

August 18, 2023

Carolyn Dahl Rees

Chair

Alberta Utilities Commission

Delivered via e-mail to: inquiries@auc.ab.ca

Dear Ms. Dahl Rees:

RE: AUC inquiry and pause on approvals for affordable, reliable renewable electricity

This is a response to the Alberta Utilities Commission's August 3, 2023 Announcement regarding the pause on power plant approvals and the Commission's forthcoming inquiry on electricity development in Alberta. In that Announcement, the Commission requested input on options for the Commission's processing of power plant applications during the approvals pause period.

This response is on behalf of the Pembina Institute, a national clean-energy think tank and charity headquartered in Alberta and founded in Drayton Valley, that advocates for strong, effective policies to enable Canada's clean energy transition in a manner that supports communities, the economy, and a safe climate. In the electricity sector, the Institute's research and other work has focused on seeking solutions to decarbonize and diversify the grid in a way that fosters a resilient, reliable, and affordable electricity system.

After setting out the Institute's clear and demonstrable interest in this inquiry, we explain why the proposed Approval Hold Only option is the most appropriate, from both a procedural fairness and public policy perspective. We further offer recommendations on an expedited and module-based approach to the inquiry.

Pembina Institute's Interest in the Inquiry

Since its establishment in 1984, the Pembina Institute has advocated for appropriate and responsible development of all energy resources. As an example, in 2010 we wrote a guide for landowners on wind project development.¹ Our work has also included developing resources for landowners dealing with solar projects and oil and gas activities on their lands. We recognize

¹ T. Weis, K. Anderson and A. Doukas, *Landowners' Guide to Wind Energy in Alberta* (Pembina Institute, 2010).
<https://www.pembina.org/pub/landowners-guide-wind-energy-alberta>

that, like all types of energy development, potential impacts of renewable energy projects should be minimized and mitigated.

Pembina Institute Supports Approval Hold Only

The Pembina Institute recommends that the Commission adopt the “Approval hold only” option to fully process all new and existing applications during the Pause period. This option is the most procedurally fair and most aligns with sound regulatory policy. Fundamentally, we agree with others² that these concerns do not necessitate a 7-month pause on project approvals.

Such a pause is unprecedented and creates substantial investor uncertainty in Alberta and puts substantial investment and jobs at risk. Alberta has held inquiries and hearings about energy development issues but has never implemented a pause of this nature while that review is taking place. Decarbonizing the electricity system is an essential part of addressing climate change, as low-carbon electricity plays a critical role as an input into a vast array of low-carbon goods and services that are increasingly in demand in the global marketplace. Delays in reducing the carbon intensity of electricity produced in Alberta is not in the public interest.

Expedited and Module-based Approach to the Inquiry

We further recommend that the Commission work with the Ministry of Affordability and Utilities to clarify and provide more certainty on when the Commission will resume making final decisions on power plant applications. The regulation directing the approvals pause expires on February 29, 2024.³ However, the Commission’s Inquiry report is due one month later, on March 29, 2024, and presumably the Ministry of Affordability and Utilities will need more time to review the Commission’s report and decide what if any new or revised policies are needed and to develop and implement those policies. This timeline suggests that the government will extend the pause on approvals during these reporting and policy development phases, creating further uncertainty for developers and investors.

The Institute recommends the Commission commit to completing and publishing the inquiry report by December 31, 2023 to minimize the disruption to the sector. Moreover, we submit that a number of issues identified in the terms of the inquiry can be resolved more quickly than others. We recommend that the Commission coordinate the inquiry such that issues that can be more quickly resolved are expedited.

² See, e.g., N. Bankes and M. Olszynski, “An Incredibly Ill-Advised and Unnecessary Decision,” *Alberta Law Blog*, August 9, 2023. https://ablawg.ca/wp-content/uploads/2023/08/Blog_NB_MO_Ill-Advised_Decision.pdf

³ Order in Council 172/2023, Appendix (Generation Approvals Pause Regulation, s. 4).

There are eight projects representing 1.3 GW of capacity in the AESO Cluster 1 Assessment process with Preliminary Assessment Packages to be issued by December 31, 2023. These projects' proponents will need certainty in subsequent regulatory procedures before making further investment and development decisions. In addition to these eight projects and the 15 projects currently awaiting Commission approval affected by the pause, there are almost 100 other projects in development – according to the AESO – that may seek an approval in the 7-month period.

Concluding Remarks

While beyond the scope of this response, the Pembina Institute joins with others in recommending that the pause be lifted and that the government (including the Commission and the Ministry of Affordability and Utilities) address concerns through existing regulatory processes and ongoing policy development. We are encouraged that, on August 1, the AESO began the Market Pathways process to explore a system evolution to address some of the issues of concern. Alberta is at a crossroads where the province can choose to transform the electricity system to provide low-carbon, flexible, reliable, and affordable electricity to all Albertans. We are asking the Government of Alberta to reconsider the approvals pause mandate.

In the meantime, and for the reasons set out above, we recommend that the Commission adopt the “approval hold only” process which is the most procedurally fair and productive during the approvals pause period.

Yours sincerely,



Chris Severson-Baker
Executive Director
Pembina Institute

cc: Honourable Minister Nathan Neudorf,

Deputy Minister Tim Grant