



ALBERTA
AFFORDABILITY AND UTILITIES

*Office of the Minister
MLA, Lethbridge-East*

AR7571

February 28, 2024

Mr. Bob Heggie
Chief Executive Officer
Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5
Bob.Heggie@auc.ab.ca

Re: Policy Guidance to the Alberta Utilities Commission

Dear Mr. Heggie,

On August 3, 2023, the Government of Alberta directed the Alberta Utilities Commission (AUC) to implement a pause on approvals of renewable generation projects during the period of time between August 3, 2023 and February 29, 2024. The Government of Alberta also directed the AUC to inquire into and report on:

- considerations on development of power plants on specific types or classes of agricultural or environmental land;
- considerations of the impact of power plant development on Alberta's pristine viewscales;
- considerations of implementing mandatory reclamation security requirements for power plants; and
- considerations for development of power plants on lands held by the Crown in Right of Alberta.

As well, Government of Alberta sought the AUC's considerations regarding the participation of Alberta's Municipal governments in the renewable power plant application process.

Since the issuance of the *Generation Approvals Pause Regulation*, I personally met with many renewable developers and heard perspectives from many Albertans. I want to thank the AUC for conducting a rigorous consultation between August and December 2023 that included many channels for feedback including three open houses, written feedback, and oral submissions.

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I have thoroughly read the Module A Inquiry Report and I want to thank all the staff at the AUC involved in putting it together.

While the pause was considered abrupt by some, I note that investments in Alberta did not waver. Based on the Alberta Electric System Operator's (AESO's) February 2024 Long-Term Adequacy Report, we continue to see 3,300 megawatts of wind and solar projects under construction, 2,760 megawatts with AUC approvals, and about 22,900 megawatts of additional announced wind and solar projects.

Alberta recognizes that renewables will continue to be an important part of the generation mix. We continue to welcome further investment into the sector and look forward to maintaining investor confidence in Alberta as an investment destination. Now, following the expiry of the *Generation Approvals Pause Regulation* on February 29, 2024, future renewables projects will be able to move forward with clear direction while maintaining responsible environmental stewardship and in support of Alberta's reliable electricity system.

With respect to the AUC's findings in Module A of its inquiry, I want to express my strong support for the AUC's commitments to:

- Automatically grant participation rights to municipalities, enable municipalities to be eligible to request cost recovery for participation and review rules related to municipal submission requirements while clarifying consultation requirements.
- Review requirements regarding proponent commitments in relation to reclamation and security funding obligations.
- Enhance the existing visual impact assessment requirements to include a more structured visual impact assessment methodology within the AUC application review process.
- Explore requirements for proponents to provide soil field verification earlier in the power plant application process.

In addition to the above noted AUC commitments, and in accordance with Section 10 of the *Alberta Public Agencies Governance Act*, I am advising you of the Government of Alberta's intention to advance the following policy, legislative and regulatory changes before the end of 2024:

Agricultural Lands

Government of Alberta will bring forward the necessary policy and legislative tools to direct the AUC to take an "Agriculture First" approach and, when making decisions, evaluate the best use of agricultural lands proposed for renewables development. In support of this "Agriculture First" approach, Alberta will no longer permit renewable generation developments on Class 1 and 2 lands, unless a proponent can demonstrate the ability for both crops and/or livestock and renewable generation to co-exist.

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In addition, and to further promote the Agriculture First approach, the Government of Alberta will establish the necessary tools to ensure Alberta's native grasslands, irrigable lands and productive lands continue to be available for agricultural production, especially in situations where renewable generation is proposed.

Reclamation Security

Government of Alberta will develop and implement the necessary policy and legislative tools to ensure developers are responsible for reclamation costs via bond or security, with appropriate security amounts and timing to be determined by Environment and Protected Areas in consultation with Affordability and Utilities. The reclamation costs will be provided directly to the Government of Alberta or could be negotiated with landowners as long as sufficient evidence is provided to the AUC. The new requirements will apply all approvals issued on or after March 1, 2024.

Viewscapes

Government of Alberta will develop and implement the necessary policy and legislative tools to establish buffer zones, of a minimum of 35 km, around protected areas or other "pristine viewscapes" designated by the province where new wind projects will no longer be permitted. In addition, other developments proposed to be located within that 35 km zone could trigger the need for a visual impact assessment to be provided to the appropriate regulating party for consideration before project approval.

Crown Lands

Government of Alberta will develop and implement the necessary policy and legislative tools to enable the development of renewable generation on Crown Lands on a case-by-case basis. Given the many competing interests surround our Crown Land resource, meaningful engagement is required before any changes to Crown Land access, which will result in future legislative changes coming into force in late 2025.

Other Matters

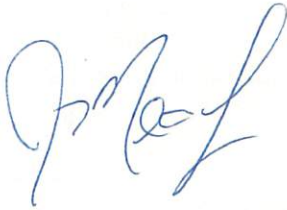
AUC will conduct a proceeding or other process to consider appropriate setbacks of renewable infrastructure from neighbouring residences and other important infrastructure. In addition, AUC will develop rules for mandatory site visits for proposed renewable generation projects.

Transmission

I am also advising that future changes to Alberta's *Transmission Regulation* originating from the Transmission Green Paper are expected in the coming months. With the upcoming changes, renewable projects should expect changes to the allocation of transmission costs.

I want to express my sincere appreciation for the efforts of the AUC and its staff in conducting the inquiry and developing the considerations, options and commitments stemming from its completion. The work of the AUC, in conjunction with the advice from the AESO and the Market Surveillance Administrator on potential enhancements to our Energy Only Market construct, will help lay the foundation for a more affordable, reliable and sustainable electricity system for all Albertans – today, and into the future.

Sincerely,

A handwritten signature in blue ink, appearing to read 'N. Neudorf', written in a cursive style.

Nathan Neudorf
Minister

cc: Tim Grant
Deputy Minister, Affordability and Utilities