1. **Definitions**

   Capitalized terms used in this Regulated Rate Energy Price Setting Plan ("EPSP"), that are not otherwise defined herein, have the respective meanings ascribed to those terms in Schedule 1 of the EPSP.

2. **Energy Price Setting Plan**

   This document sets out the EPSP for the Regulated Rate Tariff ("RRT") required under the Regulated Rate Option Regulation AR262/2005, or its replacement.

3. **Acquisition Process**

   The electric energy required to supply Eligible Customers under the RRT will be procured in accordance with the Procurement Protocol attached as Schedule 2.

4. **RRT Electric Energy Cost and RRT Rates**

   The electric energy cost component of the RRT EPSP will be determined on the basis of New RRO Rate Arrangements, using the procedures set out in the Procurement Protocol set out in Schedule 2.

   The RRT rates for electric energy will be determined in accordance with the Energy Rate Calculation attached to this EPSP as Schedule 3.

5. **Competitive Procurement Process**

   A Competitive Procurement Process will be conducted to fulfill the EPSP.

6. **Risk Margin and Return**

   Red Deer will not receive a Risk Margin or Return for providing electricity services in accordance with the RRT.

7. **Schedules**

   The following schedules are attached to, and form part of this EPSP:

   - Schedule 1: Definitions
   - Schedule 2: Procurement Protocol
   - Schedule 3: Energy Rate Calculation

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1 3273/A-2004, 3273/C-2006, 3273/C-2010, 3273/B-2012, 3273/B-2018
Schedule 1
Definitions

The following terms have the meanings set out below:

“7x24 Product” means a hedge product that notionally delivers electric energy over all hours;

“Competitive Procurement Process” means a reasonably transparent, competitive process used to procure products under the EPSP;

“Eligible Customer” has the meaning set out in the Regulated Rate Option Regulation, AR262/2005, or its replacement;

“Energy Rate Calculation” means the Energy Rate Calculation attached as Schedule 3 to the EPSP;

“kWh” means kilo-watt hour;

“EPSP” means the Regulated Rate Energy Price Setting Plan;

“Line Loss” means the amount of energy loss through the distribution of electricity;

“Load” means the consumption of electric energy for a given time period and for a specified group of consumers as measured through metering devices and reflecting any Unaccounted-For-Energy and Line Loss;

“Metered Load” means Load, net of Unaccounted for Energy and Losses;

“Month” means the period beginning on the first day of a calendar month and ending immediately prior to the commencement of the first day of the next calendar month;

“Monthly Energy Price” has the meaning set out in Schedule 3 of the EPSP.

“Monthly Index” has the meaning set out in section 4 of Schedule 2 of the EPSP;

“Monthly Index Price” has the meaning set out in section 4 of Schedule 2 of the EPSP;

“MWh” means mega-watt hour;

“New RRO Arrangements” means arrangements to supply electric energy to Eligible Customers under Part 3 of Schedule 2 of the EPSP;

“NGX” means the Natural Gas Exchange, Inc.;

“Payment in Lieu of Tax” or “PILOT” has the same meaning set out in the Payment in Lieu of Tax Regulation AR 112/2003, or its replacement;
“Procurement” means the process conducted under the EPSP for the procurement of products for the purpose of supplying electric energy to Eligible Customers;

“Procurement Protocol” means the Procurement Protocol attached to the EPSP as Schedule 2;

“Prompt Month” means the Month beginning immediately after the current Month;

“Return” means the portion of the electric energy price to compensate the owner of an electric distribution system for the obligation to provide electricity services under an RRT;

“Risk Margin” means the portion of the electric energy price to cover risks to which the owner of an electric distribution system is directly exposed in providing electricity services under an RRT;

“RRT” means a regulated rate option tariff as contemplated under Section 103 of the EUA and the Regulated Rate Option Regulation AR 262/2005, or its replacement;

“Settlement” means the WSP allocation of load, including Unaccounted For Energy and Line Loss, and associated cost;

“Suppliers” means any third party who manages the EPSP and provides electric energy for the purpose of supplying the EPSP;

“Unaccounted For Energy” or “UFE” means the residual amount of electricity that can not be accounted for after metering and Line Loss have been calculated;

“WSP” means the owner of an electric distribution system, or a person authorized by the owner to act on behalf of that owner.
Schedule 2

Procurement Protocol

Part 1: General

1. General

Procurement under the EPSP will be carried out in accordance with the provisions of this Procurement Protocol. Capitalized terms used in this Procurement Protocol, and not otherwise defined herein, have the respective meanings ascribed to those terms in Schedule 1 to the EPSP.

This Procurement Protocol will be used to acquire products for the energy supply for the RRT.

Part 2: New RRO Arrangements

2. General

The New RRO Arrangements will comprise the electric energy supplied at the New RRO Price determined in accordance with this Part.

3. Establishment of a New RRO Price

The New RRO Price will be based on volumes procured to supply the New RRO Arrangements. New RRO Price will be established in accordance with the Regulated Rate Option Regulation AR262/2005, or its replacement.

4. Establishment of a Monthly Index and Monthly Index Price

Monthly Index

The Monthly Index, when it is used to establish the New RRO Price, will be based on the NGX transactions for the Prompt Month, set during the period starting 120 days prior to the Prompt Month and ending no later than 5 days prior to the Prompt Month inclusive.

Monthly Index Price

The Monthly Index Price will be determined based on the arithmetic volume weighted average of the Daily Indexing Offers for the period starting 120 days prior to the Prompt Month and ending no later than 5 days prior to the Prompt Month inclusive. Once the Monthly Index Price has been determined, it may represent the New RRO Price component in the Monthly Energy Price formula in Schedule 3.
Schedule 3

Energy Rate Calculation

The Energy Rate Calculation will be based on a monthly electric energy price and will establish a monthly RRT rate. The monthly electric energy price will be established based on the New RRO Arrangements for each month. Except as set out in this schedule, capitalized terms in this Energy Rate Calculation will have the meanings set out in Schedule 1 of the EPSP.

Monthly Energy Price Methodology

The Monthly Energy Price will be expressed in dollars per kWh, and will be the New RRO Price plus Adders for Load Shape Adjustment, Load Swing, Payment in Lieu of Tax, UFE and Line Loss (UFE/LL), Return Margin and Pool Trading Charge.

The Monthly Energy Price will be applied to actual electric energy delivered to Eligible Customers and will be determined as follows:

Monthly Energy Price = New RRO Price + Adders

where

“New RRO Price” means the price per kWh for New RRO Arrangements procured for the Prompt Month.

“Adders” means the components added to the New RRO Price as follows:

(a) “Load Shape Adjustment” means an adjustment, expressed as a percentage of the electric energy price, for the expected incremental cost or discount applicable to the specific Load shape when compared to a flat Load against the hourly pool price.

(b) “Load Swing” means an amount, expressed as a percentage of the electric energy price, to allow for Load fluctuations of the monthly contracted quantities.

(c) “Payment In Lieu of Tax” or “PILOT” means a charge set out as per the Payment in Lieu of Tax Regulation AR112/2003, or its replacement.

(d) “UFE&LL” means the average Unaccounted for Energy and Line Losses for the previous calendar year, expressed as a percentage and determined using Settlement data provided by the WSP for the Red Deer zone.

(e) “Return Margin” means the amount, expressed as dollars per kWh and applied to the total energy price, which represents the energy Supplier’s return and cost recovery for facilitating the Energy Price Setting Plan process over the term of the contract.

(f) “Pool Trading Charges” or “PTC” is the actual fee applied to every kWh of power bought or sold through the Power Pool of Alberta expressed as dollars per kWh.