

## Corporate Planning and Financial Services Briefing to

Community Development Committee

2024 February 14

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## Q1 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 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 report's primary takeaways, as outlined in Attachment 1, are recent factors behind movements in Alberta electricity prices and how this may affect the regulated rate option (RRO). Electricity is one of the many elements in the consumption basket for Calgarians that increased the overall cost of living in 2023. In contrast, natural gas prices have fallen somewhat over the past year. The summary impact on The City's costs is as follows:

- Electricity: costs for the City in 2023 were a 6.6 per cent increase over 2022.
- Natural gas: costs for the City in 2023 were a 12.4 per cent decrease over 2022.

This briefing has a strong focus on trends in natural gas and electricity prices. For The Corporation, changes in these prices 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 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

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General Manager Carla Male concurs with the information in this Briefing.