

SCHEDULE C

Terms of Reference for an inquiry into and report to the Minister of Energy on the harmonization of the Regulated Rate Option Regulation and Default Gas Supply Regulation

WHEREAS the Alberta Department of Energy (ADOE) wishes to harmonize the *Regulated Rate Option Regulation*, AR 262/2005 (*RRO Regulation*) and *Default Gas Supply Regulation*, AR 184/2003 (*DGS Regulation*), using the following Principles as discussed in the “Electricity and Natural Gas Retail Market Harmonization Principles” Discussion Paper of 2006 (not ranked in order of importance):

- 1 The Consistency Principle: The rules for both electricity and natural gas will be consistent, unless differences in the characteristics of the physical commodities or their markets make it unreasonable;
- 2 The Accessibility Principle: The structure and the language of the regulations will be simple and accessible without compromising the effectiveness of the rules;
- 3 The Predictability Principle: The rules will offer regulatory certainty and predictability to market participants;
- 4 The FEOC Principle: The framework will support the fair, efficient and openly competitive (FEOC) operation of the retail market for electricity and natural gas;
- 5 The Customer Choice Principle: Customers will be able to make informed choices about products and retail service providers, and the transactions necessary for customers exercising their choice will be as efficient as possible;

WHEREAS the ADOE wishes to obtain information that would assist in the harmonization described above:

THEREFORE the following terms of reference apply in respect of the inquiry into and report to the Minister of Energy on the harmonization of the Regulated Rate Option Regulation and Default Gas Supply Regulation:

- (a) the Alberta Utilities Commission (AUC) shall inquire into the following matters for the purpose of gathering information with respect to those matters:
 - (i) the harmonization of the *RRO Regulation* with the *DGS Regulation* in accordance with the harmonization principles outlined in the preamble;
 - (ii) the availability of common approaches and appropriate consumption thresholds for determining customer eligibility criteria for the regulated rate for both natural gas and electricity;
 - (iii) the availability of similar approaches for energy price setting plans (EPSPs) for both natural gas and electricity that build on sections 6(2) and 11(1) of the *RRO Regulation*;

- (iv) the appropriate transparency of the EPSPs;
- (v) the appropriate areas of consistency between respective EPSPs of each Regulated Rate Option (RRO) Provider and Default Supply Provider;
- (b) proceedings of the AUC related to the inquiry must be conducted in public;
- (c) the AUC shall report to the Minister of Energy in relation to the matters referred to in clause (a);
- (d) the AUC's report
 - (i) must not make recommendations but shall, through its analysis of the evidence on the record of the inquiry, provide findings and pros and cons on various issues as it deems appropriate, and
 - (ii) must be submitted to the Minister of Energy no later than one year from the date on which the Order in Council to which this Schedule is attached was made.