 and December 2024. Subject to Commission approval, the RRO provider will increase the electric energy charge for each of the 21 months by the amount that will be sufficient to recover the instalment calculated for that month.

7. For May 2024, Direct Energy calculated its RRO rates, including the decrease to its electric energy charge, as follows.

RRO rates

Rate class	Energy charges as calculated under EPSP (cents/kWh)	Instalment to be recovered (\$)	Increase to electric energy charge (cents/kWh)	Energy charge as billed (cents/kWh)
Residential	7.655	728,863.88	3.146	10.801
Commercial	7.602	329,728.77	2.977	10.579
Industrial	7.404	28,410.07	2.081	9.485
Farming (Includes REA)	7.588	377,480.74	4.898	12.486
Irrigation (Includes REA)	7.303	0.00	0.000	7.303
Oil & Gas	7.357	12,317.79	6.265	13.622
Lighting	5.245	2,088.85	3.162	8.407

8. The Commission reviewed Direct Energy’s filing and acknowledges that the calculated RRO rates as set out above represent rates determined in accordance with Direct Energy’s 2023-2025 EPSP. The Commission also reviewed the statement filed by Direct Energy under Section 2 of the *Regulated Rate Option Stability Regulation*, including Direct Energy’s calculation of its deferral amount instalment to be recovered in May 2024. The Commission is satisfied that the statement meets the requirements of Section 3(2) of the regulation regarding accuracy of the calculations in accordance with the regulation. The Commission finds that the proposed instalment and increase to the electric energy charge, by rate class, were calculated in accordance with the *Regulated Rate Option Stability Regulation* and satisfy Section 4.4 of the *Regulated Rate Option Stability Act* regarding accuracy of the calculations in accordance with the act. Accordingly, the Commission approves Direct Energy’s application to recover a deferral amount pursuant to Section 4.4(4) of the act, which requires the Commission’s approval after review.

9. Section 5.2(3) of the act requires the Commission to provide a report to the Minister each month setting out the status of each RRO provider’s deferral account, the deferred amounts recovered pursuant to Section 4.4 and the interest accumulated on deferred amounts pursuant to Section 4.1(5). Accordingly, the Commission reports the following information:

- (a) The total amount recorded in Direct Energy’s deferral account for January through March 2023 is \$30,074,690.46.
- (b) With respect to Section 4.4, Direct Energy reported that it has collected \$14,207,777.49 to date, resulting in an outstanding recovery amount of

\$15,866,912.97. Direct Energy's forecast recovery amount to be billed for May 2024 is \$1,478,890.10.

- (c) With respect to Section 4.1(5), no interest has been accumulated on deferred amounts to date.

10. Direct Energy must retain records sufficient to enable the Commission to audit any previous monthly rates set by Direct Energy and any applications pursuant to the act for recovery of the deferred amounts. Any incorrect rate calculation resulting in an overcharge to customers must be refunded to customers as soon as practicable after the error is discovered.

11. If any affected person objects to the calculation of the RRO rates set out above, they should notify the Commission and Direct Energy in a timely manner, and include the nature of the objection and the reason(s) why it should be considered.

12. The Commission may, no later than 60 days from the date of this disposition and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected disposition on its website.

(original signed by)

Chris Arnot
Director, Retail Energy and Water
On behalf of the Alberta Utilities Commission

cc: Minister of Affordability and Utilities, au.minister@gov.ab.ca