

BUDGET 2023

GOVERNMENT OF ALBERTA | 2023-26

Ministry Business Plan Affordability and Utilities

Affordability and Utilities

Business Plan 2023-26

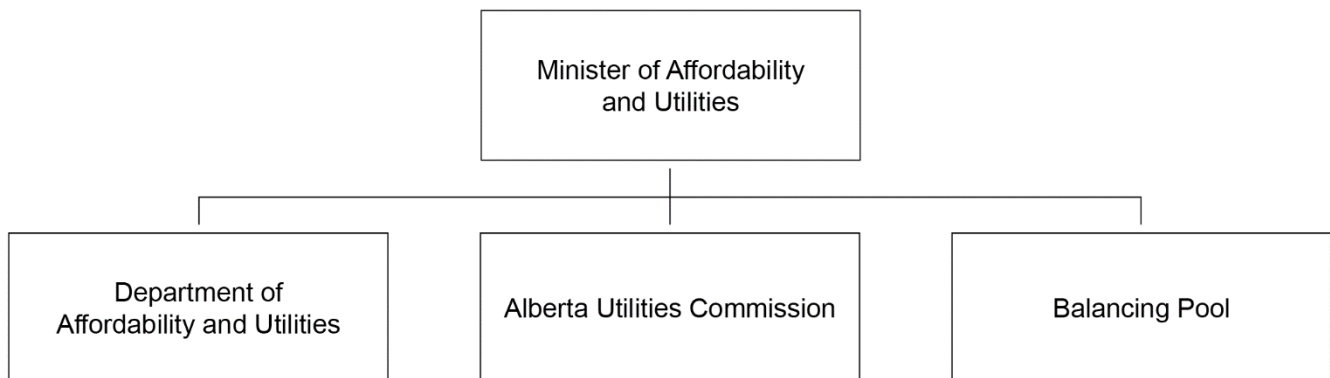
Ministry Fact Sheet – Mandate and Structure

The Ministry of Affordability and Utilities leads and coordinates the government's ongoing efforts to make everyday life more affordable for Albertans. Affordability is the primary challenge facing Albertans today, and the Government of Alberta will take decisive action to support Albertans through the inflation crisis.

The Government of Alberta's Affordability Action Plan is one of the largest of its kind in Canada. The plan targets areas where quick, effective action can be taken to help Albertans manage the impacts of inflation. The ministry leads the coordination of programs to deliver critical and broad-based inflation relief to all Albertans, with additional targeted affordability supports for families, seniors and vulnerable Albertans. These will cut costs for families and businesses, and help parents, seniors and vulnerable Albertans with their daily living costs.

The ministry also manages and develops policy for the development of the province's utilities sector and oversees a reliable and affordable electricity system for Albertans.

While Alberta's economy has recovered strongly, many Albertans have been struggling to heat and power their homes and businesses under increasing utility costs. The ministry will take quick and decisive action to provide relief for Albertans while also developing long-term solutions to protect consumers and address the cost of utilities in the province.



The Department of Affordability and Utilities:

- leads the government's ongoing efforts to make everyday life more affordable for Albertans;
- manages policy, legislation, regulation and programming related to the generation, transmission, distribution, and retail and wholesale markets for electricity to support a competitive, safe, reliable and affordable power system for Albertans;
- manages policy, legislation, regulation and programming related to the distribution and retail marketing of natural gas to ensure a competitive, safe, reliable and affordable supply of natural gas for retail gas consumers;
- manages the policy and programs supporting the expansion and upgrading of rural utility infrastructure; and
- oversees the Utilities Consumer Advocate's critical role in representing, educating and supporting residential, small business and farm consumers of electricity and natural gas.

The Alberta Utilities Commission regulates the investor-owned utilities sector, generation development, and natural gas and electricity markets to protect social, economic and environmental interest of Albertans where competitive market forces do not. Its operations are funded by Alberta rate payers through an administration fee levied on Alberta's utilities and the independent system operator.

The Balancing Pool supports a fair, efficient and openly competitive electricity market in Alberta by performing the legislated duties and responsibilities set out in its mandate.

A more detailed description of the Ministry of Affordability and Utilities and its programs and initiatives can be found at: www.alberta.ca/affordability-and-utilities.aspx.

The Ministry of Affordability and Utilities remains committed to regulatory approaches and program delivery that reduce unnecessary government oversight and emphasizes outcomes, in order to improve access to government services, attract investment, support innovation and competitiveness, and grow Alberta businesses.

Ministry business plans should be considered in conjunction with all budget documents - including the Fiscal Plan, Government Strategic Plan, and Estimates - which work together to provide a complete overview of government's commitment to responsible fiscal management.

Business Plan

Outcome 1

Everyday life is more affordable for Albertans

Alberta’s economy has recovered strongly, but the inflation and affordability crisis is the primary challenge facing Albertans today. The Ministry of Affordability and Utilities will lead and coordinate the Government of Alberta’s inflation relief measures to support all Albertans to feed their families, heat their homes and manage the daily cost of living.

Key Objectives

- 1.1 Lead, facilitate and coordinate the Government of Alberta’s ongoing efforts to identify and advance opportunities to address affordability and cost of living concerns of Albertans.
- 1.2 Provide financial relief to Albertans through programs such as the Natural Gas Rebate Program, the Electricity Rebate Program, and the Remote Area Heating Allowance program.
- 1.3 Educate, mediate and advocate for Alberta’s small business, farm, and residential electricity, natural gas and water consumers through the Utilities Consumer Advocate.

Initiatives Supporting Key Objectives

- \$47.6 million is budgeted for the Electricity Rebate Program in 2023-24 to provide targeted relief to homes, farms, and small businesses.
- \$6.7 million is budgeted for the Utilities Consumer Advocate in 2023-24 to educate Albertans, mediate disputes, and advocate in the interest of utility consumers.

Performance Metrics

- 1.a **Performance Measure: under development**
- 1.b **Performance Indicator: Alberta annual inflation rate compared to national level**

Alberta’s annual inflation rate including its components (food, energy, shelter), while out of Alberta’s control, demonstrates the nature and extent of affordability challenges facing Albertans.

		2018	2019	2020	2021	2022
Alberta / Canada (Per cent change)	All Items	2.5 / 2.3	1.7 / 2.0	1.1 / 0.7	3.2 / 3.4	6.5 / 6.8
	Food	1.6 / 1.9	3.7 / 3.4	2.6 / 2.3	2.7 / 2.5	8.3 / 8.9
	Energy ¹	14.8 / 6.7	-3.5 / -2.2	-3.7 / -7.6	26.0 / 18.9	20.9 / 22.6
	Shelter	2.3 / 2.1	2.4 / 2.5	1.3 / 1.7	3.2 / 3.9	6.6 / 6.9

¹ Note: Energy includes gasoline, natural gas and electricity prices

Outcome 2

Albertans benefit from a safe, reliable, affordable utilities system

A safe, reliable and affordable utilities system is critical to meet the everyday needs of all Albertans. The Ministry of Affordability and Utilities will advance a modern and competitive utilities system that attracts investment, supports job creation, and upholds the public interest of Alberta.

Key Objectives

- 2.1 Enable a modern, competitive and adaptive electricity system for Albertans to support job creation, attract investment and support the adoption of lower-carbon energy in the province.
- 2.2 Address the cost of utility payments for Albertans by:
 - ensuring regulated rates for electricity and natural gas are formulated to best serve Albertans; and
 - reviewing transmission, distribution and other costs.
- 2.3 Support the expansion and upgrading of rural utility infrastructure to encourage socio-economic growth and rural job creation.
- 2.4 Ensure the safe, reliable, efficient and environmentally responsible development and operation of the electric and natural gas system to protect the public interest of Alberta.
- 2.5 Streamline legislative requirements and regulatory processes for Alberta's utilities sector.

Initiatives Supporting Key Objectives

- \$33.5 million is allocated to the Alberta Utilities Commission in 2023-24.
- \$6.4 million is budgeted for the Rural Gas and Electric Programs in 2023-24 to support the installation and upgrading of rural utility infrastructure.

Performance Metrics

2.a Performance Measure: Timeliness of need and facility application processing (Alberta Utilities Commission)

This measure monitors the Alberta Utilities Commission's performance at meeting the legislated 180-day review timeline for need and facility applications. These statutory timelines begin on the date when the AUC deems the application complete.

In 2021, 98.5 per cent of Alberta Utilities Commission needs and facilities applications were determined within 180 days.

Targets	2023-24	100%	2024-25	100%	2025-26	100%
---------	---------	------	---------	------	---------	------

2.b Performance Indicator: Generation and storage capacity (in megawatts)

	2018	2019	2020	2021
Natural Gas	7,516	7,636	7,907	9,281
Coal (Target 0% by 2030)	5,723	5,723	5,574	3,591
Renewables (Target 30% by 2030)	2,825	3,028	3,194	3,718
Other	128	128	128	131
Total generation capacity	16,193	16,515	16,803	16,721
Storage Capacity (megawatt hours) ²	NA	NA	10	50

² Note: Storage capacity was not tracked prior to 2020.

2.c **Performance Indicator: Alberta investment in electricity generation, transmission and distribution**
(2021 results are preliminary actual)

	2018	2019	2020	2021
Total investment in electricity generation, transmission and distribution (Cdn\$ billions)	2.46	2.61	2.83	4.49

STATEMENT OF OPERATIONS

(thousands of dollars)

	Comparable		2023-24 Estimate	2024-25 Target	2025-26 Target
	2022-23 Budget	2022-23 Forecast			
REVENUE					
Investment Income	50	50	400	400	400
Net Income Balancing Pool	111,700	119,920	102,649	102,649	102,649
Other Revenue	6,707	37,707	13,819	12,041	6,707
Utility Regulation Industry Levies and Licences	30,306	30,306	32,250	33,015	33,803
Consolidated Total	148,763	187,983	149,118	148,105	143,559
EXPENSE					
Affordability and Utilities	18,669	24,742	23,809	23,081	20,888
Climate Change	33,787	33,787	31,493	31,493	31,493
Ministry Support Services	2,721	3,033	3,374	3,387	3,387
Utilities Regulation	30,671	30,671	33,515	34,280	35,068
Utility Rebate and Grant Programs	-	647,796	47,575	-	-
Consolidated Total	85,848	740,029	139,766	92,241	90,836
Net Operating Result	62,915	(552,046)	9,352	55,864	52,723
CAPITAL INVESTMENT					
Ministry Support Services	-	-	25	25	25
Utilities Regulation	1,500	1,500	750	750	750
Consolidated Total	1,500	1,500	775	775	775