



# talk about electricity

June 2009

## The Regulated Rate Option (RRO) – A Closer Look

In 2005, the Government of Alberta announced a new Regulated Rate Option (RRO) for electricity. From 2006 to 2010, short and long-term market prices of electricity will be used to set the RRO.

July 2005 to June 2006

Previous process

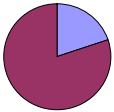
Utilities put together yearly electricity purchasing plans (that included long-term prices) for regulated service, which were then submitted to the regulator for review and approval. These were adjusted on a quarterly basis.



July 2006 to June 2007

80% previous process + 20% new RRO

At most, 80% of the energy required for regulated customers was purchased under the previous process (usually long-term electricity prices) and at least 20% was based on the new RRO – the next month's projected market price of electricity.



July 2007 to June 2008

60% previous process + 40% new RRO

At most, 60% of the energy required for regulated customers was purchased under the previous process (usually long-term electricity prices) and at least 40% was based on the new RRO – the next month's projected market price of electricity.



Fall 2007 to Spring 2008

**Government conducted a review of the RRO and determined that appropriate consumer protection is in place during the transition period.**

July 2008 to June 2009

40% previous process + 60% new RRO

At most, 40% of the energy required for regulated customers was purchased under the previous process (usually long-term electricity prices) and at least 60% was based on the new RRO – the next month's projected market price of electricity.



July 2009 to June 2010

20% previous process + 80% new RRO

At most, 20% of the energy required for regulated customers will be purchased under the previous process (usually long-term electricity prices) and at least 80% will be based on the new RRO – the next month's projected market price of electricity.



Fall 2009 to Spring 2010

**Government will conduct a second review to determine the effectiveness of the transition to the new RRO.**

July 2010 and on

100% new RRO

Assuming there are no changes, 100% of the electricity required for regulated customers will be purchased under the new RRO – the next month's projected market price of electricity. Consumers will see monthly fluctuations in their electricity prices.





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## Transition to the New RRO

The chart below illustrates how the transition to the new RRO will occur.

## Transition to the New RRO

