

FIRSTLIGHT

An Introduction to Alberta's Changing Energy Market

MARKET IN MOTION
INTRO
PRIMER SERIES



A new season begins

Alberta's corporate renewable energy market is turning a corner.

For the better part of three years, what had been Canada's most active market for private-sector renewable energy investment lay largely dormant, held in place by a prolonged period of policy uncertainty that made deal-making all but impossible. It was a difficult stretch for buyers, developers and everyone who had worked to build this market from the ground up.

But the ground is beginning to soften. Across several major policy files, the extended period of flux is giving way to concrete decisions with real implications for how

renewable projects are built, financed and structured. The thaw is slow and uneven, and much remains to be worked through. But the direction is forward.

To support the corporate renewable energy market through education, awareness and community, BRC-Canada is launching the Market in Motion Primer Series. Over the coming months, we will release a collection of in-depth primers, one for each major policy area shaping Alberta's evolving renewables landscape.

The vision is for an informed market to overcome the risks and challenges of renewables, enabling renewed investment in Alberta's renewable energy sector.

Each primer will examine:

How policy changes will affect renewable energy development and operations

What that means for corporate offtake agreements

What kinds of commercial innovations can help to mitigate and efficiently allocate these risks and threats

How Alberta's market came to freeze

To understand where the market is headed, it helps to understand where it has been.

From 2019 to 2023, Alberta was Canada's leading destination for business-driven renewable energy investment. The centrepiece of that period was a meaningful commercial innovation: virtual power purchase agreements (vPPAs) structured through contracts for difference (CfDs). These gave private-sector partners an efficient way to share merchant-market risks that had previously prevented financing for new renewable energy projects. Through collaboration and negotiation, buyers and developers found a path to unlock new wind and solar projects by attracting low-cost financing. This enables business competitiveness by giving industrial and commercial corporations access to new long-term, low-cost, non-emitting power to help meet corporate resiliency and climate targets.

That momentum didn't slow because the interest disappeared. It slowed because of a sustained period of policy change that, cumulatively, made the investment landscape very difficult to navigate.

Starting in the summer of 2023, four significant streams of policy reform began reshaping Alberta's energy sector:

1. Land conservation regulations
2. Electricity market restructuring
3. Transmission planning policy overhaul
4. Industrial carbon pricing weakening

Four streams of policy reform

Land
conservation
regulations



Electricity
market
restructuring



Transmission
planning policy
overhaul

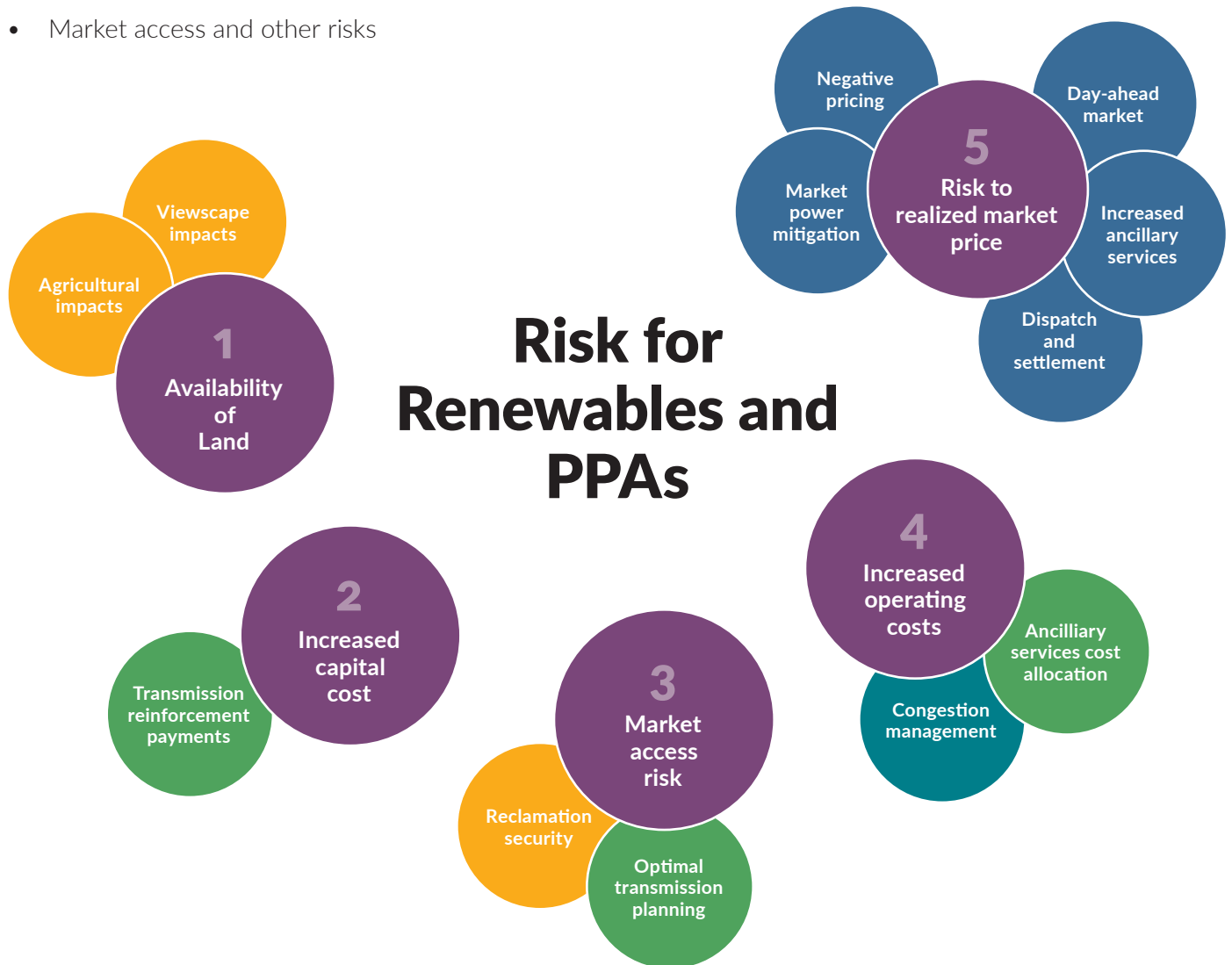


Industrial
carbon pricing
weakening



Each introduced its own set of challenges for renewable projects and offtake deals:

- Restricted development opportunities / reduced supply, higher development costs
- Higher capital costs
- Higher operating costs
- Lower market revenues
- Market access and other risks



Cumulatively, without clarity on how the policy landscape would ultimately settle, developers had limited ability to evaluate their options and buyers had no reliable basis for pricing the risks involved in new deals. During the following years of policy reform, the result was a market that effectively stalled. Deal volume fell by 99 per cent between 2023 and 2025. Wind energy construction came to a standstill. 2025 was the first year since 2018 without new wind capacity additions, and the first time Alberta’s installed wind capacity had declined. Solar investment also fell to its lowest levels since 2019. Additionally, several late-stage project cancellations suggest the effects of the freeze will likely persist well into 2026.

The first signs of thaw

The period of uncertainty is not over. But it is beginning to lift.

Some of the major policy development cycles have now reached the implementation phase, meaning the private sector can begin planning around actual decisions rather than anticipated ones. Several other policy files are expected to conclude in 2026, with implementation beginning before the year's end or in early 2027. What emerges from this process will be a more complex regulatory and market environment: one that brings higher costs and new categories of risk for parties to commercial offtake agreements.

This primer series is designed to serve our BRC-Canada community by sharing helpful information tailored for both buyers and developers.

In addition, BRC-Canada will host a series of public webinars that will run alongside each primer release to bring together relevant and diverse voices for meaningful discussions on each topic.

At the same time, complexity is something Alberta's business renewables community has a track record of working through. The ingenuity, resilience and collaborative spirit that defined the market's earlier growth remain. A more demanding environment makes those qualities more crucial rather than diminishing them.

BRC-Canada's role in this next phase is to support the community in understanding and navigating the new policy landscape, with a particular focus on helping prospective buyers engage with confidence. The Market in Motion Primer Series will address each major area of policy change as clarity emerges, working to fill the information gaps left by years of policy reform.

The schedule for the series will follow the pace of policy finalization. Government timelines for these files have been fluid; a "six-month pause and review" announced in August 2023 extended into a multi-year development cycle, so each primer will be released once the relevant policy area has reached sufficient clarity.

As of May 2026, the anticipated release is as follows:

Primer	Topics Covered	Remaining Uncertainty	Key Dates
Land conservation restrictions and cost burdens	Agricultural first; viewsapes; reclamation security; setbacks; recycling requirements	New (Apr 2026) setback consultation	Most uncertainty concluded, setback timing TBD, recycling next steps unclear
Congestion risk	Optimal transmission planning (OTP); locational marginal pricing (LMP)	OTP Rule filing for AUC review	Filing in Q3 2026, AUC review through to Q1 2027
The new market	Restructured energy market (REM) design, aside from LMP	REM IT infrastructure and shadow market function	MPR through 2026, shadow market 2027, cutover early 2028
Existing investment expectations	Incumbent transition payments (ITPs)	Final ITP design, treatment for each technology	Q2 2026 policy decision and new regulation
Connection costs	Transmission reinforcement payments (TRP)	TRP design filing for AUC review	Filing in Q3 2026, implementation for Cluster 4 in 2027
Ancillary service costs	Administratively-determined R30 cost allocation	Treatment of collocated BESS and exemption opportunities	Unclear timing for clarity on the use of the exemption
Industrial carbon pricing	MOU outcomes, 2027-2030 TIER design, Direct investment program	Prov/Fed industrial carbon pricing agreement, 2027-2030 TIER design and fed benchmark	Agreement in Q2 2026, TIER design and benchmark approval by the end of 2026
Long-term congestion risk mitigation	Enduring market for financial transmission rights (FTRs)	Enduring FTR market framework choice and design	TBD
Series wrap-up	Storage and collocated load as mitigations		After everything else!

Each primer will:

- **review** the key changes in its designated policy area;
- **assess** the challenges and risks it will pose to commercial offtake agreements; and,
- **explore** how financial arrangements might be structured to enable well-financed projects for cost-effective, non-emitting energy.

Shadows in the snow melt

Even as the policy picture clarifies, one category of risk is more difficult to fully account for: the residual uncertainty that comes from having navigated an extended period of significant policy change.

The reforms of the past several years followed a recognizable arc, moving from known unknowns, risks that were identifiable but hard to quantify, toward known knowns, as policy outcomes were eventually decided and announced. That arc will continue through 2026 and into 2027. But there remains a different kind of risk on the other side of this process: the challenge of rebuilding investor confidence in a regulatory environment that has changed substantially and quickly.

Part of this concern centres on the credibility of new commitments. Alberta's electricity sector had long operated under a zero-congestion planning standard, which required the province to work consistently toward a grid that would deliver all in-merit energy to market. Existing generators made investment decisions on that basis. When that standard was set aside while remaining on the books, it raised understandable questions about how future commitments will be maintained and whether the new, considerably more complex planning standard that replaces it will be applied consistently.

Investors are also reasonably asking what might happen if the restructured energy market encounters short-term challenges in reliability or affordability and whether that could prompt out-of-market responses that could affect the REM's role as an investment signal. These are open questions, and they represent what might be called the unknown unknowns of this recovery: considerations that are worth naming honestly even if their shape and scale cannot yet be fully defined.

The commercial agreements affected by recent policy changes may, in some cases, require careful renegotiation or other resolutions. That experience is still fresh for many market participants, and it will reasonably shape how they approach new commitments. A cautious market is not unreasonable, and this series is designed in part to help the community work through these layers with transparency and a shared understanding.

The work ahead

Alberta's corporate renewable energy market has come through a genuinely difficult period.

The path back to a fully functioning market for commercial offtake deals will take time, patience and a willingness to engage with a policy environment that is more layered than the one that preceded it. None of that is trivial.

But this community has always operated at the frontier of what's possible in corporate renewable energy. It has structured innovative agreements, built trust across sectors, and advanced projects from concept to completion in a market needing creativity at every stage. The past few years tested the community's resolve. The coming years offer the opportunity to demonstrate once again what becomes possible when knowledge, collaboration and shared purpose are in the room together.

The Market in Motion Primer Series is BRC-Canada's contribution to that effort, a commitment to ensuring that when deals are ready to move, the community has the information and context it needs to proceed with confidence. **Spring arrives not all at once, but one day at a time.**

Be part of what comes next

This primer is the first in a series. As policy clarity emerges across the major files shaping Alberta's energy market, BRC-Canada will release new editions covering congestion risk, the restructured energy market and more. Members receive each primer as it arrives, along with access to accompanying webinars and a growing community of buyers, developers and intermediaries.

Learn more at businessrenewables.ca/join



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