

# Overview from AUC Chair Mark Kolesar

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## Electric Distribution System Inquiry

Alberta's electric distribution system is in transition due to shifting market, technology, public policy, consumer behaviour and environmental factors. Understanding how this transition plays out, and ensuring effective management of change and its effects are central to the public interest mandate of the Alberta Utilities Commission to deliver innovative and efficient utility regulatory solutions for Alberta.

For these reasons, the Alberta Utilities Commission is conducting an inquiry to consider Alberta's changing electric distribution system. The goal of the inquiry is to take a collaborative approach to map out the key issues related to the distribution system's future, so the Commission can develop the necessary regulatory framework to accommodate the evolution of the electric grid.

The inquiry was announced in Bulletin 2018-17.

The evolving nature of electric generation, consumption, storage and the distribution system has significant implications for the grid, incumbent utilities, consumers, grid managers and the regulatory framework. These are among the central matters the AUC will examine in its distribution inquiry.

The inquiry is intended to help answer three fundamental questions:

- How will technology affect the grid and incumbent electric distribution facility owners; and how quickly?
- Where alternative approaches to providing electrical service develop, how will the incumbent electric distribution utilities be expected to respond and what services should be subject to regulation?
- How should the rate structures of the electric distribution facility owners be modified to ensure that price signals encourage electric distribution facility owners, consumers, producers, prosumers and alternative technology providers to use the grid and related resources in an efficient and cost effective way?

## Background

In recent years Alberta's electricity distribution sector has been affected by rapid technological improvements and changing consumer behaviour. Government efforts to promote clean,

renewable electricity generation linked to Alberta's Climate Leadership Plan have contributed to increased renewable generation such as wind and solar, and the rise of distributed generation at the residential and community levels.

Concurrently, the electricity distribution network has grown in complexity as consumers increasingly both consume energy from the grid and produce power to be put onto the grid. In addition, utilities and the communities they serve are increasingly embracing energy efficiency, demand response, renewable energy, and energy storage.

Among consumers, trends include the growing popularity of electric vehicles with more manufacturers moving away from internal combustion engines, and the design and construction of new homes that are often highly energy efficient, with some using zero net energy. Some consumers, large and small, are considering battery storage, bringing closer to reality the prospect of independence from the grid.

### **Participation**

Alberta's regulated electric distribution utilities, and the Alberta Electric System Operator, have been directed to take part in the inquiry. The AUC is also inviting the participation of groups and individuals with an interest in the inquiry.

Due to the importance of the inquiry, the AUC is prepared to modify its eligibility criteria (set out in AUC Rule 022) for the purposes of enabling certain parties to participate in this inquiry who would otherwise be financially unable to do so, where the Commission considers their participation may assist in better understanding the matters to be addressed in the inquiry. Participant costs will be paid by Alberta's regulated electric distribution facility owners.

This inquiry will help the AUC contribute to Alberta successfully navigating and guiding the transition and evolution of the province's electric distribution system in a manner that supports the public interest, public policy goals, a healthy and robust utilities sector, and just and reasonable rates for consumers.

Mark Kolesar  
AUC Chair