



ALBERTA
AFFORDABILITY AND UTILITIES

*Office of the Minister
MLA, Lethbridge-East*

AR8549

September 05, 2024

Kenneth King
Reeve, Kneehill County
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Dear Reeve King:

Thank you for your June 27, 2024, letter to Honourable Danielle Smith, Premier of Alberta, and my government colleagues regarding Kneehill County's concerns around renewable energy development in Alberta. As Minister of Affordability and Utilities, I am pleased to respond on behalf of the Government of Alberta.

The Government of Alberta supports responsible growth in the renewable energy sector. With our deregulated electricity market and commitment to reducing economic barriers, Alberta is a global leader in responsible energy development and a national leader in private renewable energy investments. While there are plenty of reasons to celebrate the pace and scale of this growth, this multi-billion-dollar industry has an obligation to Albertans to grow responsibly.

Our government is setting a clear and responsible path forward for renewable project development to ensure our electricity grid is reliable, affordable, and sustainable. Following the end of the generation approvals pause and the Alberta Utilities Commission's (AUC) inquiry into the ongoing economic, orderly, and efficient development of electricity generation in Alberta, we are working on clarifying rules and implementing corresponding policy and regulatory changes for renewable energy development in the province.

On February 28, 2024, the Government of Alberta announced several changes to be implemented to address stakeholder concerns, including those of municipalities, regarding renewable energy development in the province. The full announcement is available online at www.alberta.ca/release.cfm?xID=898196983D0FA-AECA-5F92-FF655CE1369C4E28.

In summary, these changes include:

- 1) Taking an "agriculture first" approach to protect prime agricultural land from renewable energy development unless the proponent can demonstrate the ability for both crops and/or livestock to co-exist with the renewable generation project.

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- 2) Making renewable energy developers responsible for reclamation costs via bond or security.
- 3) Establishing a 35-kilometre buffer zone where wind generation will be restricted, and visual impact assessment zones around a selection of protected areas where electricity projects will require a visual impact assessment.
- 4) Conducting meaningful engagement on the possibility of renewable development on Crown lands.
- 5) Exploring changes to Alberta's *Transmission Regulation* to address how transmission costs are allocated to renewable projects.
- 6) Granting municipalities the automatic right to participate in AUC hearings for projects within their boundary, enabling municipalities to request cost recovery for their participation in these hearings, and allowing municipalities to be permitted to review rules related to municipal submission requirements while clarifying consultation requirements.

With this information in mind, I am pleased to respond to your specific questions:

- 1) Is municipal input truly valued and wanted?

As described above, following the end of the generation approvals pause, the AUC committed to granting municipalities the automatic right to participate in AUC hearings for projects within their boundary, enabling municipalities to request cost recovery for their participation in these hearings, and allowing municipalities to review rules related to municipal submission requirements while clarifying consultation requirements, in recognition of the importance of their input. These changes were implemented by the AUC immediately following the end of the generation approvals pause.

The AUC has further committed to undertake a review of Rule 007: Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments, and Gas Utility Pipelines related to municipal submission requirements and clarify consultation requirements. Rule 007 focuses on a wide range of environmental, economic, and social factors while ensuring ample opportunity for public input. When approving a project, the AUC's considerations include health impacts, environmental impacts, wildlife impacts, visual impacts, property values, noise complaints, land-use considerations, local and municipal economic benefits, decommission and reclamation plans, and other issues raised by participants.

The AUC is currently consulting on updates to Rule 007 to address the topics considered in the recent inquiry and government's announcement of intended policy changes following the end of the generation approvals pause. I encourage you to reach out to the AUC if you have further questions regarding this topic at info@auc.ab.ca.

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- 2) If a municipal concern, or one raised by another intervener, is deemed to require a response in the final decision, why is there no consultation by AUC or the project proponent with the municipality or the intervener on appropriate mitigation measures?

The AUC uses an established process to review applications for electricity generation facilities to protect social, economic, and environmental interests of Alberta through Rule 007. As part of the application review process, the AUC hears the concerns of many stakeholders and those who may be directly and adversely affected if the AUC approves an application. After the receipt of public submissions, consultation and negotiation, and the hearing process, the AUC can approve or deny an application and can also make its approval conditional upon terms or conditions to meet the public interest mandate. After a decision is issued an applicant or participant in a proceeding may ask the AUC to review its decision or may formally request the Court of Appeal of Alberta for permission to appeal an AUC decision. An application to review a decision must be filed within 30 days from the date the decision is issued and satisfy the limited grounds described in Rule 016: Review of Commission Decisions. Full details on the AUC review process are available at www.auc.ab.ca/facility-application-review-process-steps.

An applicant that receives approval to build and operate a facility from the AUC is expected to follow through on any commitments it has made to parties and must adhere to any conditions set out in that approval. If concerns about compliance with approval conditions and post-construction operations from an intervener, such as a municipality, cannot be resolved with the applicant directly, they can be brought to the AUC's attention for consideration and compliance and enforcement action may be taken. Formal complaints related to a proponent's failure to meet the conditions in an approval can be filed with the AUC at <https://www.auc.ab.ca/enforcement-make-complaint/>.

- 3) We are asking the Government of Alberta to clarify what coexistence with agriculture means.

To help government determine next steps for renewable energy development on agricultural land, municipalities, renewable energy companies, and agricultural landowners, including First Nations and Métis private landowners, were invited to share feedback through an online questionnaire that closed August 14, 2024. The survey was available at www.alberta.ca/renewable-energy-development-on-agricultural-land-engagement.

As referenced above, following the end of the generation approvals pause, municipalities are now automatically granted the right to participate in AUC hearings for projects within their boundary and request cost recovery for their participation in these hearings. As part of this participation municipalities will be able to provide input on reclamation plans for the renewable energy project. The Government of Alberta is working on establishing requirements for mandatory reclamation security for renewable energy projects and the AUC has committed to review Rule 007 requirements regarding proponent commitments in relation to reclamation and security funding obligations.

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- 4) We are asking the Government of Alberta to determine if there are limits on AUC authority and whether the AUC can act independently of Government or Ministerial oversight.

In Alberta, approval of electricity generation facilities, including renewable energy projects, is the responsibility of the AUC. The AUC is an independent, quasi-judicial agency of the Province of Alberta, accountable to both the Alberta Legislature and myself as Minister of Affordability and Utilities through the *Alberta Utilities Commission Act*. Given the independent judicial nature of the AUC, the Government of Alberta is unable to comment on the specifics of any individual AUC decision; however, the AUC ensures all electric facilities are built, operated, and decommissioned in a manner that is fair, responsible, and in the public interest as per their mandate prescribed in legislation.

Under the *Municipal Government Act*, a municipality is the delegated authority to create statutory land-use plans to guide local land uses. However, when licences, permits, approvals, and other authorizations are approved by a provincial regulatory entity, such as the AUC, those approvals prevail over municipal approvals. Municipalities must approve statutory plan or land-use bylaw amendment applications to the extent that they comply with provincial regulatory approvals.

- 5) We are asking if the Government of Alberta has a plan to implement the Premier's assertion at the RMA Conference in March 2024 that natural gas is Alberta's future of power generation.

Alberta operates a deregulated, energy-only market system for electricity. The Government of Alberta does not determine the type of generation built. Private individuals and investors are responsible for the development and financing of the electricity generation. Developers are free to determine the size, fuel source, and location of new generation facilities based on a variety of factors, including the cost and performance of different technologies, and development occurs on private land with the permission of the landowner. Electricity from natural gas is currently the largest source of generation in Alberta and is expected to continue to play a central role in the future of power generation to ensure our grid remains affordable and reliable.

- 6) We are asking if there is any limitation on the frantic buildup of wind and solar generation.

The Government of Alberta supports responsible growth in the renewable energy sector. With our deregulated electricity market and commitment to reducing economic barriers, Alberta is a jurisdiction of choice for renewable energy investors; however, the industry has an obligation to grow in well-defined and responsible ways. Our government is establishing clear and consistent rules for responsible land development to create more certainty for investors, municipalities, and landowners alike.

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Alberta's government remains committed to ensuring Albertans have an electricity grid that is reliable, affordable, and sustainable. Renewable energy projects will continue to be an important part of the province's electricity generation mix, along with natural gas, and the government remains committed to the security of the electricity grid. The work done by the AUC lays the groundwork for new government policy so investors, municipalities, and landowners alike can rely on clear and consistent rules when it comes to responsible land development.

The Government of Alberta recognizes this is an important issue and will continue working with the utility sector, landowners, and municipalities as we implement regulatory measures to improve the system.

Sincerely,
Nathan Neudorf
Minister

cc: Honourable Danielle Smith
Premier of Alberta

Honourable Brian Jean
Minister of Energy and Minerals

Honourable Rebecca Schulz
Minister of Environment and Protected Areas

Honourable Ric McIver
Minister of Municipal Affairs

Honourable RJ Sigurdson
Minister of Agriculture and Irrigation