



AGENDA

GAS, POWER AND TELECOMMUNICATIONS COMMITTEE

March 12, 2020, 1:00 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, 2020 February 13
5. CONSENT AGENDA
 - 5.1 DEFERRALS AND PROCEDURAL REQUESTS
None
 - 5.2 BRIEFINGS
 - 5.2.1 Status of Outstanding Motions and Directions, GPT2020-0292
6. POSTPONED REPORTS
(including related/supplemental reports)
None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Amendments to the Municipal Rights of Way Bylaw, GPT2020-0232

7.2 Industry Update on Electricity, Natural Gas and Telecommunications, GPT2020-0282

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 10.1.1 2019 Expenditures on Regulatory Interventions, GPT2020-0286
Held confidential pursuant to Sections 23 (local public body confidences) and 24
(advice from officials) of the *Freedom of Information and Protection of Privacy*
Act.

Review By: 2025 January 31

10.2 URGENT BUSINESS

11. ADJOURNMENT

Members of Council may participate remotely, if required.



MINUTES

GAS, POWER AND TELECOMMUNICATIONS COMMITTEE

February 13, 2020, 1:00 PM
LEGAL TRADITIONS COMMITTEE ROOM

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

ABSENT: Councillor J. Magliocca (Personal)

ALSO PRESENT: Manager S. Mayer
Leader K. Hess
Regulatory Lead O. Shyllon
Senior Regulatory Analyst R. Holberton
Senior Regulatory Analyst B. Whyte
Lawyer L. Bonnett
Business Analyst L. Shannon
Deputy City Clerk J. Fraser
Legislative Advisor J. Palaschuk

1. **CALL TO ORDER**

Councillor Chu called the Meeting to order at 1:03 p.m.

2. **OPENING REMARKS**

No opening remarks were provided at today's Meeting.

3. **CONFIRMATION OF AGENDA**

Moved by Chief Financial Officer Male

That the Agenda for the 2020 February 13 Regular Meeting of the Gas, Power and Telecommunications Committee be confirmed.

MOTION CARRIED

4. **CONFIRMATION OF MINUTES**

4.1 Minutes of the Regular Meeting of the Gas, Power, and Telecommunications Committee, 2020 January 16

A clerical correction was noted in the 'Also Present' section by adding the following names:

Regulator Lead O. Shyllon
Senior Regulatory Analyst B. Whyte
Lawyer L. Bonnet
Leader K. Hess
Business Analyst L. Shannon
Manager S. Mayer

A clerical correction was noted on Item 10.1.1, Recommendation 2, by deleting the letter 's' from the word 'proceedings' so as to read as 'proceeding'.

A clerical correction was noted on Item 10.1.1, Recommendation 3, by deleting the letter 's' from the word 'proceedings' so as to read as 'proceeding'.

Moved by Councillor Farrell

That the Minutes of the 2020 January 16 Regular Meeting of the Gas, Power, and Telecommunications Meeting be confirmed, **as corrected**.

MOTION CARRIED

5. CONSENT AGENDA

5.1 DEFERRALS AND PROCEDURAL REQUESTS

None

5.2 BRIEFINGS

Moved by Councillor Davison

That the Gas, Power, and Telecommunications Committee receive the following briefing for the Corporate Record:

5.2.1 Status of Outstanding Motions and Directions, GPT2020-0161

MOTION CARRIED

6. POSTPONED REPORTS

None

7. ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

7.1 Fibre Infrastructure Strategy Annual Update, GPT2020-0137

Moved by Councillor Davison

That, with respect to Report GPT2020-0137, the following be approved:

That Gas, Power & Telecommunications Committee:

1. Receive the Report and Attachments for the Corporate Record; and

2. Direct that Attachment 2 be held confidential pursuant to Section 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed for consideration of release by 2035 February 13.

MOTION CARRIED

8. ITEMS DIRECTLY TO COMMITTEE

8.1 REFERRED REPORTS

None

8.2 NOTICE(S) OF MOTION

None

9. URGENT BUSINESS

None

10. CONFIDENTIAL ITEMS

Moved by Councillor Davison

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 1:36 p.m., to consider confidential matters with respect to the following item:

- 2020 Work Plan for Gas, Power and Telecommunications, GPT2020-0156
- Summary of Current Proceedings, GPT2020-0151

MOTION CARRIED

Committee moved into Public Meeting at 1:52 p.m. with Councillor Chu in the Chair.

Moved by Councillor Davison

That Committee rise and report.

MOTION CARRIED

10.1 ITEMS FROM OFFICERS, ADMINISTRATION AND COMMITTEES

10.1.1 2020 Work Plan for Gas, Power and Telecommunications, GPT2020-0156

Administration in attendance during the Closed Meeting discussions with respect to Report GPT2020-0156:

Clerks: J. Fraser and J. Palaschuk. Advice: O. Shyllon and R. Holberton. Observing: S. Mayer, B. Whyte, K. Hess, and L. Shannon. Law: L. Bonnett.

Moved by Councillor Davison

That, with respect to Report GPT2020-0156, the following be approved:

That the Gas, Power and Telecommunications Committee:

1. Receive the Report and Attachment for the Corporate Record; and
2. Direct that the report and attachment be held confidential pursuant to Section 23 (Local public body confidences) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed for consideration of release by 2025 January 31.

MOTION CARRIED

10.1.2 Summary of Current Proceedings, GPT2020-0151

Administration in attendance during the Closed Meeting discussions with respect to Report GPT2020-0151:

Clerks: J. Fraser and J. Palaschuk. Advice: B. Whyte and K. Hess.
Observing: O. Shyllon, R. Holberton, S. Mayer and L. Shannon. Law: L. Bonnett.

Moved by Councillor Davison

That, with respect to Report GPT2020-0151, the following be approved:

That the Gas, Power and Telecommunications Committee:

1. Receive the Report and Attachment for the Corporate Record; and
2. Direct that the report and attachment be held confidential pursuant to Sections 23 (Local public body confidences) and 24 (Advice from officials) of the *Freedom of Information and Protection of Privacy Act*, to be reviewed 2023 February 13

MOTION CARRIED

10.2 URGENT BUSINESS

None

11. ADJOURNMENT

Moved by Councillor Davison

That this meeting adjourn at 1:53 p.m.

MOTION CARRIED

The next Regular Meeting of the Gas, Power and Telecommunications Committee is scheduled to be held 2020 March 12 at 1:00 p.m.

CONFIRMED BY COMMITTEE ON

CHAIR

ACTING CITY CLERK

UNCONFIRMED

BRIEFING

Page 1 of 1

Item # 5.2.1

**Chief Financial Officer's Briefing to
Gas, Power and Telecommunications
2020 March 12**

**ISC: UNRESTRICTED
GPT2020-0292**

Status of Outstanding Motions and Directions

PURPOSE OF BRIEFING

This briefing details the outstanding items for the Gas, Power and Telecommunications (GPT) Committee from previous meetings.

SUPPORTING INFORMATION

The GPT Committee has directed that this briefing be prepared on a monthly basis for each scheduled 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 attachment 1 has no specific risk associated with it. Directions or motions with risk implications will be addressed in the attachment or a separate report on the directions or motions.

ATTACHMENT(S)

1. Attachment 1 – Status of Outstanding Motions and Directions

STATUS OF OUTSTANDING MOTIONS AND DIRECTIONS

GPT 2020-0292
Attachment 1

ITEM	DATE OF REQUEST	REQUEST	COMMITTEE DIRECTION	STATUS
GPT Committee member to meet with Governance Review Consultant	2020 January 13	Direction	GPT Committee members will meet with the external consultant undertaking the Governance Review (RFP No. 19-1613) at a future date.	On-going

**Deputy City Manager's Office Report to
Gas, Power and Telecommunications
2020 March 12**

**ISC: UNRESTRICTED
GPT2020-0232**

Amendments to the Municipal Rights of Way Bylaw

EXECUTIVE SUMMARY

The Municipal Rights of Way Bylaw 17M2016 (the “Bylaw”) was adopted by City Council on 2016 November 28 and came into force on 2018 January 1. Through discussions with stakeholders since implementation, Administration has determined that an adjustment to certain timelines and fees needs to be made. There is also a need to update the definition of “utility provider” to address an emerging industry trend where a third party will build and own the conduit that could be utilized by more than one provider of utility services.

ADMINISTRATION RECOMMENDATION:

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

1. Give three readings to the Amending Bylaw as set out in Attachment 1; and
2. Approve the proposed Fee Schedule set out in Attachment 2.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2016 November 28, Council adopted the recommendations of the Gas, Power and Telecommunications Committee (GPT2016-0717) to adopt the Municipal Rights of Way Bylaw (17M2016) with an effective date of 2018 January 1.

On 2017 September 13, Council adopted Bylaw 41M2017 to amend the process for temporary service drops to align with current practice, reduce an administrative burden and cut red tape.

On 2018 March 21, Council adopted Bylaw 12M2018 to further amend the definitions of “service corridor” and “utility provider” to address an administrative gap.

BACKGROUND

The purpose of the Bylaw is to address the requirements of The City (safety, environmental, financial) when utility providers (as defined in the Bylaw) access municipal rights of way. The Bylaw requires that any utility provider who is undertaking “work” (as defined in the Bylaw) within a service corridor or City structure must obtain a utility alignment permit prior to commencing the work and must provide as-built drawings upon completion of that work. This complete picture of the infrastructure within the rights of way supports safe excavation and the future planning requirements of The City. It allows for an updated approach for the management of municipal rights of way to efficiently allocate space in this limited resource for additional infrastructure for the benefit of all users.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

In the two years since the implementation of Bylaw 17M2016, the various utility providers have struggled with the timelines set out regarding the completion of the application and the provision of as-built drawings. As the provision of as-built drawings is an essential part of the Municipal Rights of Way Bylaw, ensuring The City is aware of the infrastructure within our rights of way, Administration has worked with the telecommunications sector to determine timelines which would address all parties’ needs. It is felt that moving the requirement to update The City when

**Deputy City Manager's Office Report to
Gas, Power and Telecommunications
2020 March 12**

**ISC: UNRESTRICTED
GPT2020-0232**

Amendments to the Municipal Rights of Way Bylaw

the construction is complete to 15 days, from the current 10 days, and to providing the as-built drawings within 90 days, from the current 60 days, will enable the utility providers to more reasonably comply, and still provide The City with the required information.

The proposed Fee Schedule, which proposes lower utility alignment permit fees, is a result of Administration's continuous review of processes to drive efficiencies, as well as the development of an online portal which streamlines the application and approval process for users and City staff.

Finally, because of the emerging industry trend where a third party will build and own the conduit that could be utilized by more than one utility provider, Administration suggests the addition to the definition of utility provider to ensure there are no gaps moving forward.

Stakeholder Engagement, Research and Communication

Regular meetings occur between Administration and the utility providers. The proposed changes are a result of these on-going discussions.

Strategic Alignment

The proposed changes align with 2019-2022 Citizen Priority of a "Well-Run City".

The proposed changes support the business and local economy initiative in "Reducing barriers, time and cost to enable your business success and make Calgary Canada's most business-friendly city".

Social, Environmental, Economic (External)

With the known projects coming over the next several years, the number of applications will continue to increase. Due to the new administrative efficiencies found in our internal processes, the increased volume of applications does not require increased operating funds, allowing for the savings to be passed back to the utility providers.

Financial Capacity

Current and Future Operating Budget:

For the reasons noted above, there are no impacts to current or future operating budgets.

Current and Future Capital Budget:

There are no impacts to current or future capital budgets.

Risk Assessment

If Administration's recommendations are not approved, there is a risk of that the utility providers will lose trust and confidence in The City. There are no identified risks associated with approving the proposed changes.

Deputy City Manager's Office Report to
Gas, Power and Telecommunications
2020 March 12

ISC: UNRESTRICTED
GPT2020-0232

Amendments to the Municipal Rights of Way Bylaw

REASON(S) FOR RECOMMENDATION(S):

The proposed changes to the definitions of utility provider brings alignment between the definitions and what is anticipated with the potentially new infrastructure owners. The updated timelines comply with the Bylaw requirements and better fits with the operations of utility providers.

ATTACHMENT(S)

1. Attachment 1 – Draft Amending Bylaw
2. Attachment 2 – Proposed Fee Schedule – 2020 January 1
3. Attachment 3 – Current Fee Schedule – 2018 January 1

Proposed Text for a bylaw to amend the Municipal Rights-of-Way Bylaw 17M2016

1. Bylaw 17M2016, the Municipal Rights-of-Way Bylaw, as amended, is hereby further amended.

2. In subsection 3(1), the definition of “*utility provider*” is deleted and replaced with the following:

“*utility provider*” means:

- i. a for-profit corporate *person* that
 - (a) supplies electrical, thermal, or other energy services, *telecommunications* services, or oil and natural gas services, or
 - (b) owns infrastructure that facilitates the provision of the services set out above;

and requires access and use of a *service corridor* or a *City Structure* to construct, install, maintain, repair, replace or operate its *equipment*; and
- ii. any of the corporate *person's* (as described in "i" above) *employees* or contractors of a for-profit corporate *person*;

3. In section 47, the words “10 *calendar days*” are deleted and replaced with “15 *calendar days*”.

4. In section 51 (1), the words “60 *calendar days*” are deleted and replaced with “90 *calendar days*”.

5. In section 54, the words “60 *calendar days*” are deleted and replaced with “90 *calendar days*”.

6. This Bylaw comes into force on the day it is passed.

FEE SCHEDULE IN ACCORDANCE WITH THE MUNICIPAL RIGHTS OF WAY BYLAW

Effective 2020 January 1

FEE SCHEDULE IN ACCORDANCE WITH THE MUNICIPAL RIGHTS OF WAY BYLAW		
Application Fee		
Per submission or re-submission		\$200.00
Only the fee associated with the approved submission will be deducted from the Utility Alignment Permit Fee		
Utility Alignment Permit Fee		
Under 20 meters		\$305.95 + \$0.00/m
Over 20 meters		\$639.73 + \$6.00/m
Plan Review Fee (optional)		
Per pre-application design submitted for review		\$1000.00
Plan Data Entry Fee (optional)		
Per utility alignment permit application not submitted in standard format		\$1000.00
As-Built Drawing Compliance Fee		
First as-built drawing compliance review per utility alignment		Covered by Utility Alignment Permit Fee
Subsequent as-built drawing compliance reviews – per review		50% of Utility Alignment Permit Fee
On-Site Inspection Fee		
Includes review of approved utility alignment, travel time, site inspection, follow up to inspection		\$150.00/hour
Environmental Compliance-Plan Fees		
Annual Review of Environmental Compliance Plan		\$200.00
Compliance Inspection (includes travel time, site inspection, review of on-site document, drafting of a inspection report, environmental technologist and peer review). Each utility provider will be subject to a minimum of 4 inspections annually; additional inspections will be undertaken at the discretion of the <i>Director</i> .		\$1500.00

Provided for Comparison to Revised Fees for 2020

FEE SCHEDULE IN ACCORDANCE WITH THE MUNICIPAL RIGHTS OF WAY BYLAW

FEE SCHEDULE IN ACCORDANCE WITH THE MUNICIPAL RIGHTS OF WAY BYLAW		
Application Fee		
Per submission or re-submission		\$200.00
Only the fee associated with the approved submission will be deducted from the Utility Alignment Permit Fee		
Utility Alignment Permit Fee		
Under 20 meters		\$350 + \$10/m
Over 20 meters		\$725 + \$7/m
Plan Review Fee (optional)		
Per pre-application design submitted for review		\$1000.00
Plan Data Entry Fee (optional)		
Per utility alignment permit application not submitted in standard format		\$1000.00
As-Built Drawing Compliance Fee		
First as-built drawing compliance review per utility alignment		Covered by Utility Alignment Permit Fee
Subsequent as-built drawing compliance reviews – per review		50% of Utility Alignment Permit Fee
On-Site Inspection Fee		
Includes review of approved utility alignment, travel time, site inspection, follow up to inspection		\$150.00/hour
Environmental Compliance-Plan Fees		
Annual Review of Environmental Compliance Plan		\$200.00
Compliance Inspection (includes travel time, site inspection, review of on-site document, drafting of a inspection report, environmental technologist and peer review). Each utility provider will be subject to a minimum of 4 inspections annually; additional inspections will be undertaken at the discretion of the <i>Director</i> .		\$1500.00

Chief Financial Officer's Report to
Gas, Power and Telecommunications
2020 March 12

ISC: UNRESTRICTED
GPT2020-0282

Industry Update on Electricity, Natural Gas and Telecommunications

EXECUTIVE SUMMARY

This report summarizes key developments in the electricity, natural gas, and telecommunications industries since 2020 January 16, the date of the last industry update report (GPT2020-0107).

ADMINISTRATION RECOMMENDATION:

That the Gas, Power and Telecommunications Committee receive this report for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

The Gas, Power and Telecommunications Committee has requested that this report be prepared every second meeting.

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, Calgarians who pay for utility services 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 March 12

ISC: UNRESTRICTED
GPT2020-0282

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):

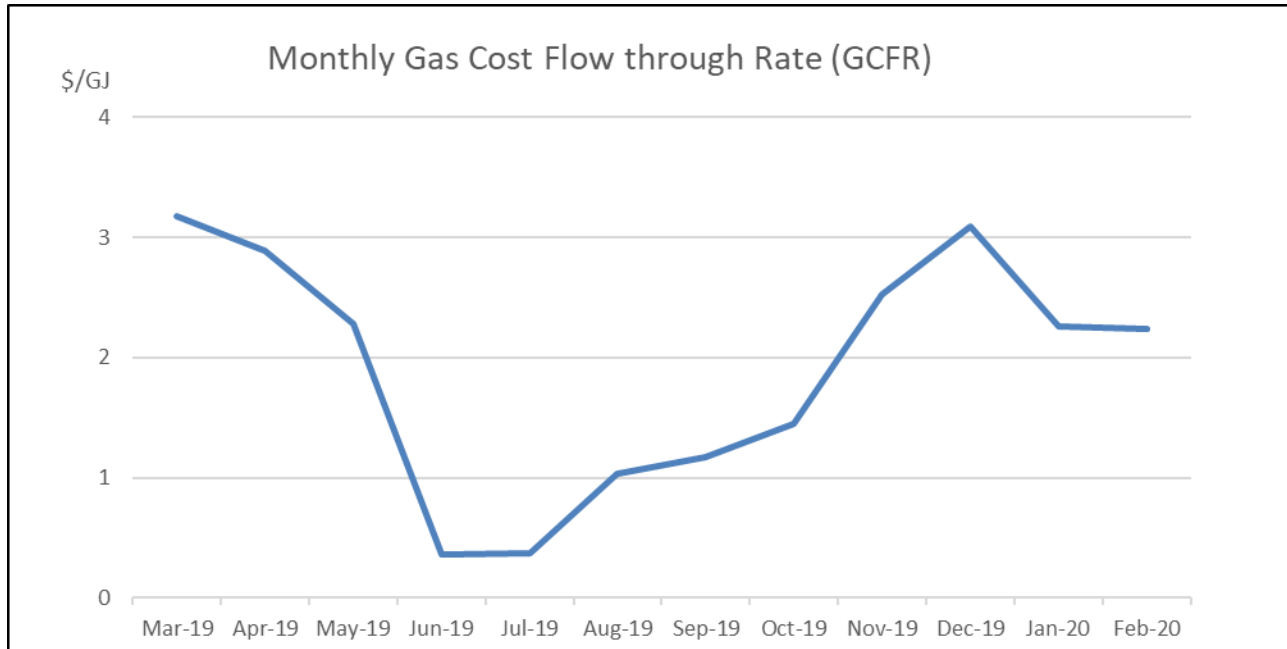
This report provides information to GPT Committee members to assist them in their understanding of regulatory issues that affect The City's interests.

ATTACHMENT(S)

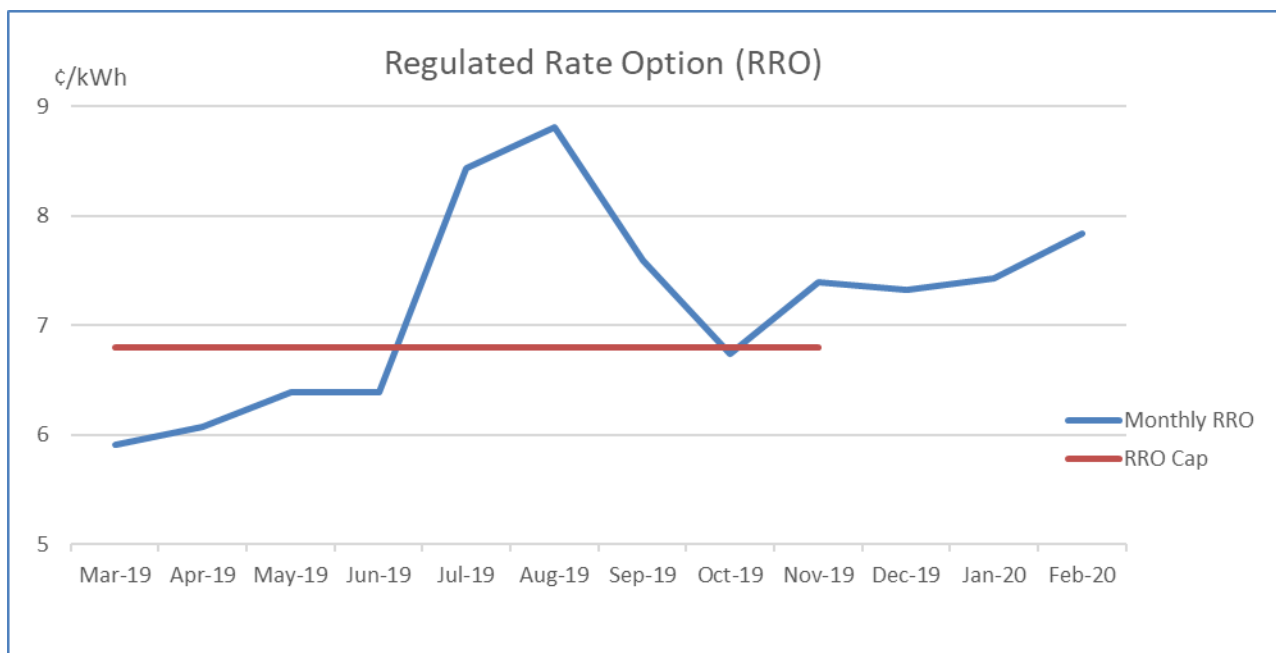
1. Attachment 1 – Industry Update on Electricity, Natural Gas and Telecommunications

ENERGY PRICES AND MARKETS**Natural Gas**

The 2020 February gas cost flow-through rate (GCFR) was \$2.24 per gigajoule. Colder temperatures have largely been responsible for the price increase thus far in 2020. Natural gas costs for The City for 2019 were up 2.0 percent (\$191,000) relative to 2018, largely due to colder average temperatures resulting in higher consumption.

**Electricity**

The ENMAX regulated rate option (RRO) price for 2020 February was 7.84 cents per kilowatt-hour. The price cap of 6.8 cents per kilowatt-hour is no longer in effect as of 2019 December. Electricity costs for The City for 2019 were up 6.0 percent (\$4.8 million) relative to 2018, despite lower volumes, due to increased unit costs.



The month-to-date all-hours average power pool price for 2020 February 17 was 3.27 cents per kilowatt-hour. For reference, the all-hours average price for 2019 February was 10.94 cents per kilowatt-hour. Power pool prices are forecast to remain relatively stable for the remainder of 2020.

A new peak power consumption load was set for Alberta on 2020 January 14, with consumption hitting 11,698MW. The relentless cold the week of 12 through 17 January 2020 resulted in power prices reaching their market price cap of \$999.99 per MWh multiple times during that period.

UTILITY REGULATION UPDATE

Technology Innovation and Emissions Reduction (TIER) Regime established

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

Carbon Equivalency

Environment and Climate Change Canada announced in 2019 December that Alberta's Technology Innovation and Emissions Reduction Regulation (TIER) met the federal government's stringency benchmark criteria for carbon-pollution pricing systems, for 2020, for the emission sources they cover. As a result, the federal output-based carbon-pricing system, the large industry portion of the backstop, will not go into effect in Alberta.

As in all other provinces and territories that have adopted their own price on carbon pollution, Alberta's TIER system will be subject to annual reviews to ensure it remains in compliance with the federal benchmark. The benchmark price rises to \$40 per tonne in 2021 and \$50 per tonne in 2022.

The federal price on pollution has two components: a fuel charge across the economy and a pricing system for heavy industrial sectors that face international competition. The equivalency relates to the pricing system for heavy industry. Alberta cancelled the province's carbon levy 2019 May. As a result, the federal fuel charge was applied to the general economy effective 2020 January 1 with all direct proceeds from the federal fuel charge going back to Albertans through a climate action incentive payment.

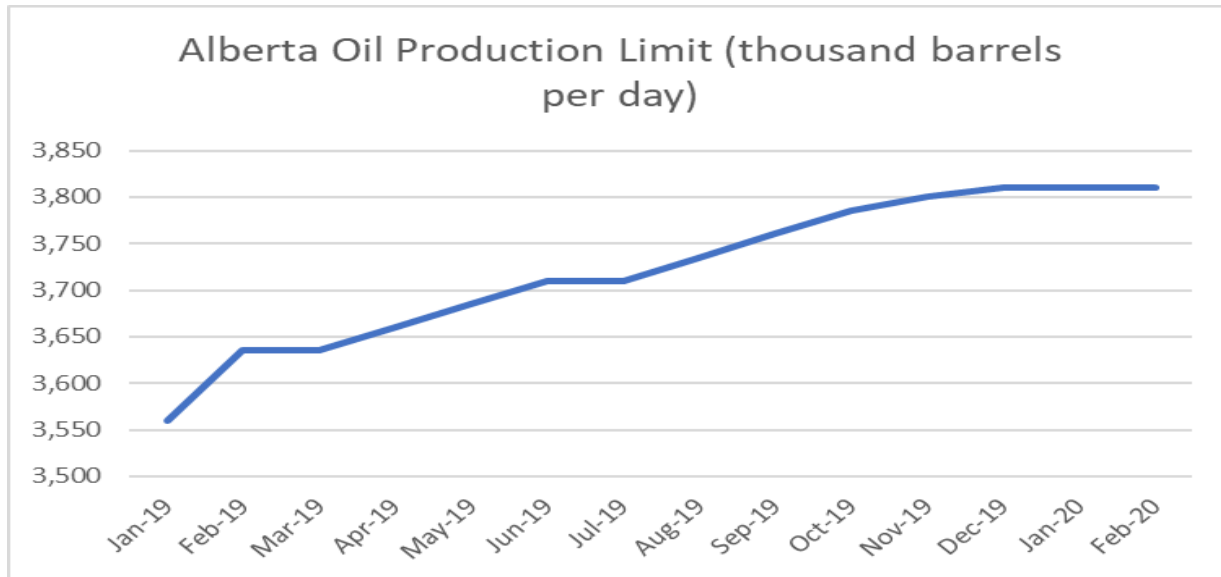
Alberta Carbon Court Challenge

Also, in 2019 December, Alberta's challenge of the federal carbon tax began. The province argued that the imposition of a federal tax undermines section 92A(1) of the constitution, which gives provinces jurisdiction over the development, conservation and management of natural resources and electricity generation within a province.

Ottawa argued that the peace, order and good government clause of the Constitution gives it the power to pass legislation on matters of national concern and establishing minimum national standards on greenhouse gas emissions "is a matter of national concern that only Parliament can address".

Oil Production curtailments stable

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 relaxed in tranches in 2019. Thus far in 2020 the curtailment level has not changed.



Currently about 100,000 barrels per day of oil remain curtailed. The oil curtailments have been extended to 2020 December 31 with possible earlier termination. In order to reduce the impact on 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. It 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.

The International Energy Agency is forecasting an increase in oil demand in 2020, largely driven by strong demand in Asia. The increase in demand should support higher oil prices throughout 2020. It is important for Alberta as the oil industry remains the predominant component of the provincial economy. The Alberta Energy Regulator estimated around 87% of Alberta's oil was exported to the United States in 2018. The United States will continue to rely on Alberta oil despite its growing domestic production.