



# Regulatory Presentation to Community Development Committee

Industry Update – CD2022-0158  
2022 February 9



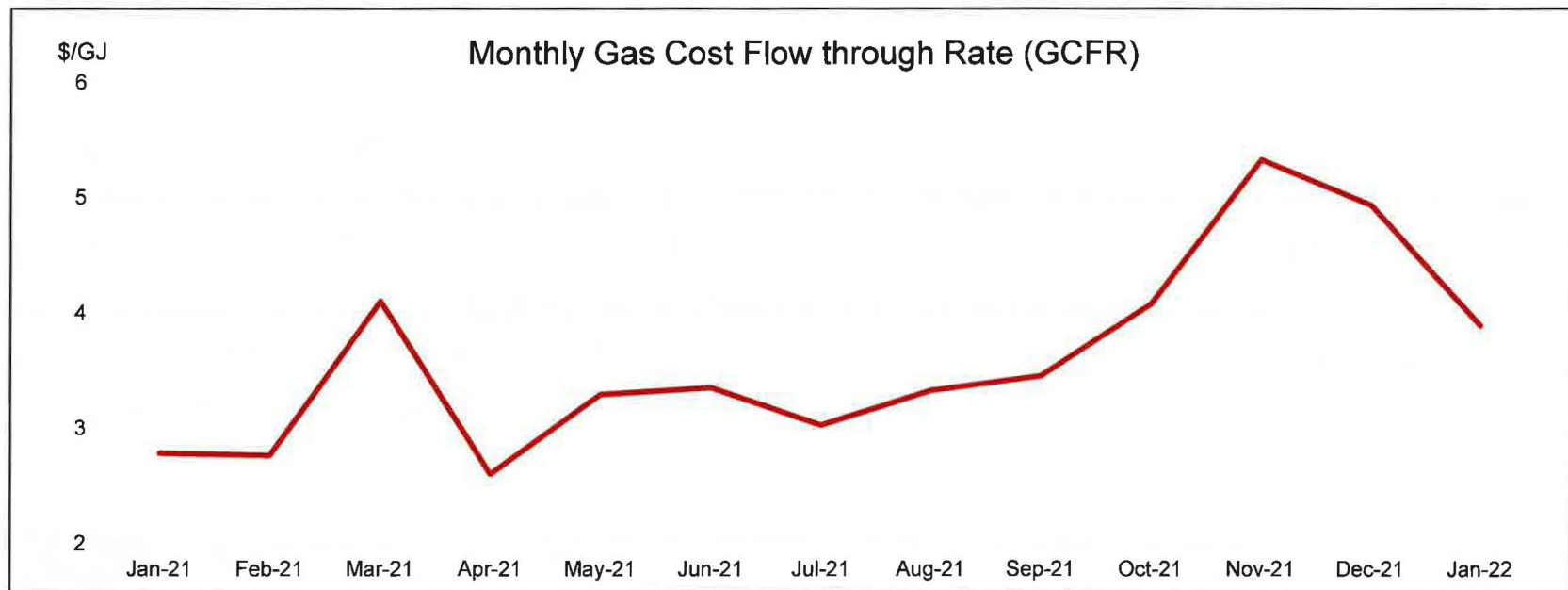
## Industry Update

- Provides information on changes in energy prices and policies that may affect The City's budget and operations
  - Natural gas and electricity prices affect The City's utility costs, what Calgarians pay for utility services and franchise fee revenues
- The Industry Update report analyses natural gas and electricity markets to provide an up-to-date understanding of energy prices, current industry trends, and a near-term outlook



## Energy Prices and Markets – Natural Gas

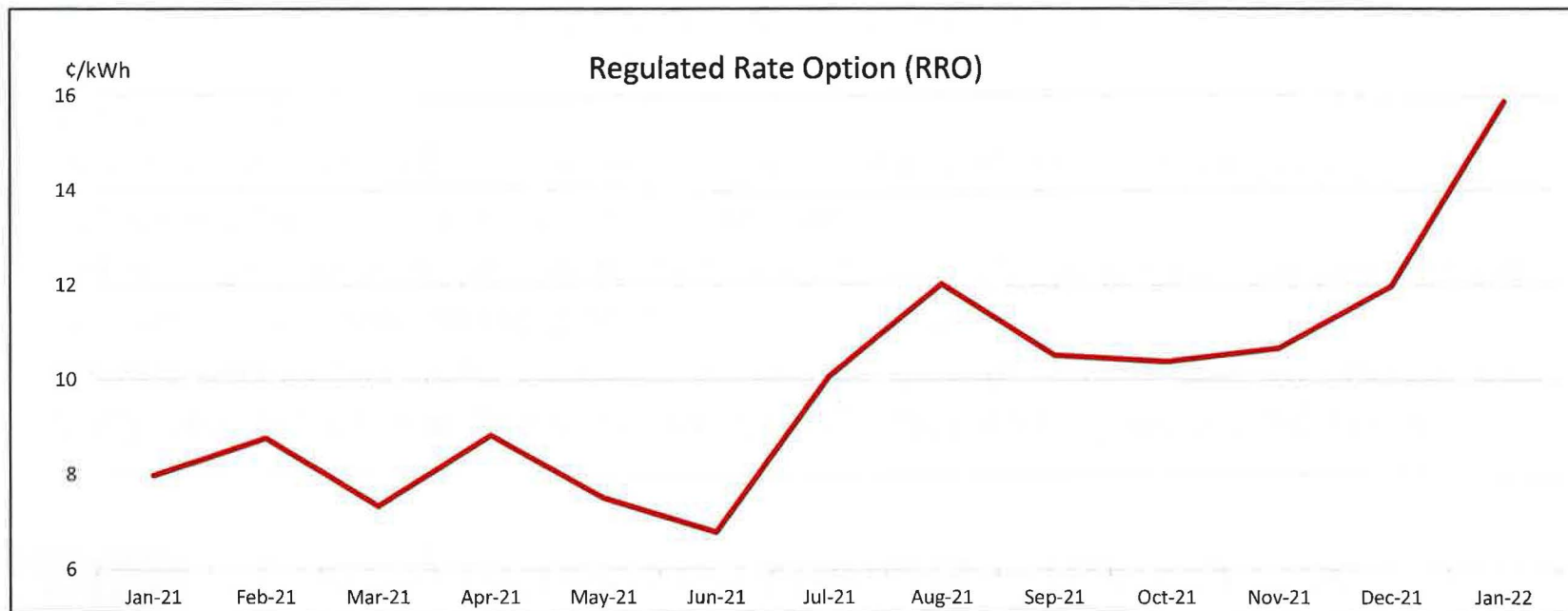
- 2022 January natural gas cost flow-through rate was \$3.89 per gigajoule
- Natural gas prices have dropped slightly as Alberta natural gas production has returned to pre-pandemic levels (2019 December)
- Warmer-than-normal temperatures across much of North America has placed downward pressure on natural gas prices
- Consensus natural gas forecast: ~\$3 per gigajoule through the spring and summer 2022





## Energy Prices and Markets – Electricity

- 2022 January regulated rate option (RRO) price was 15.88 cents per kilowatt-hour
- RRO price is at its highest level since 2006, reflecting, in part, abnormal strength and volatility in Alberta wholesale electricity prices throughout 2021
- Factors behind high electricity prices over the past year include rising demand, baseload generator outages, extreme weather, higher generator offer prices, and firmer natural gas prices





## New Alberta Electricity Demand Record

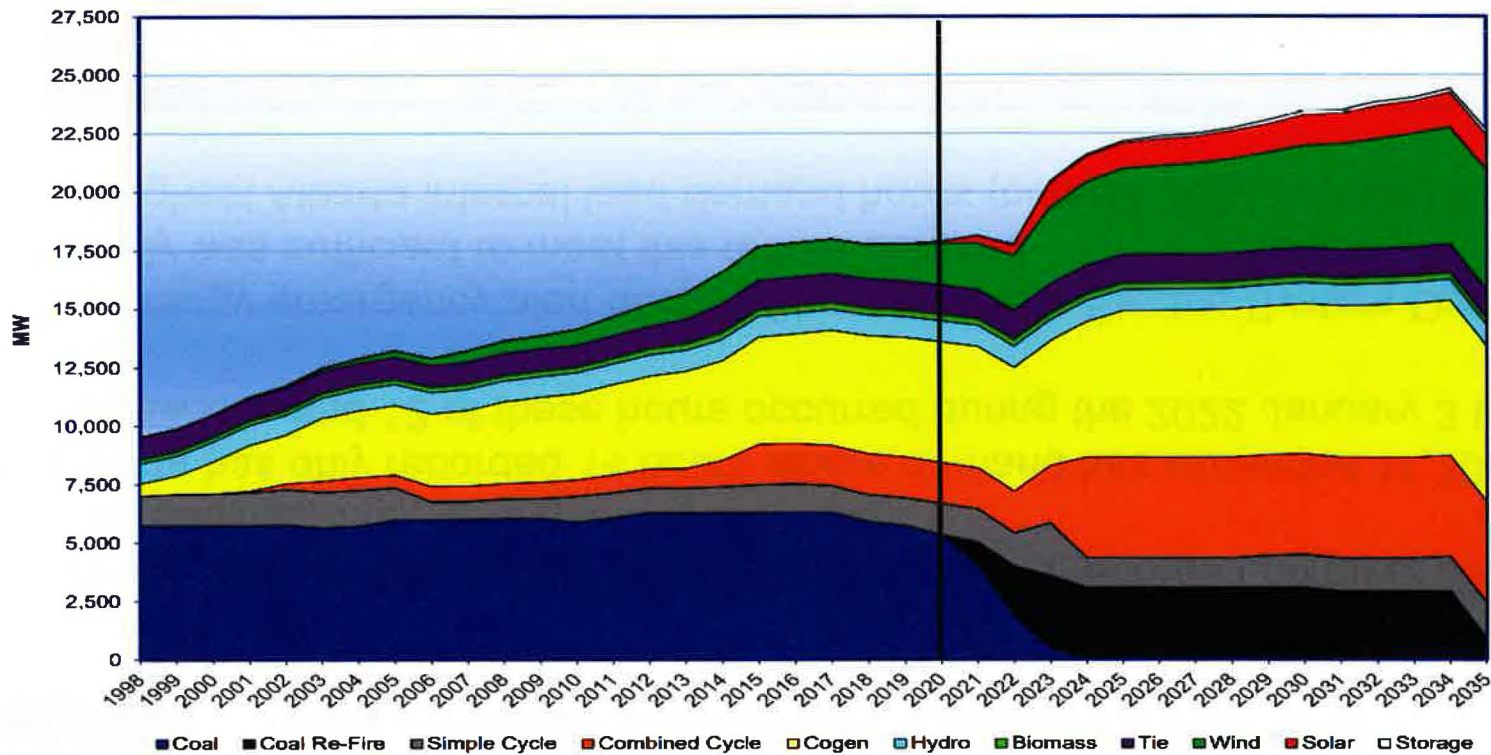
- Alberta internal load demand of 11,939 megawatts recorded on 2022 January 3, hour ending 18:00, during a long cold spell
- Alberta has only recorded 14 hours where demand has exceeded 11,700 megawatts, and 12 of these hours occurred during the 2022 January 3 to 9 cold snap
- No energy emergency alert declared by the Alberta Electric System Operator as supply was sufficient to meet this record demand
- 10 highest Alberta internal load demand hours (outside 2022 January 3 to 9):

	Hour (HE = Hour Ending)	Alberta internal load demand (megawatts)
1	2021 February 9, HE 19	11,729
2	2021 June 29, HE 14	11,721
3	2020 January 14, HE 18	11,698
4	2018 January 11, HE 18	11,697
5	2021 February 8, HE 18	11,696
6	2021 December 16, HE 16	11,696
7	2021 December 29, HE 18	11,696
8	2020 January 13, HE 18	11,693
9	2021 December 30, HE 18	11,683
10	2021 June 29, HE 17	11,674



# Evolution of Electricity Generation in Alberta

- Graph below shows Alberta's installed generation capacity (actuals from 1998 to present and a forecast out to 2035)
- Recent developments show a rapid decline of coal and uptick in wind and natural gas-fired units (including coal re-fires)



Source: EDC Associates, Q4-2021 Forecast Update



## Administration Recommendations

That with respect to Report CD2022-0158, the following be approved:

- That the Community Development Committee receive this report for the Corporate Record.

CITY OF CALGARY  
**RECEIVED**  
IN COUNCIL CHAMBER

**FEB 09 2022**

ITEM: 7.5 CD2022-0158  
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CITY CLERK'S DEPARTMENT