

Bulletin 2019-16

September 13, 2019

Consultation on the issue of power plant self-supply and export

The Alberta Utilities Commission has recently concluded that under Alberta legislation there are limited circumstances where the owner of a generating unit is allowed to consume electricity produced from that generating unit on their own property and also export the electricity produced by that generating unit for exchange through the power pool. Those circumstances include:

- Industrial systems designated under Section 4 of the *Hydro and Electric Energy Act*. Such designated systems are exempt from provisions of the *Electric Utilities Act*. The *Hydro and Electric Energy Act* provides that the owner of such a system is entitled to generate electric energy for its own use and export the electric energy that is in excess of the industrial system's requirements.
- A certain class of small generators under the *Micro-generation Regulation*. This regulation allows customers to own and operate small generators (five megawatts or less and powered by renewable or alternative energy) and to consume the electricity produced by that generating unit, on site. Under this regulation, electric energy produced by a micro-generation generating unit that is in excess of the customer's on-site needs is exported to the interconnected electric system through a net billing mechanism.

The Commission has concluded that, where no exemptions apply, the owner of a generating unit is prohibited from using that unit to supply on-site load and export electricity generated by that unit for exchange through the power pool. For example, please see decisions [23418-D01-2019](#), [23756-D01-2019](#) and [24393-D01-2019](#).

In Decision 23418-D01-2019, the Commission recognized that its findings on the self-supply and export issue represented a departure from earlier AUC decisions and could have implications for previously-approved projects.

The Commission has identified a number of previously-approved generating units whose owners have indicated an intention to, or previously participated in the practice of, self-supply and export. The Commission has also received additional applications from owners of generating units seeking approval to self-supply and export.

While the Commission is satisfied that, subject to the exceptions listed above, the statutory scheme prohibits self-supply and export, it recognizes that the legislation was enacted prior to the recent increase in distributed generation and the availability of economic, small-scale generating units.

The Commission has no authority to amend the statutory scheme. However, it can seek feedback on potential amendments to the statutory scheme which it can share with the Department of Energy. The Commission is seeking input from stakeholders, including the Alberta Electric System Operator and the Market Surveillance Administrator, on whether further exemptions to the prohibition against self-supply and export are appropriate and if so, on potential regulatory solutions. Specifically, the Commission would like stakeholders to comment on the following options for addressing the self-supply and export issue in the future:

- **Option 1:** Status quo – no change to the statutory scheme is required.
- **Option 2:** Allow limited self-supply and export – this requires a change to the statutory scheme. This exemption could be similar to the micro-generation exemption where operators are required to size their plant to meet internal need on an annual basis, but will be allowed to export excess energy to the grid to a certain percentage of annual production. Comments on the concept and an appropriate export threshold will be helpful.
- **Option 3:** Unlimited self-supply and export – this requires a change to the statutory scheme and may require changes to existing transmission and distribution tariff structures.

Stakeholders can provide comments, on any of the topics listed above, and on the specific options proposed, to Trevor Richards at trevor.richards@auc.ab.ca, or at fac-correspondence@auc.ab.ca. Comments should be submitted by **October 11, 2019**.

The Commission will determine what further process may be required to address this issue following receipt of stakeholder comments.

If you have questions with respect to the process or the issue of self-supply and export, please contact JP Mousseau at 403-592-4452, or by email at jp.mousseau@auc.ab.ca, or Trevor Richards at 403-592-4469 or by email at trevor.richards@auc.ab.ca.

Robert D. Heggie
Chief Executive