

## **BIG changes are on the horizon for Alberta's electricity market. What does this mean for rate-paying Albertans? New Policy School report**

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Calgary – The Alberta government is about to make big changes to the electricity market in Alberta. These changes include the phasing out of coal generation by 2030, the supply of 30 per cent of electricity from renewables by 2030, and the introduction of a capacity market in addition to the current electrical energy market.

On Thursday, April 19th, The School of Public Policy with author Brian Livingston released a report that is the deepest dive yet into what the government's changes to the electricity market actually mean. The report is a primer for Albertans confused about the changes that the province is bringing in.

According to Livingston, "The achievement of these changes will require a large amount of investment in the next 15 years to create new generating capacity that currently does not exist. The Alberta Electric System Operator (AESO) has forecast that by 2032, Alberta will need an additional 7,000 megawatts of gas generation, 5,000 megawatts of wind, 700 megawatts of solar and 350 megawatts of hydro. To put this in context, the Ontario grid currently has 4,213 megawatts of wind (11 per cent of total generating capacity) and 380 megawatts of solar (one per cent of generating capacity)."

The way Albertans think of their electrical future can perhaps be summed up in one phrase: "Whatever we do here in Alberta, please let us not do it like they did it in Ontario." The important thing to note is that all of these higher prices in Ontario are paid for by the electricity consumer. The amounts show up in the bill they receive every month. The higher prices are very visible, and the Ontario consumers (who are also voters) have been very vocal in their reaction to these costs. This is in direct contrast to the approach taken by the government of Alberta. Retail electrical prices are capped at 6.8 cents per kilowatt-hour. Any costs in excess of this capped price will be paid by the taxpayers of Alberta through the payment of a carbon tax.

The Alberta electrical grid is facing a number of fundamental changes in its future design. It will involve new players, the elimination of coal, an increase in renewables, a change in the form of compensation paid to producers, some potential new technology to provide backup power, and at least short-term price protection for consumers.

The paper can be downloaded at <https://www.policyschool.ca/publications/>

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