



August 17, 2023

Alberta Utilities Commission

inquiries@auc.ab.ca

RE: Approval Pause implementation feedback (Aug. 3, 2023 - AUC Announcement)

Dear Madam/Sir:

The Business Renewables Centre-Canada (BRC-Canada) exists to enable businesses and institutions to access renewable energy for their emissions reduction needs across Canada. This means working closely with buyers and developers of renewables and assisting them in shortening their learning curves as they figure out the best path to power purchase agreements. Our growing organization currently has about 60 participants from across all sectors of the Canadian economy.

BRC-Canada appreciates the opportunity to provide feedback on the implementation of the approval pause, as requested in the Alberta Utilities Commission (AUC) announcement of August 3, 2023. BRC-Canada also wishes to take this opportunity to comment on ancillary process considerations relating to the AUC inquiry into generation development in Alberta.

The approval pause's interference in the Alberta electric energy market is unprecedented, unnecessary, unjustified and surprising. It impacts the ability of corporate and institutional buyers to procure the environmental attributes they need to satisfy Alberta's carbon pricing regulations on major emitters and the environmental, social and governance (ESG) expectations of global finance.

The negative impacts on the investment climate in Alberta are two-fold: direct, in terms of the signal of hostility toward new renewable energy investment; and indirect, in terms of the signal that non-renewable investors and job creators in Alberta will be hampered in satisfying emissions reduction requirements.

We submit the following comments in the spirit of limiting, to the greatest extent possible, the deleterious impacts of the approvals pause on Alberta's economy and investment climate.

1) The AUC should minimize the impacts of the pause by implementing the “approval hold only” option

Recognizing that the *Generation Approvals Pause Regulation* (the *Regulation*) requires the AUC to institute unprecedented interference in Alberta’s electric energy market by singling out particular private sector energy projects for exclusion from approvals – and so long as that regulatory interference is in place – the AUC should implement the narrowest interference possible by only pausing approvals.

A) Alberta’s electricity market regulatory framework requires the smallest possible discriminatory interference in the electricity market

It is a clear, central principle of the Alberta electricity regulatory framework that particular generation types should not be singled out for prohibition. The *Electric Utilities Act* states that the purposes of the *Act* include:

“to provide for a competitive power pool so that an efficient electricity market based on **fair and open competition** can develop, where **all persons wishing to exchange electric energy** through the power pool **may do so on non-discriminatory terms** and may make financial arrangements to manage financial risk associated with the pool price.” [Emphasis added]

It is clear that the approvals pause discriminates between generators wishing to exchange electric energy through the power pool by singling renewable energy out for prohibition on receiving the approvals required to build and operate a power plant to produce energy for exchange through the power pool. While the inquiry is not specific to renewable energy and includes all generation in its scope, the pause is applied only to renewable energy generation, leaving non-renewable generation sources unimpacted. The pause interferes with the fair, efficient and openly competitive (FEOC) operation of the electricity market.

To minimize the AUC’s role in interfering with the proper FEOC operation of the market, the AUC should implement the most limited interference allowed under the *Regulation*. Indeed, it could be argued that the AUC does not have the authority to expand beyond the *Regulation* by further holding up applications at earlier stages prior to disposition.

B) The Minister made the government’s intention clear that only approvals should be paused

The Minister of Affordability and Utilities has stated publicly that only 15 projects – those already in the AUC application process – are affected by the approvals pause. This clearly indicates the Minister’s intent that the *Regulation* only pauses approvals. Expanding the delays to earlier AUC application processes would grow the list of projects that are delayed, contrary to the government’s stated facts and intention to limit the obstruction that the pause causes to private, competitive generation projects.

C) Expanding the scope of the pause will further harm investor confidence in Alberta

In light of the harmful effects of the sudden, surprising approvals pause on investor confidence for investors in Alberta's electricity market, it is vital to mitigate these effects through the implementation of the pause. Unnecessarily expanding the scope of the pause will only aggravate the signal of a hostile investment environment in Alberta. Through diligent and careful implementation of the pause, the AUC can begin to restore investor confidence in Alberta's electricity market.

2) The scope of the policy recommendations arising from the inquiry should not apply to projects for which applications have been submitted

The AUC should make clear from the beginning of the inquiry, that the policy recommendations resulting from the inquiry will not apply to assets that are already operating, projects that have received approval, or projects that have already applied to the AUC.

A) Only by grandfathering projects can the inquiry meet its purpose of providing investment certainty and clarity

The government has stated clearly and repeatedly that the inquiry, and the associated pause, are meant to bring greater certainty for renewable energy investment. This can only be accomplished if the rules governing projects are not changed mid-development.

The Minister of Affordability and Utilities stated the purpose of the inquiry and approvals pause as follows: to "provide future renewable investments with the certainty and clarity required for long-term development."

If projects that have already begun capital investment or have been through the full regulatory process are subject to policy and regulatory changes, this creates precedent for all future projects to face changing rules, undermining certainty and clarity. Moreover, projects that have already applied for approval have undertaken considerable development activities based on the existing rules, including: project design; landowner agreements; stakeholder and community engagement; and preparation of regulatory filings. Imposing new regulatory requirements on these projects will undermine, rather than improve, clarity.

B) Only by signalling grandfathering immediately can investor confidence begin to be restored

Investors should not have to wait until the end of the inquiry and the subsequent government policy development processes to gain certainty and clarity around the projects that they have in-flight. Only with immediate, clear statements on the scope of application of forthcoming policy and regulatory changes can investor confidence begin to be restored in Alberta's electricity market and regulatory regime. Only clear and immediate indications that Alberta's regulatory apparatus and government decision-makers intend to rebuild investor confidence can begin to repair the hostile signal sent by the sudden and unexpected pause.

Thank you for the opportunity to provide initial feedback on the implementation of the approvals pause and the launch of the AUC inquiry. We are optimistic that expedient and diligent action to repair investor confidence in renewable energy development and in the availability of renewable energy attributes for corporations and institutions can begin to restore a properly functioning free market for electric energy and emissions offsets in Alberta.

If you have any questions, please reach out at your convenience.

Sincerely,

DocuSigned by:

Jorden Dye

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Acting Director

[Business Renewables Centre-Canada](#)