



Frequently asked questions:

## Alberta's Renewables Inquiry and the Related Pause

Over the next few months, the Alberta Utilities Commission (AUC) will conduct an inquiry to gather input on policy issues related to future renewables development. The intended outcome is to establish the appropriate balance between the development of renewables and various issues that have been raised by Albertans, the AUC, and even renewable energy developers.

Alberta's renewable industry has been a roaring success. In fact, as much as 75% of the renewables investment that happened in Canada last year, happened in Alberta. Much of that success is a direct result of Alberta's unique deregulated electricity market.

While the province has enjoyed numerous benefits from investments in renewables, including a diversified power market, there are also several competing interests that require balancing. Factors to consider with the dramatic growth of renewables include affordability and reliability impacts to the grid, as well as questions around land usage, reclamation, and protecting our world class views.

Renewables are no longer an emerging industry; they are a major player in our province's power mix. An estimated 4 billion dollars has been invested in Alberta by the renewables industry since 2019, and while there are plenty of reasons to celebrate the pace and scale of this growth, this multi-billion-dollar industry has an obligation to Albertans to grow responsibly.

Alberta is a global leader in developing our resources with world-class environmental standards and responsible, fair governance. Given the material increase in renewable development, it is time to re-examine regulatory processes and requirements to ensure that ongoing development continues to take place in a reasonable, affordable, and responsible manner.

Our government won't apologize for putting Albertans ahead of corporate interests. We want to ensure that this generation and future generations are getting the best possible outcome.

### What will the AUC's inquiry look into?

The independent AUC regulates electricity development in Alberta according to rules set by the government of Alberta. In this inquiry the AUC will review policies and procedures for the development of renewable electricity generation. The AUC will provide its findings and observations to the Minister of Affordability and Utilities.

Issues to be considered include:

- The development of power plants on specific types or classes of agricultural or environmental land,
- The impact of power plant development on Alberta's pristine viewscapes,
- The mandatory reclamation security requirements for power plants,
- The development of power plants on lands held by the Crown and
- The impact of the increasing growth of renewables on Alberta's generation supply mix and electricity system reliability.

Why were renewable applications to the AUC paused while the AUC conducts its inquiry?

The AUC asked the government for policy and regulatory clarity about the issues being considered. In response, the government chose to instruct the AUC to hold an inquiry on these issues. The inquiry will be transparent and will happen quickly and the clarity will be good for renewable energy proponents.

In fairness to the proponents of applications which were in the early stage of processing and applications which had not been received yet, the government asked the AUC to pause approvals on recently received applications.

It is not feasible or fair for the AUC to continue approving projects while a review of possible changes to the approval process is ongoing. All new conditional approvals will henceforth be subject to the findings of the inquiry and the resulting revisions to requirements. It would be uncompetitive and unfair to have applicants working under different rules.

A pause is a fair approach to create certainty for stakeholders and the public, and ensures applicants are all working under the same directives.

What will happen to workers in this industry during the pause?

Construction and development in Alberta's renewables sector, and the resulting jobs, will continue under the pause.

The pause temporarily stops the approval of additional projects. There is a long list of already approved projects under construction that are not impacted by the pause. There is currently 3556.2 MW of renewable generation under construction in Alberta, with an additional 4,658.8 MW of renewable generation approved by the AUC for future construction.

Only the 13 projects before the AUC seeking approval will be paused. As the pause will be lifted in February of 2024, the next construction season will be available for approved projects.

Won't adding more renewables solve the problem of high electricity prices?

As the transition to renewables is made, we will still require the maintenance of reliable baseload power. Baseload power plants provide a continuous supply of electricity unlike many intermittent renewables.

The majority of Alberta's electricity is currently produced from natural gas. While transitioning to renewable energy sources, natural gas remains necessary as baseload power to backup this new power system. Reliability is not guaranteed with renewables because it is impossible to predict when the sun will shine and when the wind will blow.

Consequently, the cost of power for Albertans will rise from increased investment in baseload power and the related transmission costs needed to support the growth of renewable energy. The result is a more expensive power bill, particularly for transmission.

When we build transmission to a baseload power plant, the plant runs nearly continuously. When we build transmission lines to an intermittent source of power, we're building similar amounts of infrastructure at a similar price, but receiving significantly less consistent energy. This creates an affordability challenge as costs for transmission infrastructure fall to Albertans.

We want to build an electrical grid and system that is high quality, reliable, affordable, and will serve Albertans for decades while simultaneously ensuring that we are responsible with rate and taxpayers' money.

Are we going to miss out on investments because of the pause?

Alberta is the best province in Canada for renewables investments by a wide margin. Unlike other provinces with provincially-owned power companies that only develop renewables at the request of the government, Alberta allows private generators to invest at will. It is important that we update policies to reflect the needs of our growing renewable sector to ensure Albertans have the reliable and affordable utilities they depend on.

We continue to support a market-based system, as it is the best model for spurring investment in the sector. Competition ensures better quality products and guarantees that consumers have a wide variety of products/providers to choose from. This allows the market to be controlled naturally by the demand for goods and services, rather than by government order.

Even with the pause, Alberta will have a very quick and straight forward approval process compared to other jurisdictions in North America.

How many projects are impacted?

While some reports have claimed that this pause has directly impacted anywhere from 91-118 projects, that is not true. Announcing a future intention to invest, is very different from boots on the ground ready to build a project. To be clear, 105 of the cited 118 proposals are months and in some cases years away from their application being presented to the AUC for approval, which itself can take months. The pause will only slow down the 13 projects currently before the AUC seeking approval.

The AUC has been clear that during the pause they will continue to process new and existing applications.

What was the timeline for the government decision to impose the pause?

The Rural Municipalities of Alberta (RMA) first brought significant attention to prolific renewable development in rural Alberta when they passed a resolution at their March 2018 convention. Since then, discussions have been ongoing. Renewable energy developers have written the government asking for regulatory clarity and solutions to issues such as transmission congestion and grid connection delays.

Both the Alberta Electric System Operator (AESO) and the AUC have raised some or all of these issues with the government.

Additionally, the mandate letter to the Minister of Affordability and Utilities, instructs him to undertake a review of operations, policies, and missions of the AUC and the AESO. The inquiry being undertaken by the AUC includes issues mentioned by the mandate letter.

What was the plan for engagement with industry and impacted groups?

The pause creates the opportunity for serious conversation and the ability to address concerns of public interest. All Albertans are impacted when electricity is not affordable or reliable and we welcome constructive discourse surrounding how the future power mix should be generated.

There are a number of competing interests that all need to be heard and will be given that opportunity as the inquiry is a public process. In addition, engagement with industry by the government, the AESO and the AUC is ongoing and will inform final findings.

The government will act on the inquiry findings from the AUC and make the necessary policy adjustments. Interested parties are encouraged to get involved. More information can be found on their website (<https://www.auc.ab.ca/>).

More than 600 stakeholder submissions have already been received by the AUC.

Why can't concerns over land use and reclamation be handled without a pause?

The pause creates a line in the sand and demarks the start of the Alberta government's emphasis on ensuring that we are not being wasteful with our world class agricultural and public land. We are taking the time to ensure we have the best possible policies to support all aspects of our renewable sector for generations to come.

The average height of a wind turbine is 85 meters, equal to nearly half the size of the Calgary Tower. In 2017, TransAlta decommissioned Cowley Ridge Wind Farm, Canada's first and oldest commercial wind facility. It was comprised of 57 wind turbines which generated 17 MW of power. Estimates at that time put the cost of decommissioning at \$70,000 per turbine, for a total of \$4 million. Since then, the size and scale of these projects has grown dramatically with reclamation estimates in the hundreds of thousands of dollars per turbine.

As these are industrial developments, reclamation requires the cleanup of project-related infrastructure, like these massive turbines, before carrying out restoration activities to return the land to its former state. Approving additional projects without a consistent approach to reclamation security in place defers the problem to our kids and our grandchildren. A pause ensures that all future projects will responsibly consider decommissioning.

Does the government

The government of Alberta does not provide financial subsidies to renewables or any other form of generation. However, unlike in other provinces, any approval of electricity generation does not involve

subsidize  
renewable projects?

consideration of transmission distances, how efficiently transmission infrastructure is used, or transmission costs.

That means that in Alberta, a project could be approved that would fail in other provinces due to high transmission costs. In effect, power generators in Alberta are in a better situation than generators in other provinces because their transmission costs are assigned to rate payers and the distance from load is generally not part of the business case of individual companies.

Why is there no  
pause on oil  
development?

Everyone acknowledges that if we could go back in time, we would set more strenuous asset retirement obligations on oil and gas companies at the beginning of the industry. That is exactly why we are acting on renewable asset retirement obligations now.

Under the current system, renewables security provisions for reclamation are left up to individual landowners and investors; in oil and gas, Alberta has developed well-established, comprehensive, and consistent standards for site reclamation.

We want to ensure that money is set aside so when infrastructure comes to its natural end of life, the costs are not left with subsequent landowners or the government. Site reclamation is the responsibility of the generation that benefits from the site, not something that should be left for future generations to deal with.

Why are foreign  
companies  
choosing Alberta for  
renewables  
generation?

While it is true that much of the capital in this sector is international, we want to encourage investment in the public interest. We do not want development at any cost; rather, we hope to attract investment that makes sense for Albertans.

We have received a record number of applications from companies that want to improve their Environmental Social Governance (ESG) footprint, but the applications do not always consider the full local impact. The current regulatory framework does not directly address some of the concerns important to Albertans, such as protecting prime agricultural land and ensuring consistent standards for reclaiming these lands at the end of the asset's life.

How does respect  
for private property  
rights impact  
community  
concerns?

We support responsible growth in the renewable energy sector and respect the rights of landowners to determine the best use of their land, whether it is traditional agriculture, renewable electricity development, or other opportunities.

This approach is intended to address issues raised by landowners and others and to make the approval process more efficient and clear for all participants throughout the lifespan of projects – while also improving the investment environment for new electricity projects.

Is the pause  
connected to  
Federal Clean  
Electricity  
Regulations?

Albertans recognize that we need to be good neighbours to each other. Many counties are frustrated that their long-range plans for orderly municipal development conflict with applications to the AUC.

Not directly, but efforts to decarbonize Alberta's electricity sector make it especially important that Alberta properly develops renewables.

We support responsible growth in the renewable energy sector and are leading the country in renewables development. The recent pace of this development in Alberta, which has rapidly increased under efforts to decarbonize the sector, is presenting challenges that the inquiry will address.

While Alberta has already reduced electricity emissions by 53% from 2005 to 2021, our province does not have enough non-emitting base load electricity, like hydro or nuclear. Wind and solar are intermittent sources that do not provide consistent power to keep our grid reliable during our cold winter months.

Electricity is a necessity of modern life. As they stand now, the CER regulations would require Alberta to have a net-zero grid by 2035, which would condemn many Albertans to energy poverty. By pausing now to develop and streamline processes, we're laying the foundation to support further long-term growth of investment renewables while helping Alberta meet its emission goals, including being carbon-neutral by 2050, in an affordable manner.