WHAT AESO GETS WRONG:

REBUTTING CLAIMS THAT ALBERTA'S HIGH ELECTRICITY PRICES ARE "REASONABLE" AND PRICE INCREASES "ON PAR"

DECEMBER 2025

In the 1990s the Alberta government promised that its radical restructuring of the electricity sector would lead to lower prices and increased reliability:

> *"On the one hand, Alberta currently benefits from a reliable system and electric rates that are among the lowest in North America. On the other hand, changes in industry structure and regulation are needed to take advantage of competition for the benefit of all consumers."*[1]
>
> *"In the long term, increased competition and incentive regulation are expected to result in lower costs than the old structure would have provided. This will maintain Alberta's competitive electricity rates, which are among the lowest in North America."* [2]

In October 2024, the Alberta Federation of Labour (AFL) published the landmark report "Power in the Public Interest"[3] (Figure 1), which detailed how restructuring and privatization transformed Alberta's grid from a low-cost to a high-cost system. As a result of soaring prices, Albertans have paid **$24 billion more for their electricity** since 2001. These extra billions have not improved reliability; Alberta has been North America's most fragile grid since 2022. The AFL report prompted the lead story, "Why is your electricity bill so high?"

---

[1] Alberta Ministry of Energy (1994). "Enhancing the Alberta Advantage: A Comprehensive Approach to the Electric Industry." https://open.alberta.ca/dataset/f8024ee2-e18e-405d-89da-83f55c335e05/resource/a6667b6a-ba01-436f-9b2b-e698ab974dca/download/energy-enhancing-the-albertaadvantage-a-comprehensive-approach-to-theelectric-industry.pdf

[2] Alberta Ministry of Energy (1996). "Moving to Competition: a guide to Alberta's new electric industry structure." https://open.alberta.ca/dataset/b578d0b0-39c2-453d-be79-c545b95715fa/resource/fe0da3cb-68a3-4a0c-a1c3-097e68adc293/download/17579761996moving-to-competition-aguide-to-albertas-new-electric-industry-structure.pdf

[3] https://diversifyalberta.ca/wp-content/uploads/2024/10/AFL-Report-Power-in-the-Public-Interest-October-2024.pdf

by veteran journalist Doug Firby in the December 2025 edition of *Alberta Views* magazine. (Figure 2).

Figure 1: AFL report (October 2024)

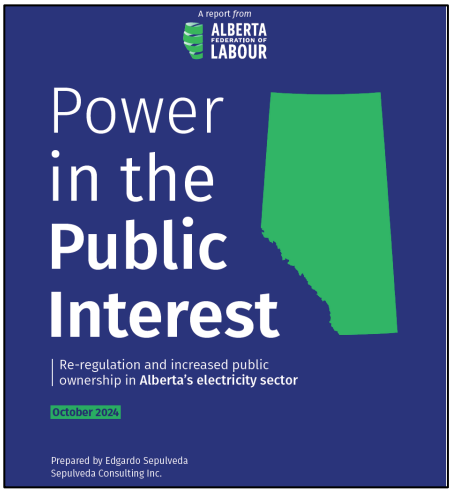
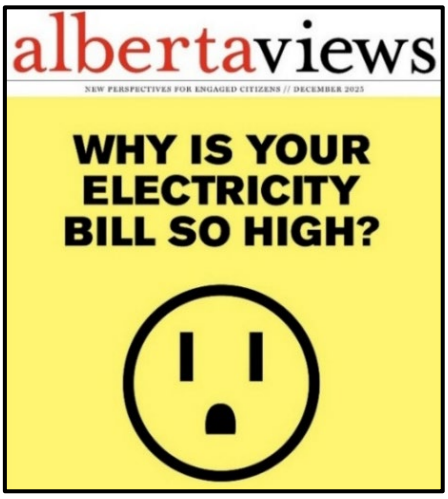


Figure 2: Alberta Views (December 2025)



In apparent response to the AFL report and the *Alberta Views* article exposing high electricity prices, the Alberta government and the Alberta Electric System Operator (AESO) shifted into damage control. In late October, AESO released a seven-page report, "Let's Be Reasonable: Alberta Electricity Prices in Context"[4] which attempts to defend Alberta electricity prices as "reasonable":

> *"While Alberta's electricity prices have not been the cheapest in the country, prices reflect investments in reliability, innovation, and growth and have been reasonable when considered in context."*

Throughout the first six pages of its report, AESO fails to support its own claims that Alberta's electricity prices are reasonable and provides no analytical evidence linking the listed factors to the province's high prices.

Reliability: Higher Prices, Lower Performance

Consider reliability. AESO would have us believe that higher "prices reflect investments in reliability." One would expect improved reliability, correct? Wrong. As shown in Figure 3, Alberta had by far the least reliable grid in Canada and the United States (NERC[5]) for the

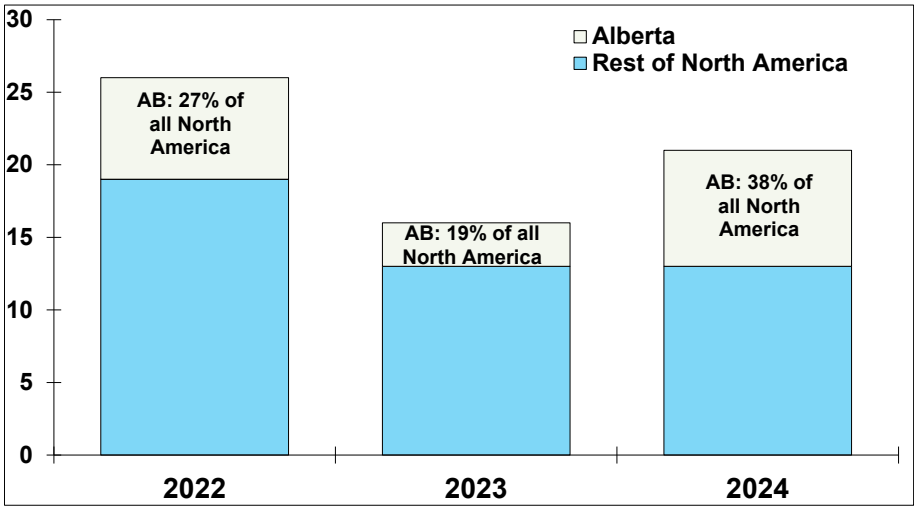
[4] https://www.aeso.ca/future-of-electricity/alberta-electricity-prices-in-context

[5] NERC is the North American Electric Reliability Corporation.

three years ending in 2024, measured by the highest level of grid alerts (EEA3s) that signal impending or actual rolling blackouts. Out of 63 EEA3s in all of North America, Alberta triggered 18,[6] representing a staggering 29% of such alerts, while accounting for less than 2% of total NERC demand.

Despite promises made in the 1990s, restructuring and privatization in Alberta have resulted in higher prices ***and*** lower reliability. AESO's other justifications for high prices fare no better.

Figure 3: EEA3 grid alerts for Alberta and rest of North America

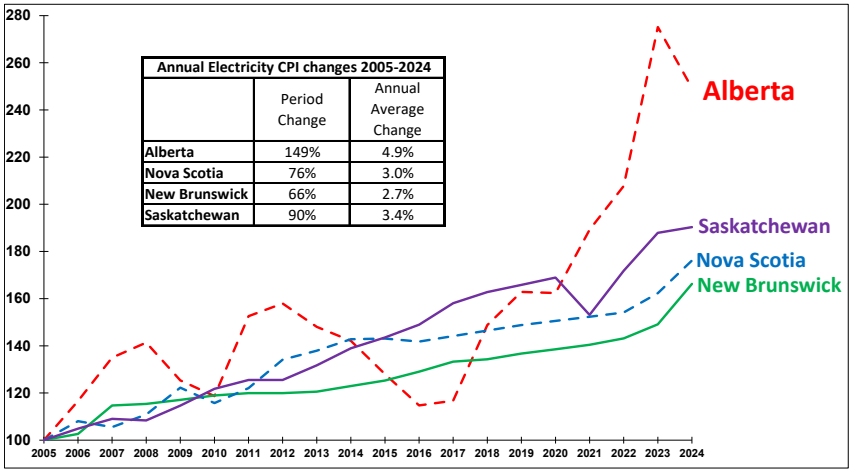


The Hydropower Excuse Falls Flat

AESO attempts to justify recent high prices by claiming: "Alberta does not have the luxury of massive, low-cost hydropower like some other provinces. Nor has Alberta shifted electricity costs from ratepayers to the provincial tax base." Still, it provides no support for this assertion. However, comparing Alberta to three other non-hydro-dominant provinces—Saskatchewan, Nova Scotia, and New Brunswick—reveals that over the last 20 years Alberta's prices have increased more than any of these provinces, disproving AESO's hydropower excuse. As detailed in the AFL report, Figure 4 also highlights the price-gouging that occurred in Alberta during the 2021 to 2023 period.

[6] For Alberta https://www.aeso.ca/assets/Uploads/data-requests/EEA-Events-2006-Nov_21_2024.xlsx for NERC https://www.nerc.com/pa/RAPA/PA/Performance%20Analysis%20DL/NERC_SOR_2025_technical_assessment.pdf#search=state%20of%20reliability

Figure 4: Rebased (to 2005) annual electricity CPIs for AB, SK, NS & NB



Data Errors and Misleading Claims

On page 7, AESO makes its most significant claims—and its most egregious errors. It states: "Comparing Alberta's electricity price index to the national Electricity Price Index produced by Statistics Canada highlights that the rate of Alberta's electricity price change has remained relatively on par with the Canadian national average index over the past two decades." AESO provides no data in support of this assertion but merely offers Figure 5 as a visual prop, noting that the data comes from "Statistics Canada. Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted." However, that is incorrect. Figure 5 does not show monthly data; it uses annual data, which is an important distinction.

Figure 5: Snapshot of unnumbered graphic on page 7 of AESO report

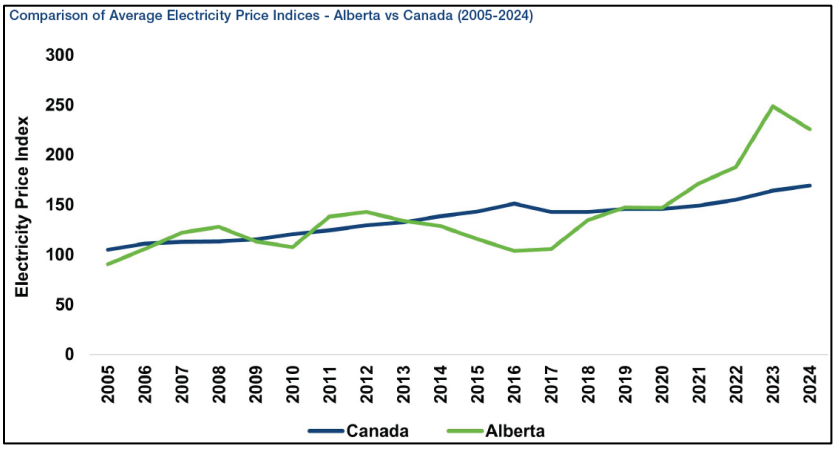


Figure 6 uses annual data from Statistics Canada[7] and replicates AESO's Figure 5. Figure 7 uses Statistics Canada[8] actual monthly data. Looking at how volatile Alberta's electricity prices are in Figure 7, it is no wonder AESO preferred to use annual data in Figure 5.

Figure 6: Annual electricity CPIs

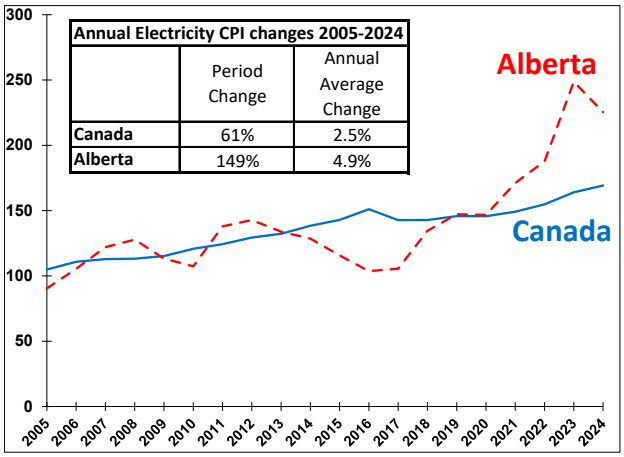
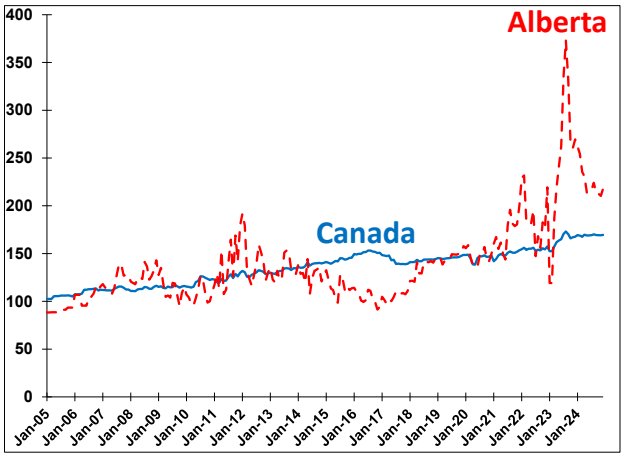


Figure 7: Monthly electricity CPIs



Mistaking monthly and annual CPI data might be an honest error that an editor missed. What is inexcusable is AESO's claim that:

> *"the rate of Alberta's electricity price change has remained relatively on par with the Canadian national average index over the past two decades."*

A data review shows otherwise. What AESO fails to acknowledge in its comparison over the 2005 to 2024 period is that Alberta's electricity prices increased by 149% compared to just 61% for Canada as a whole. On an annualized average basis, that is 4.9% compared to 2.5%—nearly double. This is what AESO falsely characterizes as "relatively on par."

A Basic Data Visualization Error

By presenting Figure 5 as a visual prop, AESO also commits a fundamental index comparison error. This occurs when comparing two CPI series over time without setting the same starting point (baseline year)—a process called 'rebasing' that ensures proportional changes are accurately reflected. Without rebasing, such a comparison

[7] Statistics Canada. "Table 18-10-0005-01 (Consumer Price Index, annual average, not seasonally adjusted" https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000501

[8] Statistics Canada. "Table 18-10-0004-01 Consumer Price Index, monthly, not seasonally adjusted" https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810000401

visually distorts differences and exaggerates initial gaps rather than reflecting proportional change.

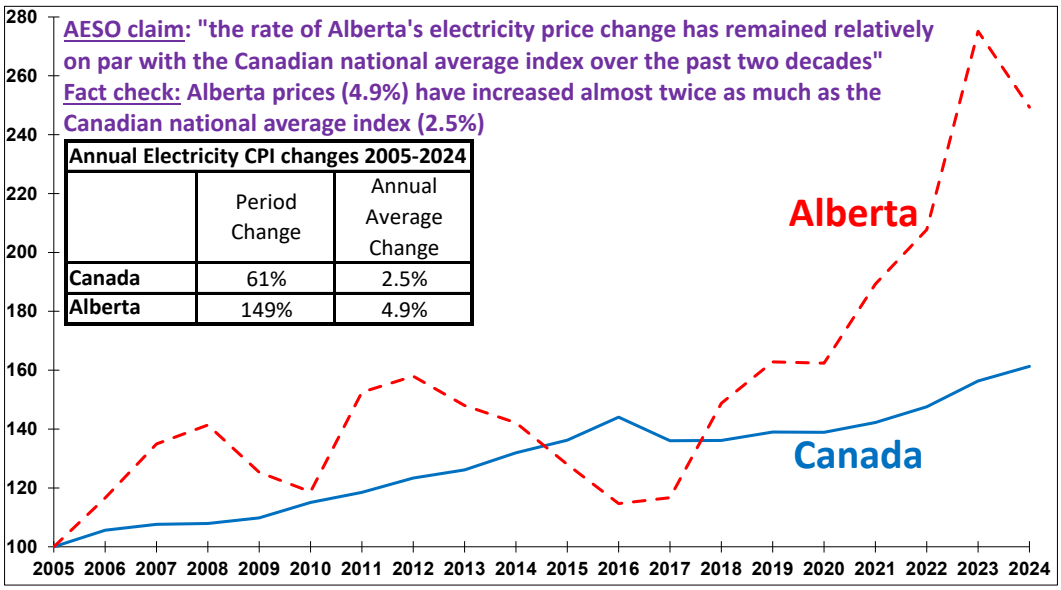
Statistics Canada, the US Bureau of Labor Statistics and the Federal Reserve Bank of Dallas all highlight the importance of index rebasing for sound comparisons.[9]

This is basic data science, and on top of the monthly/annual CPI mistake, this kind of error is troubling from the Alberta system operator with a $98 million annual staff budget.[10]

Figure 8 corrects this error by rebasing both CPIs to the same starting point in 2005. Note that the actual relative annual changes for each CPI series remain unchanged; rebasing simply makes these relative changes clear.

It is evident why AESO did not rebase the series or present data in percentage terms—doing so would undermine the claim that Alberta's prices are "relatively on par." Instead, AESO employs a visualization trick to justify the unjustifiable.

Figure 8: Rebased (to 2005) annual electricity CPIs



[9] Statistics Canada "The Canadian Consumer Price Index – Catalogue no. 62-553-X" (https://www150.statcan.gc.ca/pub/62-553-x/62-553-x2023001-eng.pdf), US Bureau of Labor Statistics "Consumer Price Index, "Rebasing an Index" https://www.bls.gov/cpi/factsheets/rebasing.htm, Federal Reserve Bank of Dallas "Indexing data to a common starting point" https://www.dallasfed.org/research/basics/indexing

[10] https://www.aeso.ca/assets/2024_Annual-Report-FinancialResults_WEB.pdf

Conclusion

AESO's article is an ineffective and misleading attempt at damage control. It offers multiple excuses for Alberta's high electricity prices without providing legitimate analytical support. Most tellingly, it omits the actual cause: radical restructuring and privatization, which transformed a low-cost grid into a high-cost and unreliable system.

In its effort to show that Alberta's prices are "on par," AESO uses misleading comparison techniques that ultimately prove the opposite—Alberta's electricity prices are not reasonable. Because AESO's existence is deeply tied to this market model, it cannot acknowledge the real causes behind the province's high prices and poor reliability.

Small incremental changes will not suffice. The AFL report calls for protecting consumers from price-gouging by re-establishing profit regulation in power generation, and increasing public ownership that, alongside stronger municipal utilities, would restore meaningful control of Alberta's electricity to benefit Albertans.

The evidence is clear. Read the AFL report and the *Alberta Views* story and decide for yourself.