

Frequently asked questions:

Clean Electricity Regulations

The proposed regulations for 2035 will negatively impact affordability and reliability in Alberta and across Canada.

Why does Alberta oppose these regulations?

These regulations will increase costs and hurt grid reliability for businesses and families, all for targets that aren't feasible or realistic.

The proposed regulations are unconstitutional, irresponsible and do not align with Alberta's Emissions Reduction and Energy Development Plan which aims to achieve a carbon-neutral power grid by 2050.

Alberta's government will protect Albertans from the unconstitutional federal net-zero regulations. As currently written, they will not be implemented in our province – period.

Does Alberta support a clean electricity grid?

Absolutely. Albertans and our government care deeply about responsible environmental stewardship. This province already reduced electricity emissions by 53% from 2005 to 2021, and we are confident that Alberta's plan will get us to a reliable and affordable carbon-neutral power grid by 2050.

What does the constitution say?

Legislating and regulating the development of electricity explicitly falls within the jurisdiction of the province (92A (1) (c)). The responsibility to power Alberta's electricity grid is the province's exclusive area of jurisdiction.

Why can't Alberta's grid be net zero by 2035?

Unlike other provinces, Alberta does not have enough non-emitting base load electricity like hydro and nuclear. Nor is there enough time to build these by 2035.

To reach net-zero, we would need to transform our entire power system – which took decades to develop – in just 12 years. The province has a plan to keep rapidly cutting GHG emissions as we approach 2035, but achieving net zero electricity by that time isn't feasible or realistic.

How much will the CER cost?

There is no question that the federal plan for net zero electricity by 2035 will cost a lot, and that homes and businesses will pay much of these costs. The only question is how much.

Various modelling has taken place, some of which was reviewed by a recent Public Policy Forum report, which indicates that the cost for Canadians could be more than \$1 trillion and as high as \$1.7 trillion.

Ultimately, we know it will cost many billions to green and then more than double Alberta's available electricity. Estimates suggest the cost of changes to generation, transmission and distribution are running in the \$200 billion range to as much as \$425 billion.

Cramming in this amount of extra cost, all before 2035, will result in massive power bill increases for Albertans and Alberta businesses and will make our grid unreliable.

Who will the CER hurt the most?

The federal government's own modeling indicates that Alberta will face the largest costs of any province under these unrealistic, inflexible and ideological regulations.

Did Alberta previously provide input?

We've provided input to federal officials many times. Alberta has repeatedly highlighted the unique circumstances and challenges we face in transitioning our power system and outlined how the federal government can work with us to keep cutting emissions. However, the draft federal regulations don't include this feedback and don't have the flexibility, funding or support we need.

Why can't Alberta run on wind and solar alone?

We are already Canada's wind and solar leader, and we will add a lot of new generation by 2035. But wind and solar are intermittent sources. They don't produce power when the sun doesn't shine, or the wind doesn't blow.

Alberta's grid had seven alerts during 2022 during relatively colder, months showcasing the importance of having sufficient stable baseload power sources like gas, hydro and nuclear. With electricity demand set to soar by 2050, we need a diverse mix of generation options – intermittent and baseload – to prevent future blackouts and keep a reliable grid.

Is abated natural gas with CCUS possible?

At this time, no natural gas with CCUS site has achieved the level of carbon abatement demanded by the federal government's Clean Electricity Regulations (CER). Canada's proposed emissions intensity limit effectively requires natural gas backed power plants to sequester an annual average of 95% of all associated emissions through CCUS or other technologies.

Alberta strongly supports carbon capture and is Canada's leader in this field. However, we are still waiting for clarity on federal support for

CCUS, and such infrastructure will take many years to develop, approve and operationalize. Once again, the proposed regulations and 2035 timelines are not feasible or realistic.

At the same time as these massive investments are needed, these regulations are already creating uncertainty. If markets decide the future of natural gas production is uncertain or not sustainable in the long run, they will, at best, stop investing in new generation, or worse, shut down existing generation.

Alberta continues to stress to the federal government that dispatchable baseload and energy storage are critical for energy security, reliability, affordability and safety.

Can natural gas continue after 2035 if needed?

The federal government has incorrectly positioned these regulations as flexible enough to allow carbon-based electricity past 2035 if needed. In practicality, the draft CER is far too rigid and so threatens the reliability of Alberta's future grid.

Currently, the CER's end of prescribed life is defined as 20 years from the commissioning date for natural gas or other units. This will significantly impact natural gas generating assets, including many co-generators that export to the grid. It could lead to shutting them down prior to the end of their usefulness unless costly CCUS modifications are in place.

The draft regulations do include a provision for unabated generation, but these peaking plants are limited in operating time (max 450 hours of operation annually) and emissions (max 150 kt per year).

However, numerous companies have told the Alberta government that it is not commercially viable for them to operate multi-million-dollar plants for only 18 days a year or less. It makes no economic sense for any company to build and operate a facility under these regulations.

What about emergencies?

The federal regulations do allow for unabated natural gas in "extraordinary, unforeseen and irresistible" events. However, there is no definition of what such an emergency includes. Also, as previously noted, natural gas plants need to still be operational and available for use in emergency situations.

Also, the regulations propose having provinces apply to the federal Minister of Environment and Climate Change, post-emergency. The Alberta Electrical System Operator is best positioned to define emergency in Alberta, not federal bureaucrats, and the regulation must reflect that flexibility.

What about interties?

Alberta is exploring ways to strengthen existing interties with other jurisdictions to help reduce emissions and promote long-term reliability.

However, the Alberta Electric System Operator's Reliability Requirements Roadmap has previously identified technical challenges associated with reliability, system strength and flexibility capability, cautioning that increased inter-jurisdictional interties to address

reliability and mitigate intermittent renewables are not the easy solution the federal government is proposing.

Next steps?

Albertans and all Canadians can provide feedback to the draft CER by Nov. 2, 2023. The final regulations are expected to be published in 2024.

Alberta will commence a working group with the federal government to discuss how to bring Ottawa's efforts to decarbonize the economy in line with Alberta's Emissions Reduction and Energy Development Plan.

If this alignment is not achieved, Alberta will chart its own path to ensuring the province has additional reliable, affordable and sustainable electricity brought onto the power grid. This will be accomplished by ensuring an appropriate amount of high-efficiency natural gas base load is added to the grid while incentivizing innovative clean technologies like carbon capture, utilization and storage-abated natural gas generation, small modular reactors, and hydrogen generation.