



BUSINESS PLAN: 2018 – 2019 to 2020 – 2021



ALBERTA UTILITIES COMMISSION

The Alberta Utilities Commission (AUC) is an independent, quasi-judicial agency of the Government of Alberta.

While the Minister of Energy is responsible for the AUC, it makes formal decisions independently in accordance with relevant statutes and regulations. The AUC's operations are funded through a general administration fee on Alberta's utilities and on the independent system operator (ISO).

The AUC reports on administrative matters to the Alberta legislature through the Minister of Energy.

Vision

The AUC is a trusted leader that delivers innovative and efficient regulatory solutions for Alberta.

What We Do

The AUC regulates the utilities sector, natural gas and electricity markets to protect social, economic and environmental interests of Alberta where competitive market forces do not.

How We Do It

The AUC is fair, open and transparent in its regulatory processes and delivers sound principled decisions.

Values

- We are impartial and objective.
- We are accountable and strive for excellence in everything we do.
- We treat everyone with dignity and respect.
- We maintain and promote a positive work environment.

STRATEGIC PRIORITIES

This business plan sets out for 2018 - 2019 to 2020 - 2021 the fundamental long term objectives, strategies and ongoing adjudicative work that are central to the AUC's regulation of the utility and market sectors of Alberta's economy. We have also established performance measures to track our progress made against our objectives.

The following strategic priorities focus our work for this planning period and beyond:

Public Confidence

We will enhance public confidence in the AUC's regulation by improving our regulatory processes to ensure they are effective, efficient, open and transparent.

Principled Decisions

We will provide timely, principled decisions and ensure that the public interest is considered in every application that comes before us.

Innovation

We will focus on developing new and innovative approaches to traditional regulation.

CORE BUSINESSES

Market Oversight and Enforcement

The AUC develops and amends rules that support the orderly operation of the retail natural gas and electricity markets, and adjudicates on contraventions that the Market Surveillance Administrator may bring before the AUC regarding wholesale electric market and operational rules or complaints from market participants about rules governing the wholesale electric market. The AUC has an enforcement program that promotes compliance with relevant law, AUC rules, decisions and orders.

Facilities

The AUC is responsible for making timely decisions on the need, siting, construction, alteration, operation and decommissioning of natural gas and electricity transmission facilities. The AUC regulates power plants to ensure they are sited, constructed, altered, operated and decommissioned in a safe and environmentally responsible manner.

Rate Regulation

The AUC regulates investor-owned natural gas, electric and water utilities, and certain municipally-owned electricity utilities to ensure customers receive safe and reliable service at just and reasonable rates.

OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES

OBJECTIVE **1** MARKET OVERSIGHT AND ENFORCEMENT

Facilitate the fair, efficient and openly competitive operation of the retail natural gas and electricity markets, and wholesale electricity market through the use of transparent economic, technical, and non-market policy regulation. Enhance public confidence in AUC regulation through an effective compliance and enforcement program.

Context

Entities regulated by the AUC operate in an environment that is complex with agencies, utilities and market participants each delivering on their own responsibilities in accordance with an established regulatory and legal framework. A key part of the AUC's responsibilities is to ensure that these entities comply with their obligations through established processes that are fair, efficient and transparent. Public confidence in regulation rests on an assurance that regulated entities will be compliant.

When matters are brought before the Commission by the Market Surveillance Administrator, the AUC determines whether market participants have contravened regulatory requirements or have engaged in anti-competitive conduct. Complaints regarding established or proposed regulatory requirements can also be brought before the Commission by market participants. Principled and reasoned decisions ensure that market participants understand their duties and responsibilities and the principles that guide those decisions so that the markets can function properly.

The AUC also has a key role in implementing new or changing regulatory requirements through effective rulemaking. Our role is to enact rules or modifications to rules and in so doing consider whether the rule will continue to support a competitive market. The AUC has adopted a more flexible process of using stakeholder working groups and consultations to develop and implement rules.

Effective compliance involves a number of activities and mechanisms. These include ongoing monitoring to ensure parties follow codes, rules and orders, providing an opportunity to have complaints addressed by the AUC and resolving compliance matters, including by enforcement, where necessary. The AUC investigates complaints and conducts enforcement through compliance orders or administrative penalties, where warranted.

In this planning period our work will also include working with stakeholders to develop and implement an asset monitoring reporting program to provide the AUC with greater visibility in the distribution companies' management of their utility assets under a performance-based regulation scheme. Another key objective in this planning period is for the AUC to become an authoritative source of quality analysis for capacity markets. This means building capacity and expertise to carry out our adjudicative function in the review, approval and operation of capacity market rules.

Strategies

- 1.1 Assess and enhance adjudicative and administrative processes and procedures for proceedings, in conjunction with stakeholders.
- 1.2 Develop and implement rules that support and enhance the effectiveness of competitive natural gas and electric retail markets, in conjunction with stakeholders.
- 1.3 Support staff and the Commission through wholesale market updates, and emerging issues pertaining to the retail electric and natural gas markets.
- 1.4 Implement rules as necessary to respond to government policies.

- 1.5 Operate an enforcement program that promotes compliance with relevant law, AUC rules, decisions and orders.

Performance Measures

- 1.a 100 per cent of decisions are issued within 90 days after the close of record.
- 1.b 100 per cent of decisions regarding micro-generation disputes are issued within 30 days after the close of record, as legislated.
- 1.c 100 per cent of decisions regarding uncontested reliability standards or ISO rule applications are issued within 30 days after the close of record.
- 1.d 100 per cent of all ISO rule notices are issued within five calendar days, as legislated.
- 1.e 100 per cent of all other notices are issued within established timelines.
- 1.f 80 per cent of code of conduct proceedings will have the record completed within established timelines.
- 1.g No disputes between the market participants are being brought to the AUC for adjudication under Rules 002, 003, 004, 010, 021 and 028.
- 1.h Continue to develop asset monitoring reporting plans for the distribution utilities under the second generation of performance-based regulation.
- 1.i 75 per cent of consultation participants surveyed indicate they are satisfied with the effectiveness of the consultation process.

OBJECTIVE **2** FACILITIES

Ensure understanding of, and confidence in, the impartiality, transparency and competence of the AUC in its timely and efficient review and oversight of energy projects and of the opportunities for meaningful participation.

Context

In Alberta, implementation of the Climate Leadership Plan will continue the development of additional energy infrastructure, aimed at achieving legislated renewable electric energy targets from energy sources such as wind, solar, hydroelectric, biomass and geothermal powered generation, replacing aging (coal-fired) infrastructure, and meeting the needs of Alberta's economy. Transmission infrastructure build out will continue to require significant Commission resources. The Commission will need to examine new ways to efficiently and effectively carry out its mandate. Clear, effective communication and interaction with stakeholders is important if we are to be an effective and trusted regulator.

The AUC reviews proposed facility applications to ensure they are in the public interest, considering the environmental, social and economic impacts. The AUC anticipates a significant number of applications for the 2018 - 2019 to 2020 - 2021 period and will make practical improvements to application processes to improve timeliness and efficiency, without compromising participant expectations of a fair and transparent process.

It is vital that the AUC maximize the public's trust in the Commission's review of applications and to provide meaningful opportunities to participate in the review. This will be accomplished by ensuring the Commission retains the necessary expertise, and enhances public notification and education about participation in AUC proceedings.

Strategies

- 2.1 Review, update, and implement rules in order to make regulation more efficient and effective and to add clarity and certainty to the requirements and responsibilities of applicants.
- 2.2 Continuous improvement of AUC compliance assessment and reporting, and implement solutions as required.
- 2.3 Enhance communication tools, such as stakeholder and landowner information sessions and the AUC website, to explain and enable participation in AUC proceedings.
- 2.4 Continuous improvement of AUC processes for all facility and transmission needs applications to ensure they are conducted in a timely manner and provide appropriate opportunities for public input.
- 2.5 Evaluate opportunities to eliminate the need for applicants to file routine, low risk facility applications.

Performance Measures

- 2.a 100 per cent of decisions for proceedings with an oral or written hearing are issued within 90 days after the close of record.
- 2.b 100 per cent of decisions for proceedings not requiring an oral or written hearing are issued within 30 days after the close of record.

- 2.c 100 per cent of need, electric and gas pipeline facility decisions are issued within 180 days of the application being deemed complete.
- 2.d 100 per cent of application response letters are sent within 15 working days of the application being filed.
- 2.e The AUC will conduct a minimum of one information session for each major facility application, and those applications proceeding to an oral hearing.
- 2.f 80 per cent of facility applications are processed within established full-cycle timelines.
- 2.g 80 per cent of proceeding participants surveyed indicate they understand the needs and facility application process.
- 2.h 85 per cent of proceeding participants surveyed indicate they were treated in a fair, open and transparent manner.

OBJECTIVE **3** RATE REGULATION

Rate-making related responsibilities will be carried out in a principled, effective and efficient manner.

Context

While Alberta's energy delivery services (electric and gas) have undergone significant changes in recent years, one thing that has remained constant is our obligation to regulate the monopoly functions of distribution and transmission with respect to price and service quality levels. This kind of regulation will remain important for as long as the monopoly conditions exist in the market for these essential services.

During this plan period, the AUC will continue to focus on performance-based regulation (PBR) and other ways of regulating these monopoly services so that the regulated firms behave more like companies operating in competitive markets, while still subject to appropriate safeguards for service quality.

Strategies

- 3.1 Continue with performance-based regulation for distribution companies.
- 3.2 Improve regulatory efficiency, certainty and consistency by establishing principles through generic proceedings, consulting and employing rule-making as an alternative to litigation where appropriate.
- 3.3 Continually assess processes and implement changes in order to promote timeliness consistency and continuous improvement.
- 3.4 Review and update existing rules to make regulation more efficient and effective.

Performance Measures

- 3.a Notices or response letters will be issued for all applications within established target timelines.
- 3.b 80 per cent of the proceedings for each proceeding type will have the record completed within established target timelines including those outlined in Bulletin 2015-09 and AUC Rule 011.
- 3.c After the close of record on a proceeding, 100 per cent of decision reports for each proceeding type will be issued within 90 days or other applicable target timelines including those outlined in Bulletin 2015-09 and AUC Rule 011.

OBJECTIVE **4** ORGANIZATION

Provide the organizational infrastructure to support the AUC in achieving its objectives and sustaining its values.

Context

The delivery of the AUC's core objectives is dependent on the right people, an efficient corporate structure and a functional and positive work environment.

Strategies

- 4.1 Improve understanding of the AUC's expertise and support its positive reputation.
- 4.2 Attract, develop and retain the human capital that has the expertise required for AUC regulation.
- 4.3 Maintain an efficient and balanced governance structure that defines responsibilities and ensures accountability.
- 4.4 Provide efficient information management systems and processes to support AUC objectives.
- 4.5 Conduct operations that incorporate best business practices for this organization.
- 4.6 Provide legal support, as required, for each of the strategies in objectives 1-4.

Performance Measures

- 4.a The employee satisfaction index as measured in the annual AUC Employee Survey meets or exceeds the AUC's five-year average.
- 4.b The work environment index as measured in the annual AUC Employee Survey meets or exceeds the AUC's five-year average.
- 4.c The organizational leadership/direction index as measured in the annual AUC Employee Survey meets or exceeds the AUC's five-year average.
- 4.d The AUC's satisfaction index, as measured in the stakeholders satisfaction survey meets or exceeds 85 per cent.
- 4.e AUC's stakeholders are able to access the AUC's website which includes the eFiling System 97 per cent of the time on business days between 7 a.m. and 7 p.m.
- 4.f 80 per cent of information technology system maintenance on the AUC's website including the eFiling System will occur during the regular scheduled system maintenance outages.
- 4.g The AUC's annual financial statement audit and periodic systems audits do not result in recommendations published in the Report of the Auditor General of Alberta.
- 4.h 100 per cent of costs decisions will be issued within the following target timelines:
 - Quarterly energy price setting plan costs decisions within 60 days after the costs application close of record.
 - All remaining costs decisions within 90 days after the costs application close of record.

4.i Costs decisions not including quarterly energy price setting plan costs decisions will be issued within 60 days after the close of record.

Target 2018-2019	Target 2019-2020	Target 2020-2021
30%	40%	40%

4.j 100 per cent of stage one review and variance decisions will be issued within 90 days after the close of record.

4.k 97 per cent of complaints/inquiries will be responded to and 85 per cent closed within the following target timelines:

- Response: email and phone - 1 working day; letter – 5 working days
- Closed: all types - 5 working days.

4.l No Commission decision for which permission to appeal has been granted by the Alberta Court of Appeal will be overturned on grounds of procedural fairness.