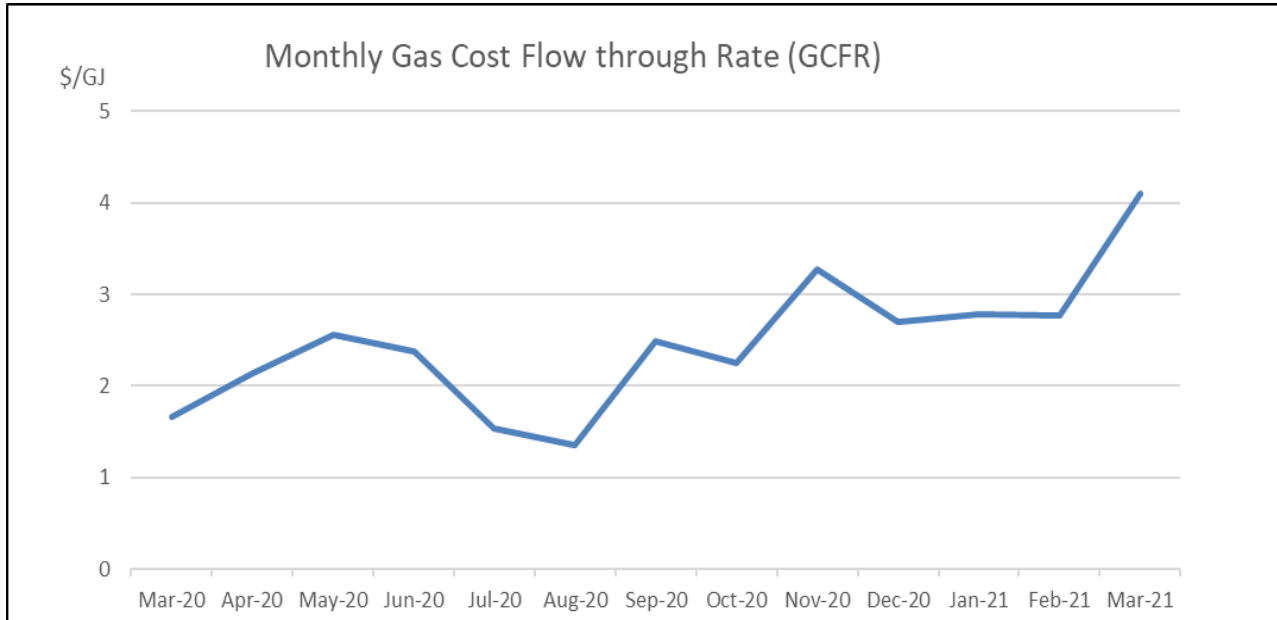


**ENERGY PRICES AND MARKETS**

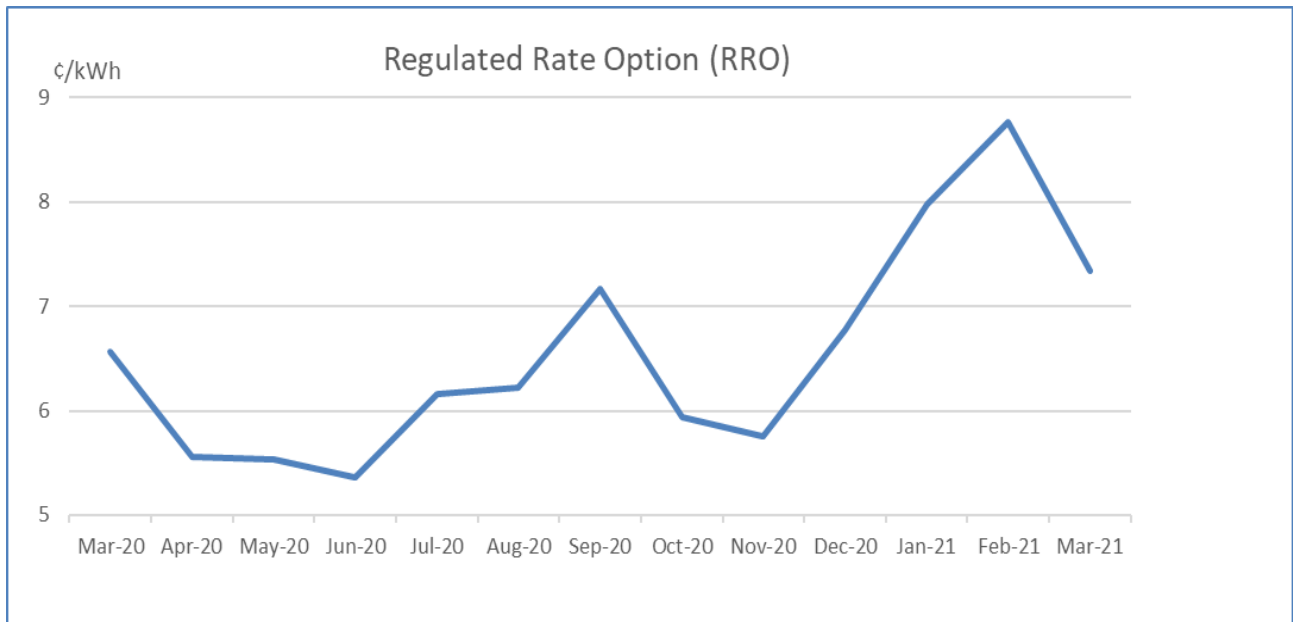
**Natural Gas**

The 2021 March gas cost flow-through rate was \$4.10 per gigajoule. Prices are forecast to remain relatively flat through 2021.



**Electricity**

The ENMAX regulated rate option price for 2021 March was 7.34 cents per kilowatt-hour.



The month to date all-hours average power pool price for 2021 April 5 was 6.22 cents per kilowatt-hour. For reference, the all-hours average price for 2020 April was 2.89 cents per

kilowatt-hour. Power pool prices are forecast to stay between 6 and 7 cents per kilowatt-hour for the remainder of 2021.

## **UTILITIES AND INDUSTRY DEVELOPMENTS**

### **Supreme Court rules Canadian Carbon Tax is constitutional**

On 2021 March 25 in a 6-3 decision, the Supreme Court of Canada ruled that the Federal Government's national carbon tax is entirely constitutional, putting an end to the two-year legal proceeding with conservative premiers over the policy.

In the 405-page decision, Chief Justice Richard Wagner, speaking on behalf of the majority, found the Federal Government's 2018 Greenhouse Gas Pollution Pricing Act — which requires provinces to meet minimum national standards to reduce greenhouse gas emissions by applying a price on the use of fossil fuels by large industries or consumers fueling their cars — “is critical to our response to an existential threat to human life in Canada and around the world.”

Justice Malcolm Rowe and Justice Russell Brown wrote lengthy dissents, arguing the majority decision would give Ottawa precedent to set minimum national standards in other areas of provincial jurisdiction, “including intra-provincial trade and commerce, health, and the management of natural resources.”

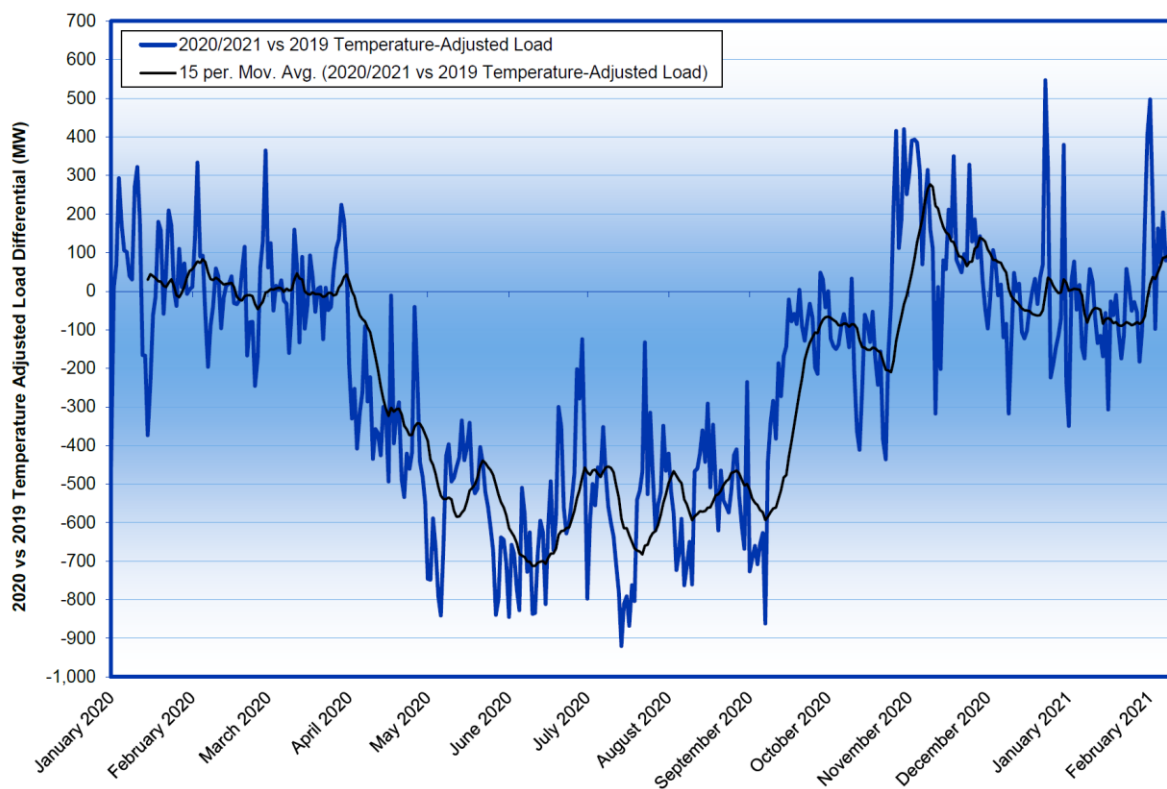
“This is a model of federalism that rejects our Constitution and rewrites the rules of Confederation,” Brown wrote. “It is bound to lead to serious tensions in the federation.”

Justice Suzanne Cote dissented in part. She agreed that climate change is an issue of national concern but questioned the “unlimited power” the federal government was using to impose the national price on pollution across provinces.

The Supreme Court decision solidly places Alberta on a path to a \$170/t carbon tax, come 2030. This will radically alter the supply/demand balance of renewable projects as major industries re-assess environmental compliance obligations.

### **Impact of Covid-19 on Alberta electricity demand**

The graph below illustrates the daily temperature-adjusted load differential compared to 2019 (pre-COVID conditions) which shows that the electricity demand destruction reached 900 MW at its peak. Alberta was able to recover in the fall of 2020 as the economy re-opened, people were able to return to a degree of normalcy in their lives (e.g., children returning to school), oil prices stabilized, and industrial outages subsided. Unfortunately, COVID-19 began to regain ground during the winter in 2020, forcing increased economic restrictions to be implemented, pushing the load differential to being slightly negative at year's end. The province began to ease restrictions early 2021 February, which allowed the load differential to recover back to positive territory. The 2021 April 6 announcement by the Provincial Government of a third severe wave will likely cause further electricity load declines on a go forward basis, as more lockdown measures unfold.



### Small Modular Nuclear Reactors being looked at to help Canada reach net-zero emissions

The Federal Government recently unveiled its plan to achieve net-zero emissions in Canada by 2050. Net-zero means that all emissions produced are absorbed through plants and trees or buried through carbon-capture technology. In the pursuit of this goal, electricity generation through nuclear power is being seriously considered.

Small Modular Nuclear Reactors are an advanced nuclear reactor that produces electric power up to 300 MW. Small Modular Nuclear Reactors are designed to be built in factories as modules and shipped to a site for installation. Small Modular Nuclear Reactors provide a range of benefits including reduced greenhouse gas emissions, shorter construction and installation times, improved affordability.

The largest cost component of a Small Modular Nuclear Reactors is capital, which can be driven down by more favorable financing assumptions (e.g., government support), reducing fixed labor costs through automation, as well as using a fleet approach to their deployment. The federal carbon tax increase will also make the technology more appealing. As federal carbon taxes increase, the relative cost of Small Modular Nuclear Reactor technology declines.

Eventually the cost of Small Modular Nuclear Reactors technology could possibly come inline with natural gas-fired cogeneration. The big question is when would this occur – by 2030, 2040 or 2050?

## TELECOMMUNICATIONS DEVELOPMENTS

### Rogers bid to purchase Shaw in \$26 billion deal

On 2021 March 15 it was announced that Rogers Communications Inc. (Rogers) and Shaw Communications Inc. (Shaw) announced that they have reached an agreement for Rogers to acquire all of Shaw's issued and outstanding Class A Shares and Class B Shares in a transaction valued at approximately \$26 billion. The offer price of \$40.50 per share represents a significant premium for Shaw shareholders.

The combined company has planned to invest \$2.5 billion in 5G networks over the next five years across Western Canada. The combination will accelerate the delivery of critical 5G service across Western Canada, from rural areas to dense cities, more quickly than either company could achieve on its own. This will be accomplished by bringing together the expertise and assets of both companies, including Shaw's existing cable, fibre, and wireless networks and Rogers' robust national wireless network and extensive 5G capabilities.

The proposed merger will generate heavy regulatory scrutiny. Executives from both Rogers and Shaw began testifying at a virtual hearing before the federal Industry, Science and Technology Committee 2021 March 29.