



AGENDA

GAS, POWER AND TELECOMMUNICATIONS COMMITTEE

January 16, 2020, 1:30 PM

LEGAL TRADITIONS COMMITTEE ROOM

Members

Councillor S. Chu, Chair
Councillor D. Farrell, Vice-Chair
Councillor J. Davison
Councillor J. Magliocca
Chief Financial Officer C. Male
Mayor N. Nenshi, Ex-Officio

1. CALL TO ORDER
2. OPENING REMARKS
3. CONFIRMATION OF AGENDA
4. CONFIRMATION OF MINUTES
 - 4.1 Minutes of the Regular Meeting of the Gas, Power and Telecommunications Committee, 2019 November 14
5. CONSENT AGENDA
 - 5.1 DEFERRALS AND PROCEDURAL REQUESTS
None
 - 5.2 BRIEFINGS
 - 5.2.1 2019-2022 Alberta Utilities Commission (AUC) Strategic Plan, GPT2020-0097
 - 5.2.2 Status of Outstanding Motions and Directions, GPT2020-0043

6. POSTPONED REPORTS
(including related/supplemental reports)

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Industry Update on Electricity, Natural Gas and Telecommunications, GPT2020-0107

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS
None

8.2 NOTICE(S) OF MOTION
None

9. URGENT BUSINESS

10. CONFIDENTIAL ITEMS

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 Summary of Current Proceedings, GPT2020-0044
Report and Attachment held confidential pursuant to Section 23 (Local public body confidences) and Section 24 (Advice from officials) of the Freedom of Information and Protection of Privacy Act, to be reviewed 2023 January 16.

10.2 URGENT BUSINESS

11. ADJOURNMENT



MINUTES

GAS, POWER AND TELECOMMUNICATIONS COMMITTEE

November 14, 2019, 1:00 PM
LEGAL TRADITIONS COMMITTEE ROOM

PRESENT: Councillor S. Chu, Chair
Councillor D. Farrell, Vice-Chair
Councillor J. Davison
Councillor J. Magliocca
Chief Financial Officer C. Male

ALSO PRESENT: Senior Regulatory Analyst R. Holberton
Regulatory Lead O. Shyllon
Senior Regulatory Analyst B. Whyte
Law L. Bonnet
Manager K. Hess
Deputy City Clerk J. Fraser
Legislative Coordinator S. Muscoby

1. **CALL TO ORDER**

Deputy City Clerk Jeremy Fraser called the Meeting to order at 1:03 p.m.

2. **ELECTION OF CHAIR AND VICE CHAIR**

Election of Chair

Following nomination procedures, Councillor Chu was appointed as Chair of the Gas, Power and Telecommunications Committee, by acclamation.

Election of Vice Chair

Following nomination procedures, Councillor Farrell was appointed as Vice-Chair of the Gas, Power and Telecommunications Committee, by acclamation.

3. **OPENING REMARKS**

Councillor Chu provided opening remarks at today's Meeting.

4. **CONFIRMATION OF AGENDA**

Moved by Chief Financial Officer Male

That the Agenda be amended by adding an item of Urgent Business, 10.1, Discussion with Alberta Utilities Commission Chair Mark Kolesar (Verbal), GPT2019-1488.

MOTION CARRIED

Moved by Councillor Davison

That the Agenda for the 2019 November 14 Regular Meeting of the Gas, Power and Telecommunications Committee be confirmed, **as amended**.

MOTION CARRIED

5. CONFIRMATION OF MINUTES

5.1 Minutes of the Regular Meeting of the Gas, Power and Telecommunications Committee, 2019 October 10

Moved by Councillor Davison

That the Minutes of the 2019 October 10 Regular Meeting of the Gas, Power and Telecommunications Committee be confirmed.

MOTION CARRIED

6. CONSENT AGENDA

Moved by Councillor Magliocca

That the following item be received for the Corporate Record:

6.1 DEFERRALS AND PROCEDURAL REQUESTS

6.2 BRIEFINGS

6.2.1 Status of Outstanding Motions and Directions, GPT2019-1381

MOTION CARRIED

7. POSTPONED REPORTS

None

8. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

None

9. ITEMS DIRECTLY TO COMMITTEE

9.1 REFERRED REPORTS

None

9.2 NOTICE(S) OF MOTION

None

10. URGENT BUSINESS

- 10.1 Discussion with Alberta Utilities Commission Chair Mark Kolesar (Verbal), GPT2019-1488

Moved by Chief Financial Officer Male

That with respect to Verbal Report GPT2019-1488, the following be approved:

That the Gas, Power and Telecommunications Committee receive the verbal discussions with Alberta Utilities Commission Chair for the Corporate Record.

MOTION CARRIED

11. CONFIDENTIAL ITEMS

Moved by Councillor Farrell

That pursuant to Sections 23 (Local public body confidences) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, the Gas, Power, and Telecommunications Committee move into Closed Meeting, in the Legal Traditions Boardroom, at 2:04 p.m. to discuss confidential matters with respect to the following item:

- Summary of Current Proceedings, GPT2019-1373.

MOTION CARRIED

Committee moved into Public Meeting at 2:12 p.m. with Councillor Chu in the Chair.

Moved by Councillor Davison

That Committee rise and report.

MOTION CARRIED

11.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

11.1.1 Summary of Current Proceedings, GPT2019-1373

Moved by Councillor Farrell

That with respect to Report GPT2019-1373, the following be approved:

That the Gas, Power and Telecommunications Committee recommend that Council:

1. Receive the confidential report for the Corporate Record;
2. Direct Administration to make a presentation on point 8 in Attachment 1, in closed session at the December 16 Combined Meeting of Council; and
3. Direct that the Report, Attachment and Closed Meeting discussions remain confidential pursuant to Section 23 (local public body confidences) and Section 24 (advice from officials) of the *Freedom of Information and Protection of Privacy Act* until reviewed for consideration of public release on or by 2022 November 14.

MOTION CARRIED

11.2 URGENT BUSINESS

None

12. ADJOURNMENT

Moved by Councillor Magliocca

That this meeting adjourn at 2:18 p.m.

MOTION CARRIED

The following item has been forwarded to the 2019 December 16 Combined Meeting of Council:

CONFIDENTIAL ITEMS

Summary of Current Proceedings, GPT2019-1373

The next Regular Meeting of the Gas, Power and Telecommunications Committee is scheduled to be held 2019 December 12 at 1:00 p.m.

CONFIRMED BY COMMITTEE ON

CHAIR

ACTING CITY CLERK

BRIEFING

Page 1 of 1

Item # 5.2.1

**Chief Financial Officer's Briefing to
Gas, Power and Telecommunications
2020 January 16**

**ISC: UNRESTRICTED
GPT2020-0097**

2019-2022 Alberta Utilities Commission (AUC) Strategic Plan

PURPOSE OF BRIEFING

This briefing summarizes the 2019-2022 Alberta Utilities Commission (AUC) Strategic Plan. The Chair of the AUC attended the 2019 November 14 GPT Committee meeting and discussed the Strategic Plan with the GPT Committee. This report will be added to the Corporate Record.

SUPPORTING INFORMATION

The AUC publishes a strategic plan every year which is designed to explain what the AUC is planning to do over a specified three-year term. The strategic plan also highlights what the AUC considers to be its principal accomplishments over the prior year.

There are three main themes discussed in this report:

1. Competition and markets – whether new technology and services should be open to competition or remain a monopoly function.
2. Infrastructure – what are the implications of new electricity generation infrastructure on the Alberta electricity and natural gas transmission and distribution systems.
3. Efficiency and limiting regulatory burden – how should the AUC balance its public interest mandate while ensuring timely and transparent regulatory outcomes.

Attachment 1 provides more information on the three identified utility industry themes.

This report has no specific risks associated with it. Any risks arising from utility developments reviewed in Attachment 1 will be addressed in a separate report if required. There are no risks currently.

ATTACHMENT(S)

1. Attachment 1 – 2019-2022 AUC Strategic Plan



Alberta's independent utilities regulator

2019-2022 Strategic Plan

NEW
METHODS
EFFICIENT
ADAPTIVE
FORWARD-THINKING
CRISP CONSULTATION
LEARNING-BASED CULTURE
RECEPTIVE INSIGHTFUL
DECISIVE **IMPROVE**
DISCIPLINED **FOCUSED**
COLLABORATIVE STREAMLINE PROCESS
ACCOUNTABLE INNOVATIVE
MODERNIZE **TRANSPARENT** CONSISTENT
TRUSTED **ENGAGED** REDUCE
RESOURCE OVERLAP

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Measuring success

The AUC strategic plan

I am pleased to share with you the Alberta Utilities Commission Strategic Plan for 2019-2022.

We are setting out a far-reaching agenda that supports the AUC's longstanding regulatory and adjudicative roles, and also positions us well for future strategic challenges.

Our strategic plan will be published each year and will explain in straightforward terms what we are planning to do and why.

In conjunction with our strategic plan, we will publish an annual report card so you will know whether we have succeeded in meeting our commitments. Both this strategic plan and our annual report card will be made available on the AUC's website.

Certain project and regulatory activities may be described differently than in our previous business plans, or in our previous AUC internal operations plan due to this change in format.

This three-year strategic plan and our one-year operations plan enable us to move

forward with our responsibilities with an eye on multi-year tasks aimed at preparing the Commission for future challenges.

I am committed to providing effective and efficient regulation in a cost-effective manner, and only where necessary.

Whatever the time horizon, we act in the public interest and I am committed to communicating our plans and progress in a transparent way.



The glass door concept

The visual images serving as a backdrop throughout this strategic plan reflect a concept recently embraced by the AUC, which has been called the glass door. This approach, which invited everyone at the AUC to share their perspectives, provides transparency, builds a better understanding of issues and develops solutions by actively seeking, considering and weighing input from many quarters.

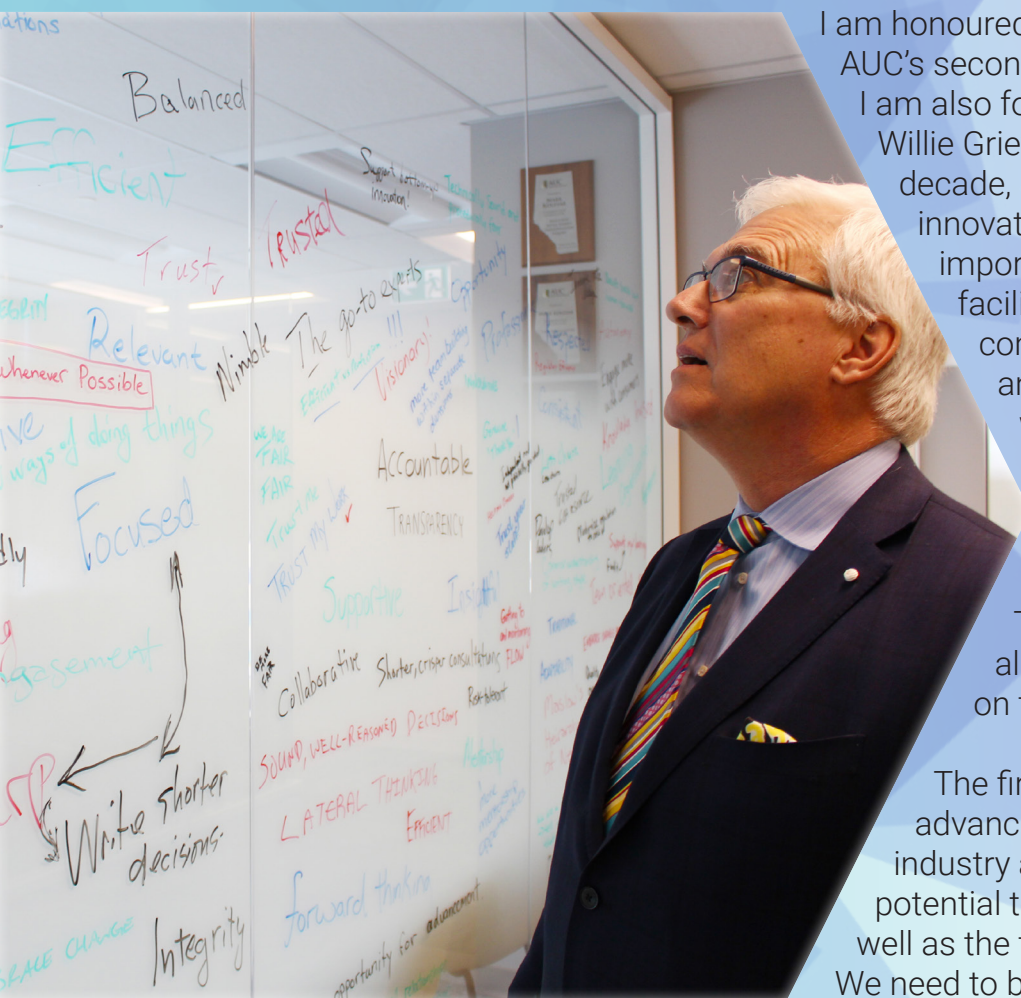
I am committed to a collaborative, accessible approach that engages both AUC staff and external constituencies during my tenure. We will ensure the AUC is adaptive and responsive to the many audiences and interests involved in the evolving regulatory framework, particularly those constituencies directly impacted by our regulatory oversight.

My commitment is, with the involvement of our staff and stakeholders, to see, understand and navigate in the public interest the challenges we face.

This approach will allow us to ensure that regulation, where necessary, is kept to an efficient and effective minimum, relies on competitive market forces where possible, and provides safe, reliable service for customers.

Mark Kolesar, Chair

Chair Mark Kolesar, AUC strategic plan themes



I am honoured to have been appointed as the AUC's second chair on July 23, 2018.

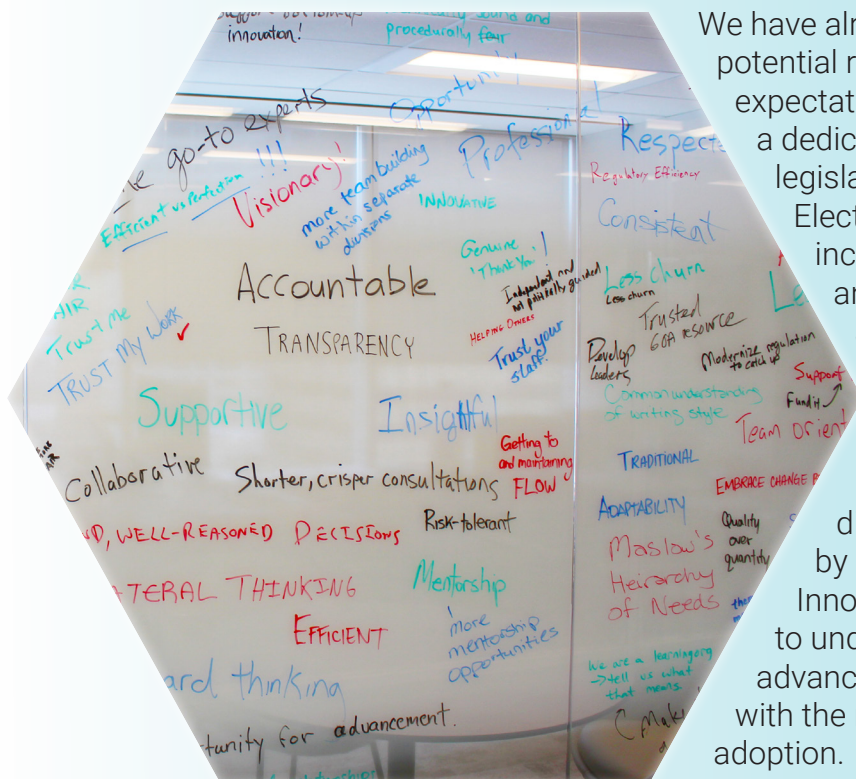
I am also fortunate that our founding chair, Willie Grieve, shaped the AUC over a decade, based on a vision of excellence, innovation and accountability. The important regulatory work of rate-setting, facilities regulation, enforcement and compliance, and developing codes and rules will continue. This core work is central to our mandate. However, my tenure as AUC chair will see significant change and so will see us focus on some specific themes related to change. The drivers of this change are already here, and they are developing on two fronts.

The first of these is the effects of advancing technologies on both the industry and on consumers, and their potential to disrupt utility business models as well as the traditional regulatory framework. We need to be out front in examining whether and how market and rate structures will require

adjustment. We also need to examine the role of incumbents and new entrants in the market transition that new technology will bring about.

The second driver is our changing societal values and expectations. This is resulting in low-carbon policies and the emerging investment in renewable technologies. These include distributed energy resources such as rooftop-solar, batteries, electric vehicles and significant interest in community-based generation. There is also greater consumer sophistication and empowerment made possible by smart home technologies and applications.

These changes require us to look ahead and develop a regulatory framework that effectively meets these challenges. The AUC is repositioning itself to efficiently and thoughtfully respond to these drivers under four specific themes. These themes are competition and markets, infrastructure, efficiency and limiting regulatory burden, and people.



We have already moved forward to understand potential regulatory effects and changing expectations in several ways. We established a dedicated, expert Markets group to provide legislatively required oversight of the Alberta Electric System Operator's market rules, including any new energy only market rules, among other market related matters. We also initiated a distribution system inquiry to examine industry and regulatory implications of sweeping technological changes faced by the utilities sector participants and consumers. The distribution system inquiry is supported by a newly created Technology and Innovation group within the AUC, devoted to understanding technologies that are being advanced and proposed for deployment, together with the market and rate implications of their adoption.

Also, for distribution, we implemented the second generation of performance-based regulation (PBR) to fine tune the PBR formulas to motivate more innovation, productivity improvements and related reductions in costs. This form of PBR also will ensure that competitive pressures guide utilities' capital spending. Together, these high-powered incentives will mitigate against unnecessary rate increases.

Within the AUC's Facilities Division we are looking to strengthen and enhance the economic analysis of facility projects using economics-based assessment tools, including the potential adoption of environmental valuation methods, like non-market valuation techniques. We are strengthening economic analysis resources to better balance environmental, social and economic considerations in the division's work in our determination of the public interest.



Lastly, the AUC will focus on becoming a learning-based organization that attracts and retains specialized expertise and embraces innovation to meet the challenges ahead while reducing regulatory burden. This approach recognizes the need for fiscal restraint and the effect regulation has on the companies we regulate and the rates consumers ultimately pay.

Competition and markets



The challenge:

As new technologies, services and entrants are promising disruptive change, the fundamental question is, which of the new technologies and services should be competitive and open to new entrants and potentially incumbents alike, and which should be monopoly?



Competition and markets

Competition is generally accepted as the best manner in which to deliver low cost outcomes for consumers, so it will continue to be an important element of the AUC's economic regulatory framework.

Similar to debates that took place during the push to restructure the gas and electricity industries in Alberta in the '80s and '90s, a key question regarding the future of the sectors is framed as a choice between competition and regulation.

This is particularly the case in the regulated monopoly electricity grid, where new technologies, services and entrants are harbingers of disruptive change.

Conceptually, the idea of a greater degree of competition within the electricity grid to allow innovative investments and new entrants to flourish makes good economic sense. For example, restructured natural gas markets have, by all accounts, delivered social and economic benefits.

Experience in the wholesale and retail electricity markets, however, teaches us that finding the most efficient mix of competition and regulation is, perhaps, a more complex question.

Bridging the gap between concept and implementation, and the AUC's role in the transition are important AUC objectives for this planning cycle.

Given the functions that must be performed in any gas or electricity system, which of the new technologies and services should be competitive and open to new entrants, which should be provided by the incumbent utilities, and which should be provided on a monopoly basis? Where competitive activities, or potentially competitive activities (energy storage for example) are carried out by incumbent monopoly providers, there is the potential for competition to be distorted by deterring new entrants. Likewise, there is a risk of allowing uneconomic entry if the regulatory rules and rates charged to new entrants for the use of facilities are incorrect.



Letting a monopoly control a new, inherently competitive function is as problematic as forcing competition in a natural monopoly function.

The key to modernizing the AUC's economic regulation framework to meet future challenges and objectives is to ensure that conditions for competition develop.

The AUC's work will include:

- 1. Assessing whether incumbent utilities, or their affiliate businesses, should engage in competitive activities in conjunction with new entrants.**
- 2. Evaluating existing rate structures to ensure a level playing field for new unregulated services.**
- 3. Evaluating existing connection practices to ensure equal access and treatment by the incumbent utility, where required.**
- 4. Evaluating financial settlement practices to ensure prices reflect the value of new services to the system.**
- 5. Reviewing existing legislative responsibilities to ensure the AUC's mandate includes the ability to ensure conditions for competition exist, where appropriate.**

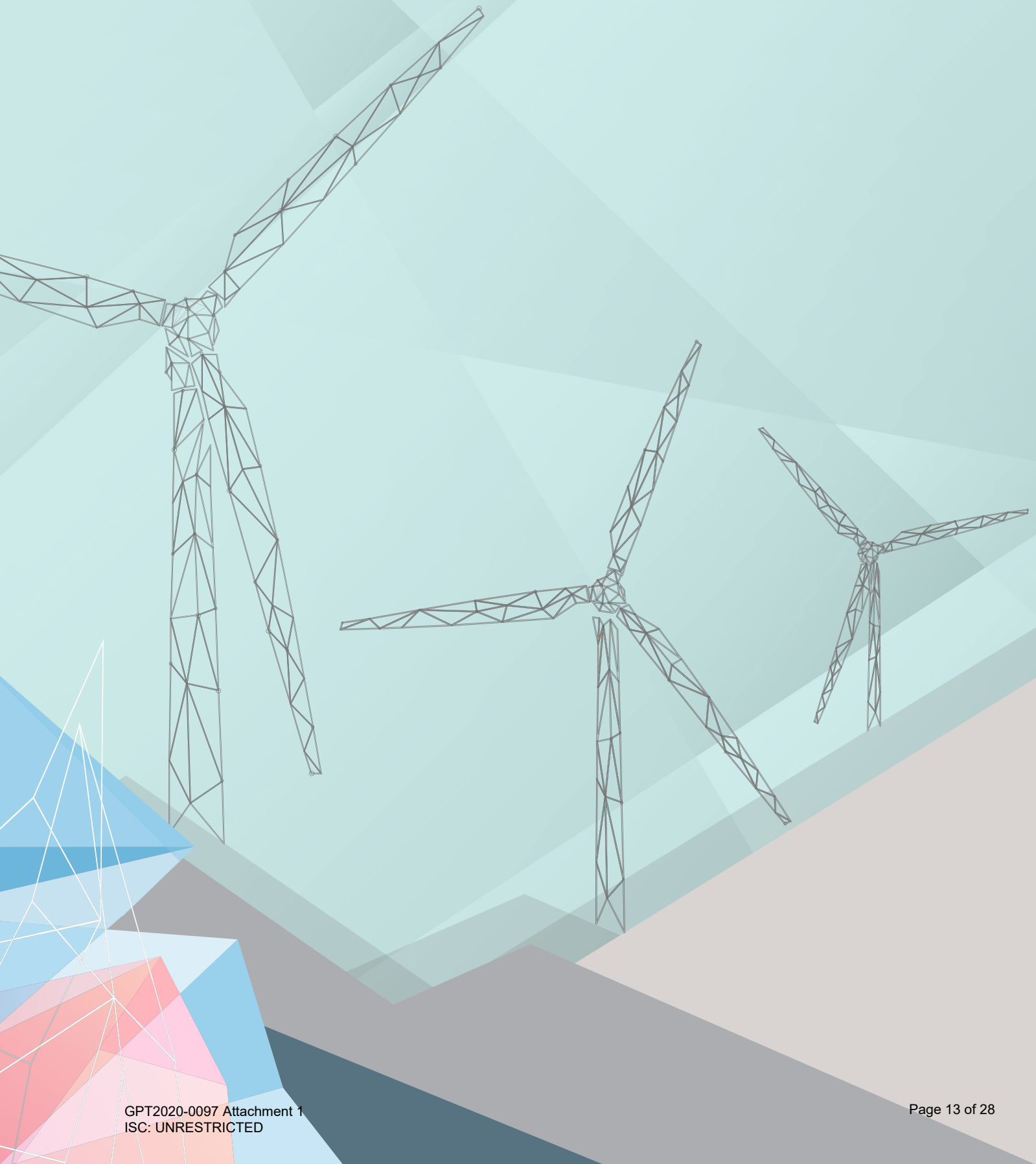


Infrastructure



The challenge:

With rapidly evolving new infrastructure used to generate electricity, what are the implications for Alberta's gas and electric transmission and distribution system planning, reliability and rate design, and how will these require changes to the regulatory framework?



Infrastructure

The infrastructure used to generate electricity in Alberta is evolving rapidly as reliable means to store electricity emerge and as renewable and natural gas-fueled generation replace coal-fired generation. These developments are driving change in the use of our existing gas and electric transmission and distribution systems, and in how the transmission and distribution systems of the future will be planned, operated and regulated.

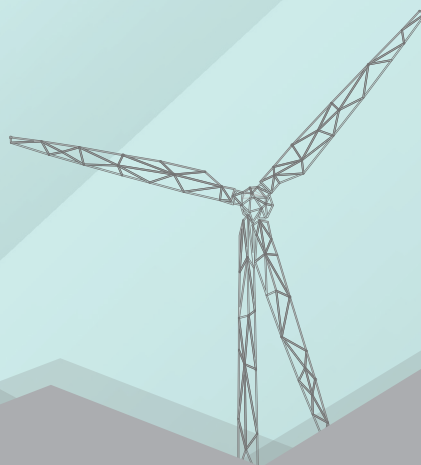
There has been a material increase in applications for renewable generation projects (solar and wind) located across the central and southern parts of Alberta. Many of these renewable projects seek to interconnect to the distribution system rather than to the transmission system. This shift has implications for system planning, reliability, rate design and customer cost.

Renewable generation projects have the potential for social, economic and environmental effects that differ materially from the effects of larger thermal plants. Further, impact assessment methodologies for large infrastructure projects, including power plants, transmission lines and

pipelines are continually evolving to address societal expectations and norms. To fulfil its public interest mandate, the AUC's assessment of new infrastructure projects must adapt to address these new circumstances.

Additions or improvements to Alberta's gas and electric transmission and distribution systems to accommodate new generation have implications for consumers. Over the next three years, the AUC will play an important role in determining which customers or market participants are responsible for paying the costs associated with transmission and distribution infrastructure. To meet this challenge, the AUC must consider utility rate designs that promote the economic and efficient use of that infrastructure while recognizing shifts in the use of generation, transmission and distribution resources.

The AUC's focus on the glass door concept set out earlier in this plan will include developing solutions by actively seeking, considering and weighing input from stakeholders in a collaborative, inclusive manner.



The AUC's work will include:

- 1. Updating impact assessment requirements and techniques, including revisions to AUC Rule 007, on utility facilities applications.**
- 2. Conducting a stakeholder-inclusive distribution inquiry to better understand the future of Alberta's electric and natural gas distribution systems.**
- 3. Evaluating and consulting with the Alberta Electric System Operator about the development of uniform distribution planning and reliability requirements and considering how to better coordinate distribution and transmission planning to ensure overall system optimization, and to control costs.**
- 4. An inclusive review of rate design around infrastructure-related expenses to promote efficient outcomes.**
- 5. Considering alternative approaches to ensure the prudence of transmission investments. Examples of alternative approaches used in the past included using approved cost estimates, cost oversight managers and competitive procurement for transmission projects.**



Efficiency and limiting regulatory burden



The challenge:

The \$30 billion-plus utilities industry will face new challenges. How can the AUC ensure its regulatory processes are clear, timely and minimal, so as not to impose unnecessary regulatory burden, while ensuring the public interest is protected?

Efficiency and limiting regulatory burden

The manner in which the AUC itself is organized and conducts its processes and regulatory proceedings is critical to ensure that industry is not unnecessarily burdened by regulatory time and cost, and that consumers bear the lowest prudent cost of regulation.

As a regulator, the AUC is aware that its decisions with respect to the \$30 billion-plus utility sector have effects on investment and competitiveness. The AUC is committed to ensuring cycle time and duplication are minimized. Decision-making processes should be clear and designed to eliminate unnecessary applications, procedures and delays. Information required should be limited to what the regulator requires to carry out its legislated responsibilities.

The Alberta legislature recently passed a new law, the *Red Tape Reduction Act*, with the objective of reducing the administrative burden on industry of unnecessary regulation.

The AUC understands the importance of cost-effective, timely and proportionate regulation and has undertaken several initiatives since our inception to improve efficiency. The AUC believes that within the policy framework set by government, its approach to efficient regulation is more crucial than ever and the Commission's work in this area will continue to focus on reducing red tape.

The AUC's work will include:

- 1. Following up on findings from the AUC's October 4, 2019, stakeholder roundtable on regulatory burden reduction. The AUC will consider where regulation could be more principled, risk-based and less prescriptive, including introducing greater flexibility, timeliness and certainty in its adjudicative processes.**
- 2. Identifying and reducing regulatory overlap across different regulatory bodies and jurisdictions, and targeting regulations that could be removed and administered at lower cost and with more flexibility, and more quickly, through the AUC's rule-making process.**
- 3. Examining the potential for more negotiated settlements and advance rulings, the introduction of alternative dispute resolution and the use of round-table discussions and technical meetings to improve time and cost efficiency of AUC processes, relative to traditional court-like hearings.**
- 4. Conducting an annual industry impact assessment to evaluate the effectiveness of our processes and to ensure alignment with the principles outlined in the *Red Tape Reduction Act*.**
- 5. Conducting regular application workshops for new entrants with generation projects who have little or no experience with AUC processes, to reduce the time required to complete the record development phase of proceedings.**
- 6. Developing a framework to govern and provide greater certainty on intervener costs, while encouraging better intervention.**

People



The challenge:

The AUC will continue to play a central role as competitive forces and technological advancements begin to dramatically reshape the utilities industry. The Commission's most important challenge will be to develop, attract and retain people with the skills, experience and education required to meet these demands.
But how?

People

Alberta's energy and utility sectors are entering an era of transition. As competitive forces and technological advancements begin to dramatically reshape this industry, this transition has implications for all stakeholders, including the regulator.

Throughout this transition, the AUC will continue to play a central role. Delivering on its mandate in an industry on the cusp of a technological transformation will require the AUC to broaden its core competency areas beyond traditional expertise in engineering, accounting and law.

As it looks ahead, the Commission's most important challenge will be to develop, attract and retain people with the skills, experience and education required to understand and analyze how emerging technologies will affect the energy grids, consumer behaviour, the operation of emerging competitive markets, the financial assessment of investments in new technology and the analysis of data generated by advanced information technology. The AUC's enforcement role in the changing utility sector as well as its evolving role in consultation with First Nations and Métis groups will also require specialists in these areas.

To meet these demands, the Commission must transform its workforce by hiring staff with the necessary technology and rate design backgrounds while maintaining and enhancing our existing specialist skills and technical capabilities. It must also instill and support a culture of continuous learning to give staff the opportunity to acquire new skills to tackle the challenges created by industry and consumer adoption of new technology.

Learning and innovation are top priorities at the AUC. The Commission recognizes that innovation must come from all quarters in an organization, and that we must value ideas and intellectual curiosity from junior staff to senior executives. The Commission's commitment to an open "glass door" approach will invite and encourage employees to share their perspectives.

Attraction and retention of skilled staff, both for core work and the current and future work brought on by technological change and shifting societal expectations will be essential if the AUC is to meet its statutory responsibility of regulating the utility sector in the public interest. This is especially true at a time when new and existing skills and competencies are in high demand in the energy and utility sectors. As the AUC adapts its workforce to the changing environment, it is acutely aware that failure to attract and retain a skilled and motivated workforce could lead to a talent or skills gap between the regulator and the regulated at the expense of the public.

The AUC's work will include:

- 1. Establishing a re-tooled competency framework and a framework for assessing new roles.**
- 2. Creating a director of learning role accountable for evaluating, overseeing and delivering our education program.**
- 3. Creating an innovation committee to encourage, track and reward staff innovation.**
- 4. Formalizing our succession and leadership plan.**
- 5. Maintaining and improving the AUC value proposition for staff, which includes fair compensation, benefits, pension and the ability to achieve work-life balance.**
- 6. Have a First Nations consultation expert assist the Commission in its important role in Crown consultations with First Nations and Métis groups.**

Commission Members

The Commission is made up of not more than nine members appointed by the Lieutenant-Governor-in-Council, one of whom is designated as chair and not more than two of whom may be designated as vice-chairs.

The AUC is consciously a Commission made up entirely of experts with senior decision-making experience in various disciplines, rather than generalists. Unlike almost all other provincial agencies, much of the AUC's duties are adjudicative. Most of AUC regulation deals with investor-owned utility companies and market participants, and the issues are increasingly complex and often contentious.

The AUC also has eight acting Commission members, who are also appointed by order-in-council. They can be called upon by the chair to adjudicate on matters before the Commission.

The Commission's work is highly complex and is supported by a team of 135 expert staff with varying disciplines in law, economics, finance, engineering, environmental science and accounting, located at offices in Calgary and Edmonton.



Mark Kolesar, Chair

Appointed to the AUC on July 9, 2008, Mark Kolesar was appointed chair on July 23, 2018. Mr. Kolesar previously served as vice-chair of the AUC. Prior to that, Mr. Kolesar served as a member of the senior executive team at TELUS. He holds an MBA in finance. Mr. Kolesar's term expires on July 22, 2023.



**Anne Michaud,
Vice-chair**

Anne Michaud was appointed to the AUC in 2008 and named vice-chair in July, 2018. Prior to joining the AUC, Ms. Michaud was a tax partner with Deloitte & Touche, after a career in international tax with a focus on energy, oil and gas and energy marketing. Ms. Michaud is a former federal Crown counsel. Ms. Michaud is a lawyer with a master's degree in international law, and degrees in law and arts. Her term expires on July 22, 2021.



**Henry van Egteren,
Vice-chair**

Henry van Egteren was appointed to the AUC on December 19, 2012, and appointed as vice-chair on August 8, 2019. Mr. van Egteren holds a doctorate in economics and had 25 years of research and teaching experience in microeconomics, regulation, environmental economics, law and economics before joining the AUC. Mr. van Egteren's term expires on May 7, 2023.



Tracee Collins

Tracee Collins was appointed to the AUC on February 15, 2017. Ms. Collins joined the AUC after senior roles in the power, natural gas, finance, investment banking and audit management industries. She held posts at Calpine Energy, Credit Suisse and the U.S. Federal Reserve. Ms. Collins has an international MBA, a degree in economics and is accredited as a project manager. Ms. Collins' term expires on February 14, 2022.



Carolyn Hutniak

Carolyn Hutniak was appointed to the AUC on February 15, 2017, after more than 12 years as hearing chair and appeals commissioner on the Appeals Commission for the Alberta Workers' Compensation Board. Ms. Hutniak has also worked as an administrative law expert and tribunal management consultant to disciplinary, regulatory and rights tribunals throughout Alberta. Ms. Hutniak holds degrees in law and arts and has a background in labour, employment and administrative law. Ms. Hutniak's term expires on February 14, 2022.



Neil Jamieson

Neil Jamieson was appointed to the AUC on January 1, 2011. Prior to joining the AUC, Mr. Jamieson worked as a senior professional engineer and manager in infrastructure, public works, environment and public utilities for nearly 30 years, across three provinces and territories. He joined the AUC from the City of St. Albert, where he was general manager of planning and engineering. Mr. Jamieson is a civil engineer and certified local government manager. Mr. Jamieson's term expires on June 15, 2022.



Joanne Phillips

Joanne Phillips was appointed to the AUC on February 15, 2017. Prior to joining the AUC, Ms. Phillips worked in a senior role with the Northwest Territories Power Corporation and provided consulting services to Alberta utilities, associations and councils through her engineering consulting company. Ms. Phillips is a professional engineer and holds bachelor's (electrical), master's (civil) and doctoral (mechanical) degrees in engineering. Ms. Phillips' term expires on February 14, 2022.



Kristi Sebalj

Kristi Sebalj was appointed to the AUC on July 9, 2018. Prior to joining the AUC, Ms. Sebalj was the registrar for the Ontario Energy Board, an organization she joined in 2005. Prior to the OEB, Ms. Sebalj was the co-chair of McMillan Binch LLP's energy group. Ms. Sebalj is a lawyer with bachelor's degrees in law and science, and holds a master's degree in science, as well as certificates in adjudication and marine environmental law. Ms. Sebalj's term expires on July 8, 2023.



Acting Commission Members

j'Amey Bevan
Patrick Brennan
Merete Heggelund
Koren Lightning-Earle
Bill Lyttle
Rick Robinson
Bohdan (Don) Romaniuk
John Whaley

2018-2019 highlights

50 HEARING DAYS

AUC COST PER CONSUMER SITE DOWN 20 PER CENT FROM 2008

AUC BUDGET LESS TODAY THAN IN 2008

\$30 BILLION-PLUS UTILITIES SECTOR VALUE

DBRS: BUSINESS RISK PROFILE SUPPORTED BY REASONABLE REGULATION

\$5 BILLION-PLUS ANNUAL REVENUE REQUIREMENT
(RATES) FOR TRANSMISSION AND DISTRIBUTION

**S&P: PROVIDES A TRANSPARENT, CONSISTENT AND INDEPENDENT REGULATORY
FRAMEWORK — ALLOWS RECOVERY OF PRUDENTLY INCURRED OPERATING
AND CAPITAL COSTS IN A TIMELY MANNER**

MET OR EXCEEDED 87.5 PER CENT OF PERFORMANCE MEASURES

558 DECISIONS

86 PER CENT OF TRANSMISSION RATE DECISIONS WITHIN 90 CALENDAR DAYS

MORE THAN THREE MILLION SITES RECEIVING SAFE,
RELIABLE ELECTRICITY AND NATURAL GAS SERVICE

60 PER CENT OF DISTRIBUTION AND RATE SETTING DECISIONS WITHIN 55 CALENDAR DAYS

99.3 PER CENT OF DECISIONS WITHIN 90 DAYS OF CLOSE OF HEARING

S&P: PBR MECHANISMS ENABLE RECOVERY OF
UNEXPECTED OPERATING AND CAPITAL COSTS

83.1 PER CENT OF DECISIONS WITHIN 60 DAYS OF CLOSE OF HEARING

951 APPLICATIONS

Measuring success

Since our inception the AUC has been a focused, performance-based organization. Key to this culture was our business plan that established objectives and performance measures by which we held ourselves accountable. In each year of our operations we measured and summarized our success in achieving our business plan objectives.

I'm pleased to note that over our initial ten years of operations, 89 per cent of our work was completed as planned and on schedule.

This strategic plan adopts a different approach than we took in our previous business plan to communicating our work, however our commitment to being a performance-based organization remains.

In addition to the performance measures that are now housed in our operational plan, we will report our progress in meeting the priorities identified in this strategic plan in an annual report card to our stakeholders that will be published on our website. This annual report card will also make a statement on what we have done to reduce regulatory burden. That information will be gleaned, in part, from the industry impact assessment report, described earlier in this document, that will solicit feedback on how our work has affected the sector we regulate, as well as our own progress in making AUC processes more efficient.

Bob Heggie
Chief Executive



Vision:

To be a trusted leader that delivers innovative and efficient regulatory solutions for Alberta.

AUC annual review (annual report card):

www.auc.ab.ca/pages/annual-review.aspx

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BRIEFING

Page 1 of 1
Item # 5.2.2

**Chief Financial Officer's Briefing to
Gas, Power and Telecommunications
2020 January 16**

**ISC: UNRESTRICTED
GPT2020-0043**

Status of Outstanding Motions and Directions

PURPOSE OF BRIEFING

This briefing details the outstanding items for the Gas, Power and Telecommunications (GPT) Committee from the meeting of 2019 November 14.

SUPPORTING INFORMATION

This briefing details the outstanding items for the Gas, Power and Telecommunications (GPT) Committee from the meeting of 2019 November 14.

SUPPORTING INFORMATION

The GPT Committee has directed that this briefing be prepared for each meeting. This briefing, and Attachment 1, provides a summary of outstanding items for the GPT Committee.

For the specific items listed in Attachment 1, the background is available in the original report presented to GPT as well as the minutes of the applicable GPT meeting. This report is in alignment with the mandate of the Gas, Power and Telecommunications Committee.

This briefing tracks outstanding motions and directions from the GPT Committee to Administration. The report has no specific risk associated with it. Directions or motions with risk implications have those risks addressed in the context of a report on the directions or motions.

ATTACHMENT(S)

1. Attachment 1 – Status of Outstanding Motions and Directions

STATUS OF OUTSTANDING MOTIONS AND DIRECTIONS

GPT 2020-0043
Attachment 1

ITEM	DATE OF REQUEST	REQUEST	COMMITTEE DIRECTION	STATUS
Send report GPT2019-0887 to Council	2019 July 25	Direction	Refer the July Industry Update on Electricity, Natural Gas and Telecommunications report (GPT2019-0887) to an upcoming Combined meeting for review. Request is specific to the Carbon Tax information and related discussion.	Completed during Council Meeting 2019 December 16.
Send report GPT2019-1920 to Council	2019 October 10	Direction	Refer the October Industry Update on Electricity, Natural Gas and Telecommunications report (GPT2019-1920) to an upcoming Combined meeting for review. Request is specific to the Rate Shock information and related discussion.	Completed during Council Meeting 2019 December 16.
Send report GPT2019-1373 to Council	2019 November 14	Direction	Refer Summary of Current Proceedings (GPT2019-1373) to an upcoming Combined meeting for review. Request is specific to the ATCO Utilities Common Matters Decision and related discussion.	Completed during Council Meeting 2019 December 16.

Chief Financial Officer's Report to
Gas, Power and Telecommunications
2020 January 16

ISC: UNRESTRICTED
GPT2020-0107

Industry Update on Electricity, Natural Gas and Telecommunications

EXECUTIVE SUMMARY

This report summarizes key developments in the electricity, natural gas, and telecommunications industries since 2019 October 10, the date of the last industry update report (GPT2019-1290).

ADMINISTRATION RECOMMENDATION:

That the Gas, Power and Telecommunications Committee:

1. Receive this report for the Corporate Record and for discussion.

PREVIOUS COUNCIL DIRECTION / POLICY

The Gas, Power and Telecommunications Committee has requested that this report be prepared every second meeting. The meeting scheduled for 2019 December was cancelled.

BACKGROUND

This report, with Attachment 1, provides a summary of relevant industry developments and policy issues.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Natural gas and electricity markets are analyzed to provide an understanding of energy prices which affect The City's utility costs, municipal utility ratepayers and franchise fee revenue.

Policy issues in Alberta's regulated utilities and general utility industry developments that could have an impact on The City's interests are reviewed to keep committee members informed of issues that may require future regulatory intervention or impact The City's operations.

Attachment 1 provides details on recent developments in Alberta's Utilities industry.

Stakeholder Engagement, Research and Communication

None

Strategic Alignment

This report is in alignment with the mandate of the Gas, Power and Telecommunications Committee.

Chief Financial Officer's Report to
Gas, Power and Telecommunications
2020 January 16

ISC: UNRESTRICTED
GPT2020-0107

Industry Update on Electricity, Natural Gas and Telecommunications

Social, Environmental, Economic (External)

This report aligns with The City's Triple Bottom Line Policy Framework. The analysis determined that no social, environmental or economic implications were applicable.

Financial Capacity

Current and Future Operating Budget:

This report does not propose a decision, and there is no current or future budget or business plan implication.

Current and Future Capital Budget:

No budget or business plan implications arise from this report.

Risk Assessment

No budget or business plan implications arise from this report.

REASON(S) FOR RECOMMENDATION(S):

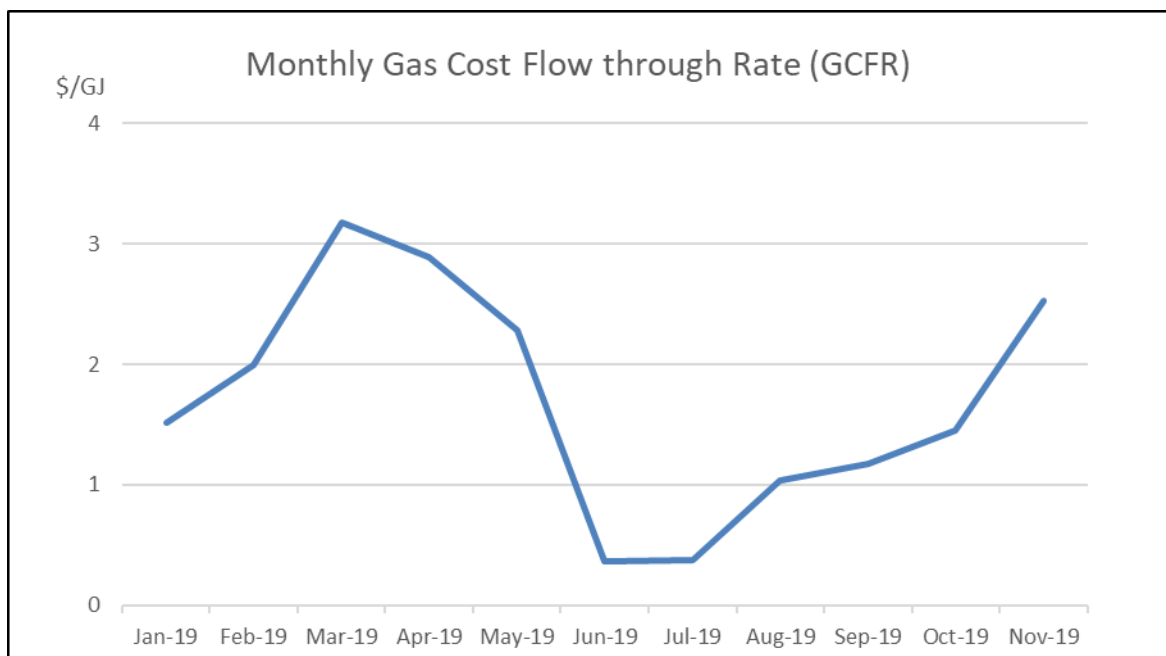
This report provides information to GPT Committee members to assist them in their understanding of regulatory issues that affect The City's interests.

ATTACHMENT(S)

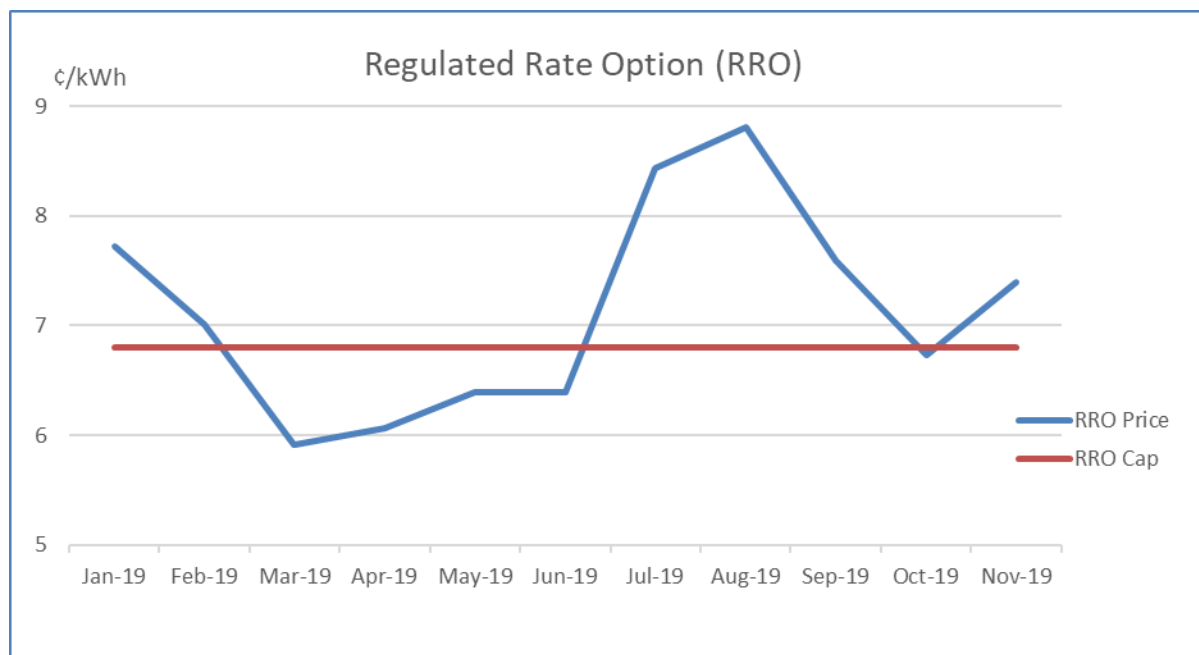
1. Attachment 1 – Industry Update on Electricity, Natural Gas and Telecommunications

ENERGY PRICES AND MARKETS**Natural Gas**

The 2019 November gas cost flow-through rate (GCFR) was \$2.52 per gigajoule. This is an increase from the exceedingly low prices of the summer months, which averaged \$0.73/GJ. Colder temperatures have largely been responsible for the price increase this fall. Natural gas costs for The City from 2019 January to October are up 1.4 percent (\$108,000) relative to 2018, despite consuming lower volumes of natural gas, due to higher delivery costs.

**Electricity**

The ENMAX regulated rate option (RRO) price for 2019 November was 7.40 cents per kilowatt-hour. The Price Cap of 6.8 cents per kilowatt-hour will no longer be in effect as of 2019 December. Electricity costs for The City from 2019 January to October are up 6.1 percent (\$4.0 million) relative to the same period in 2018, despite lower volumes, due to increased unit costs.



The month-to-date all-hours average price for 2019 November 18 was 5.24 cents per kilowatt-hour. For reference, the all-hours average price for 2018 November was 5.92 cents per kilowatt-hour. Power prices are forecast to remain relatively stable for the remainder 2019 and into next year as well.

UTILITY REGULATION UPDATE

Cancellation of the RRO price cap

The Alberta Government removed the 6.8 cents per kilowatt-hour price cap on the RRO effective 2019 November 30. The cost to Alberta taxpayers of the RRO Cap has been about \$100 million in total.

Technology Innovation and Emissions Reduction (TIER) Regime established

In an effort to maintain provincial control over carbon pricing and revenues, the Alberta government has established its own carbon program for large emitters. Power plants – Alberta's largest emitters and where most emission cuts are expected to occur – are assigned a single benchmark for the entire industry (0.37 t/MWh). Most other facilities, such as oilsands plants and concrete manufacturers, are assigned an individual carbon emissions benchmark based on past performance and are expected to reduce their emissions by 10 per cent below their benchmark during the first year and one per cent every year after that. Facilities with emissions above the benchmark have to pay at the current cost of carbon, or buy emission credits from facilities that have met and exceeded their emission reduction targets.

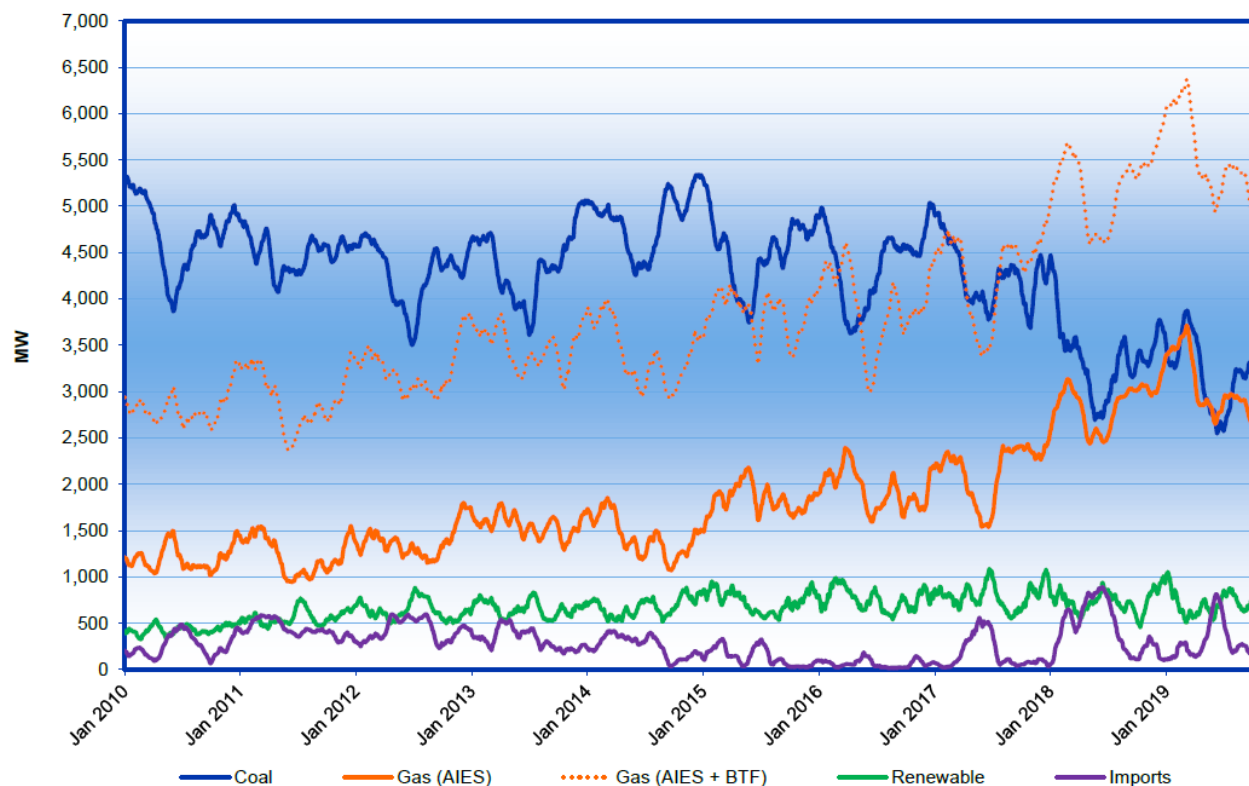
The federal government has confirmed that the TIER program is sufficient and will not be implementing a federal tax on Alberta industry. The federal government implemented its carbon tax on Alberta consumers effective 2020 January 1.

UTILITIES AND INDUSTRY DEVELOPMENTS

Collapse in Coal-Fired Generation Output

The combination of incredibly low AECO-C natural gas prices (at times hitting negative territory), more stringent environmental compliance costs and the retirement/mothballing of certain coal-fired generating units has significantly impacted this segment's energy output. Figure 1 depicts the rolling 30-day average electricity production attributed to coal, natural gas, renewables and imports since 2010, as well as gross natural gas generation (i.e., including behind-the-fence), expressed in terms of MW (i.e., daily MWh production divided by 24 hours). The spread between coal-fired generation (blue line) and natural gas-fired generation (solid orange) has narrowed substantially, with gross natural gas-fired generation (dashed orange) over-taking coal-fired output late 2017.

Figure 1 – 30-Day Rolling Average Generation and Imports

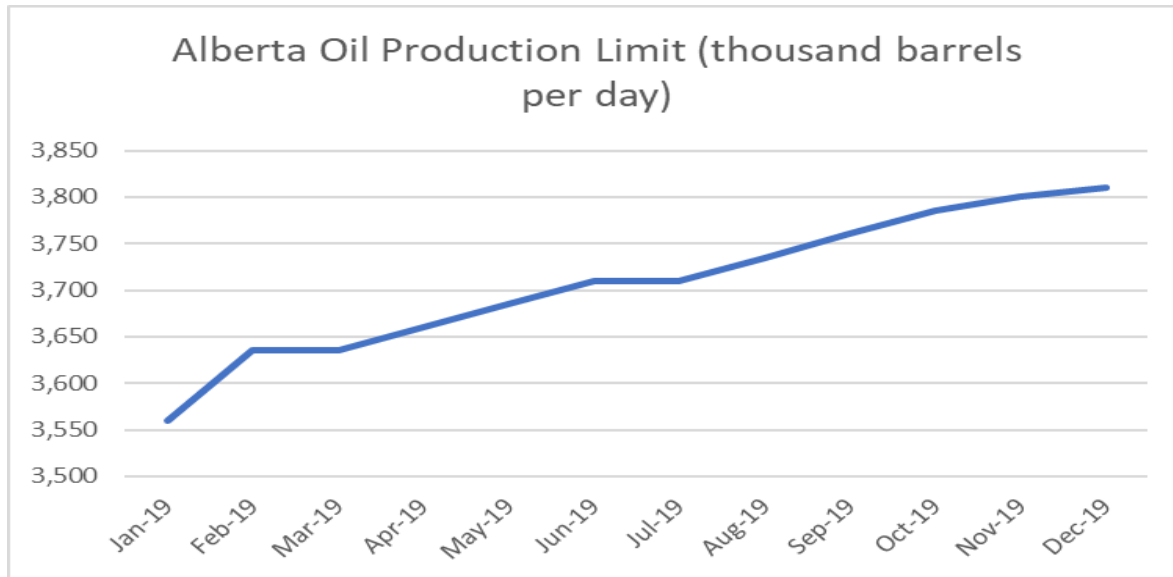


Source - EDC Associates Q4-2010 Forecast update

Acronyms in the graph legend - AIES = Alberta Interconnected Electric System, BTF = Behind The Fence

Oil Production curtailments extended

Beginning in 2019 January the Alberta government instituted an 8.7% or 325,000 barrel per day oil curtailment in an attempt to reduce the price differential between Western Canada Select (WCS) and West Texas Intermediate (WTI). The oil curtailments have been ratcheted down in tranches in 2019.



Currently about 100,000 barrels per day of oil remains curtailed. The oil curtailments have been extended to 2022 December 31. In order to reduce the impact to small producers, the limits will apply to companies that produce more than 20,000 barrels per day rather than the original 10,000 barrel per day limit. This means that only 16, instead of 29, of the province's more than 300 operators will be affected. However effective 2019 November 8 new wells drilled for conventional oil will be exempt from the production limit. The government hopes that the exemption will encourage the drilling of new conventional oil wells, as well as, increase investment and create more jobs.