

Corporate Planning and Financial Services Briefing to

Community Development Committee

2023 June 28

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Q2 Industry Update on Electricity, Natural Gas and Telecommunications

PURPOSE OF BRIEFING

Council's mandate as it relates to utility regulatory interventions is to "*monitor and participate as necessary in regulatory proceedings only to protect the interests of The City in its role of municipal government*" ([Bylaw 44M2006](#) and [Bylaw 35M2017](#)).

This report provides a review of emerging policy issues for Alberta's regulated utilities and general utility industry developments that could impact Calgarians and The City's interests. It informs committee members about those that may require future regulatory intervention or impact The City's operations.

City Administration, at the direction of Council, intervenes in regulatory proceedings to slow the increase in utility costs for The City and Calgarians. These interventions support efforts to sustain Calgary's competitiveness and ensure that Calgary remains a jurisdiction that effectively balances the cost of living and doing business alongside robust and reliable utility services.

SUPPORTING INFORMATION

This briefing discusses trends in natural gas and electricity prices. Changes in these prices directly impact The City's utility costs and franchise fee revenue. There is also an additional focus on emerging utility industry developments. That's because changes in energy prices and policies may affect The City's budget and operations.

As outlined in Attachment 1, natural gas pricing has decreased slightly in Q1 2023, while electricity prices remain high. The summary impact on The City's costs are as follows:

- Electricity: costs for The City in Q1 2023 were a 7.3 per cent increase over Q1 2022.
- Natural gas: costs for The City in Q1 2023 were a 3.6 percent decrease over Q1 2022.

In 2023 April the Regulated Rate Option (RRO) price cap on electricity was removed. This will impact RRO customers, who will now be paying the RRO rate approved by the Alberta Utilities Commission. RRO customers will also pay an additional charge to recover the difference between the actual market rates and price cap during the capped period. Interest on these amounts will also be paid to the electricity utilities.

As a municipal government, The City monitors price changes to understand potential changes to what Calgarians pay for utility services. Electricity and natural gas are not discretionary items for Calgarians and businesses. Individuals, businesses and the government consume relatively stable amounts annually. As a result, higher costs affect lower-income individuals and households disproportionately. These groups spend a significant share of their income on these essential goods. High utility bills also negatively impact the cost of doing business in Calgary, and these higher costs flow through to Calgarians.

ATTACHMENT(S)

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