

**Chief Financial Officer's Report to
Gas, Power and Telecommunications
2018 April 19**

**ISC: UNRESTRICTED
GPT2018-0428
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Industry Update on Electricity, Natural Gas, and Telecommunications

EXECUTIVE SUMMARY

This report summarizes key developments in the electricity, natural gas, and telecommunications industries since 2018 February 23.

ADMINISTRATION RECOMMENDATION:

That the Gas, Power and Telecommunications Committee:

1. Receive this report for information.

PREVIOUS COUNCIL DIRECTION / POLICY

The Gas, Power and Telecommunications Committee has requested that this report be prepared every second month.

BACKGROUND

This report, with its attachment, provides a summary of relevant developments in the utility industry and Alberta's regulatory environment.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Recent developments in the Alberta utilities industry are detailed in the attachment. Natural gas and electricity markets are analyzed to provide an understanding of energy prices which affect The City's utility costs and franchise fee revenue. In this report graphs have been included to provide a more informative timeline of price movements.

Policy issues in Alberta's regulated utilities and general utility industry developments that could have an impact on The City's interests are reviewed to keep committee members informed of issues that may require future regulatory intervention or impact The City's operations.

In the Attachment, a number of significant developments have occurred that will affect the price of utility services. The province reached an agreement with ENMAX on the returning of their PPAs to the Balancing Pool, thereby bringing to a conclusion the legal proceedings that the province brought against the former PPA owners. Progress has been made on the designing of the capacity market for electricity with the release of the first draft of the Comprehensive Market Design by the Alberta Electricity System Operator (AESO). AESO also released its 2017 Long-term Transmission Plan that has reduced its forecast on the amount of money that is needed to be spent on Alberta's transmission system over the short term.

Stakeholder Engagement, Research and Communication

N/A

Strategic Alignment

This report is in alignment with the mandate of the Gas, Power and Telecommunications Committee.

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Social, Environmental, Economic (External)

This report has been reviewed for alignment with The City of Calgary's Triple Bottom Line Policy Framework. No implications were identified.

Financial Capacity

Current and Future Operating Budget:

This report does not propose a decision and there is no direct budget or business plan implication.

Current and Future Capital Budget:

There are no budget or business plan implications arising from this report.

Risk Assessment

No specific risks are associated with this report. Any risks arising from energy utility developments reviewed in the attachment will be addressed in a separate report if required.

REASON(S) FOR RECOMMENDATION(S):

This report provides information to GPT Committee members to assist them in their understanding of regulatory issues that affect The City's interest

ATTACHMENT(S)

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