

Regulatory Presentation to Community Development Committee

Industry Update – CD2022-0471

2022 April 27

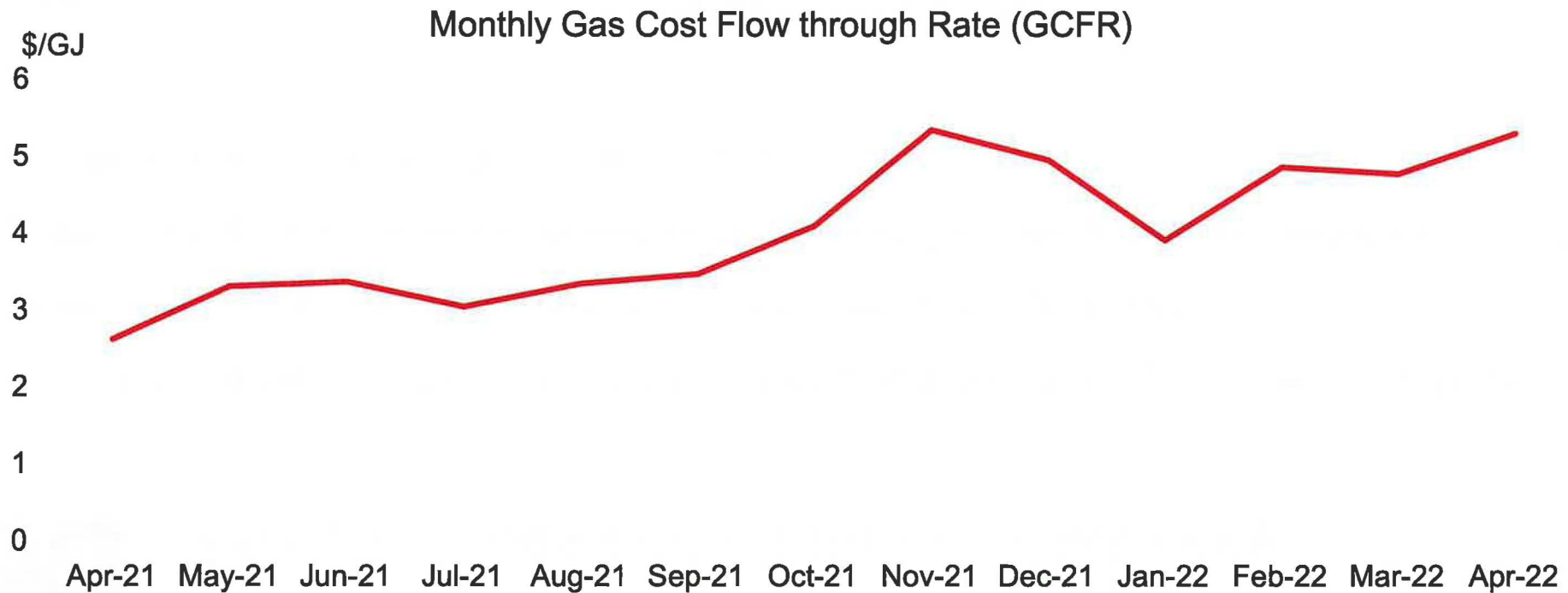


The Goals of the Industry Update

- Contextual information to potentially inform future interventions in regulatory proceedings for the benefit of The City and the Calgary community.
- Analysis of natural gas and electricity markets to provide up-to-date information on energy prices, current industry trends, and a near-term outlook.
- Review changes in local energy prices, provincial and federal policies that relate to the activities of utilities, and developments across the utilities industry that may affect The City's budget and operations.

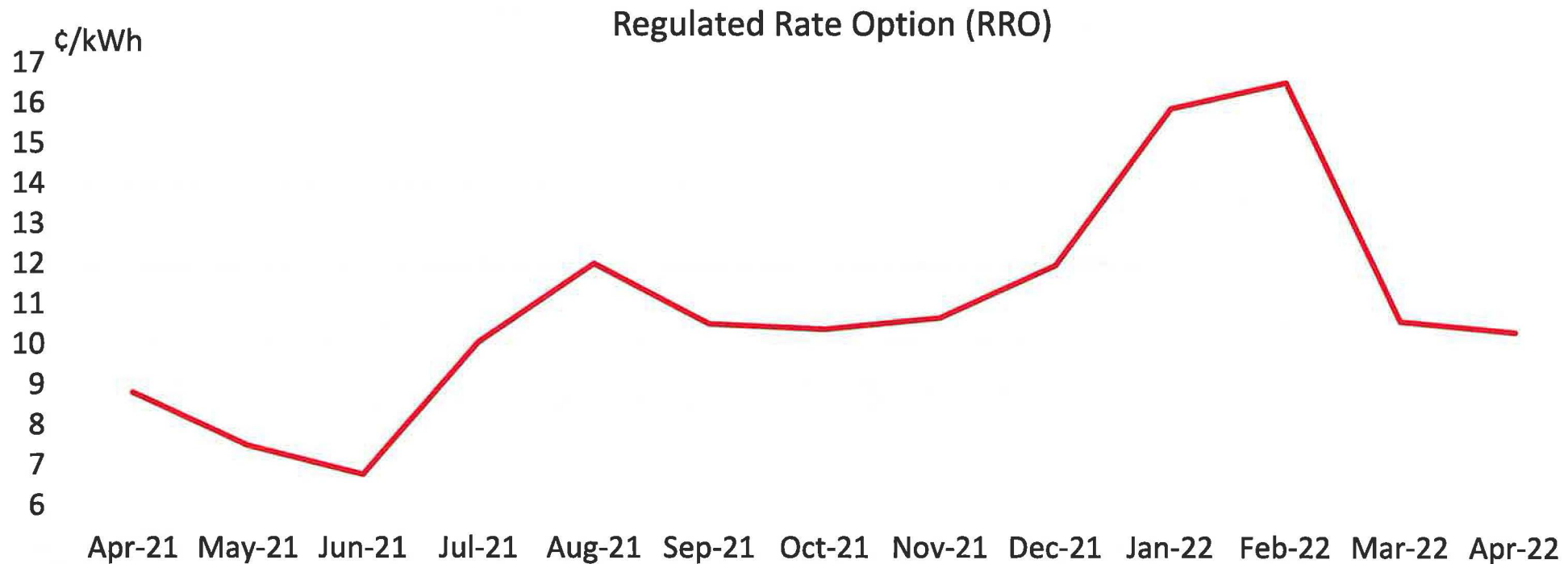
Energy Prices and Markets – Natural Gas

- The regulated rate for natural gas is unusually high for April because of:
 - Geopolitical issues in Europe fueling commodity inflation across the globe
 - Below-average inventories and elevated LNG export demand
- Consensus natural gas forecast: ~\$3 per gigajoule through the spring and summer 2022



Energy Prices and Markets – Electricity

- Although the regulated rate for electricity has declined from the highest Regulated Rate Option price since 2006 recorded in February, it remains high for April
- Factors behind recent strength in electricity prices include rising demand, baseload generator outages, extreme weather, and firmer natural gas prices



Industry Developments – Hydrogen Blending in Natural Gas Distribution Systems

- On 2022 March 24, the Alberta Utilities Commission (AUC) announced that it is opening an inquiry on matters relating to hydrogen blending in natural gas distribution systems
- The AUC announced that in its inquiry, it will be gathering information and making findings on issues such as:
 - The role of natural gas distribution systems for hydrogen blending
 - The impacts of blended hydrogen (including rate impacts and impacts on delivery)
 - Safely and reliably incorporating blended hydrogen
- The AUC has invited feedback from interested parties in 2022 April and has a deadline of 2022 June 30 to report back to the Alberta Minister of Energy



Industry Developments – Recent Development in Renewable Electricity

- As of 2022 April 1, there are only three coal-fired generating units still operating in the province
- Gas-fired generators are the dominant generation type in Alberta (in terms of installed capacity), and wind is second, having surpassed coal in 2021

Energy Source	Maximum Capability (MC)	
	Actual MC	Share of MC
Gas	10,782	65%
Wind	2,269	14%
Coal	1,266	8%
Hydro	894	5%
Solar	869	5%
Other	424	3%
Energy Storage	50	0%
Total	16,554	100%

Source: Alberta Electric System Operator, Current Supply Demand Report. Retrieved 2022 April 1



Industry Developments – Acquisition of Shaw Communications by Rogers Communications

- On 2022 March 25, the Canadian Radio-television and Telecommunications Commission conditionally approved the proposed \$26 billion acquisition of Shaw Communications by Rogers Communications
- The proposed takeover of Shaw by Rogers still requires the approval of Innovation, Science and Economic Development Canada and the Competition Bureau



Administration Recommendations

That with respect to Report CD2022-0471, the following be approved:

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

