

## Corporate Planning and Financial Services Briefing to

Regular Meeting of Council

2023 September 12

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## Q3 Industry Update on Electricity, Natural Gas and Telecommunications

### PURPOSE OF BRIEFING

This report provides a review of utility price trends and emerging policy issues for Alberta's regulated utilities that could impact The City's interests. It informs Council about matters that may require future regulatory intervention or impact The City's operations.

This supports our wider efforts to sustain Calgary's competitiveness and ensure that Calgary can effectively balance the cost of living and doing business, alongside robust and reliable utility services.

### SUPPORTING INFORMATION

A major development announced by the Government of Alberta on 2023 August 3 is a pause on approvals for new renewable energy Alberta. This has occurred amid a backdrop of skyrocketing Alberta electricity prices. Since 2021 January, the Regulated Rate Option (RRO) for electricity has increased by 346 per cent. Conversely, the Gas Cost Flow-Through Rate is 80.4 per cent of what it was in 2021 January. The continued strength in electricity prices is expected to result in a further increase in local access fee (LAF) revenue from electricity in 2023. LAF revenue from electricity was \$227 million in 2022 and is presently forecast to be \$255 million for 2023.

The 2023 summary impact on The City's costs are as follows:

- Electricity: There was a 5.8 per cent **increase** in the first half of 2023 over the first half of 2022.
- Natural gas: There was a 14.3 per cent **decrease** in the first half of 2023 over the first half of 2022.

Attachment 1 further outlines the trends in natural gas and electricity prices, which directly impact The City's utility costs and Local Access Fee revenue, and other relevant industry developments.

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

1. Industry Update on Electricity, Natural Gas and Telecommunications