

EPCOR Energy Alberta GP Inc. ENMAX Energy Corporation Direct Energy Regulated Services

2025-2028 Rate of Last Resort Energy Price Setting Plan Application Negotiated Settlement Agreement

November 29, 2024

## **Alberta Utilities Commission**

Decision 29204-D01-2024
EPCOR Energy Alberta GP Inc.
ENMAX Energy Corporation
Direct Energy Regulated Services
2025-2028 Rate of Last Resort Energy Price Setting Plan Application Negotiated Settlement
Agreement
Proceeding 29204

November 29, 2024

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The Commission may, no later than 60 days from the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

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#### **Alberta Utilities Commission**

Calgary, Alberta

EPCOR Energy Alberta GP Inc. ENMAX Energy Corporation Direct Energy Regulated Services 2025-2028 Rate of Last Resort Energy Price Setting Plan Application Negotiated Settlement Agreement

**Decision 29204-D01-2024 Proceeding 29204** 

# 1 Decision summary

- 1. EPCOR Energy Alberta GP Inc. (EEA), ENMAX Energy Corporation (EEC), and Direct Energy Regulated Services (DERS) (collectively, the rate of last resort (ROLR) Providers) applied for Alberta Utilities Commission approval of its 2025-2028 ROLR energy price setting plans (EPSPs), terms and conditions of service (T&Cs), and schedules. This application made by the ROLR Providers is the first of its kind under the new legislative scheme set out under the *Rate of Last Resort Regulation (ROLR Regulation)*.
- 2. The ROLR Providers reached a Negotiated Settlement Agreement (NSA) with one intervening customer group, the Office of the Utilities Consumer Advocate (UCA), regarding all matters in the application. The UCA has a legislated mandate to represent the interests of residential, farm and small business consumers of electricity in Alberta in proceedings before the Commission.¹ The other intervening customer group, the Consumers' Coalition of Alberta (CCA), took no position. The CCA is a coalition of the Alberta Consumers' Association and the Alberta Council on Aging.
- 3. For the reasons set out in this decision, the Commission approves the NSA and the negotiated settlement amending agreement<sup>2</sup> with respect to the 2025-2026 ROLR rates, the 2025-2028 EPSPs, the T&Cs, and the appendixes and the attachment<sup>3</sup> to the NSA. Accordingly, the updated price schedules for EEA and the updated fee schedule and rate schedules for EEC are approved as well.
- 4. Each EPSP sets out the methodology and calculations that the ROLR Providers will follow to determine their ROLR rates for the supply of electric energy to their regulated rate customers, from January 2025 to December 2028. In accordance with Section 11 of the *ROLR Regulation*, each EPSP produces a ROLR rate that is calculated based on regulated rate customer load forecasts and electricity market prices within the price-setting period. It also includes a 0.1 cents per kilowatt hour (cents/kWh) customer awareness surcharge to support initiatives led by the UCA to inform regulated rate customers about their electricity service options.
- 5. The ROLR rate also includes a risk premium to reflect the incremental risks of providing electricity services in accordance with regulated rate tariff requirements under the *ROLR*

Government Organization Act, Schedule 13.1, Section 3(a).

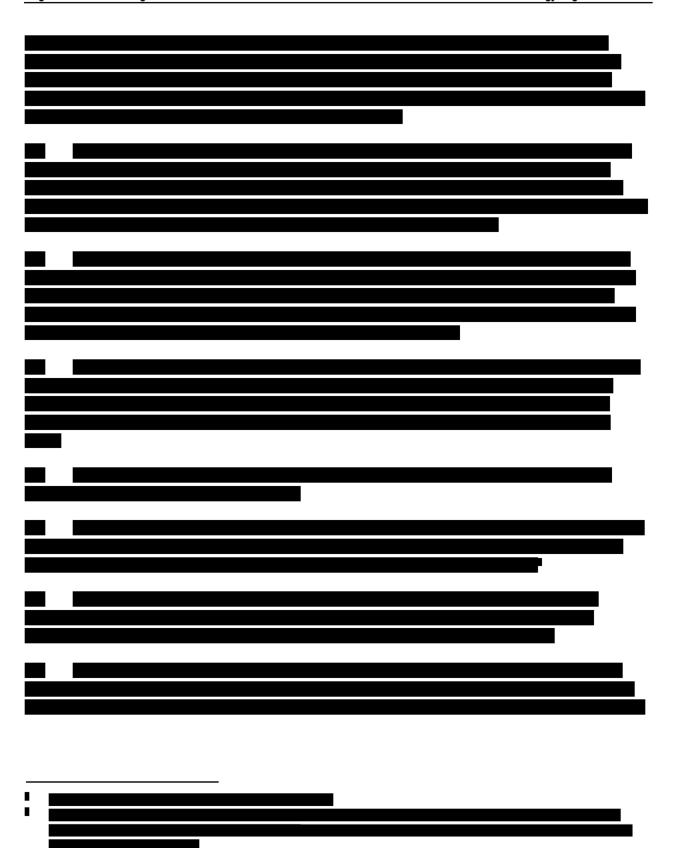
The NSA and the negotiated settlement amending agreement should be read in conjunction with each other because the negotiated settlement amending agreement includes amendments to the NSA.

Confidential Exhibit 29204-X0311-C, Attachment 1 - Confidential 2025-2028 - RoLR Pricing Model, November 1, 2024.

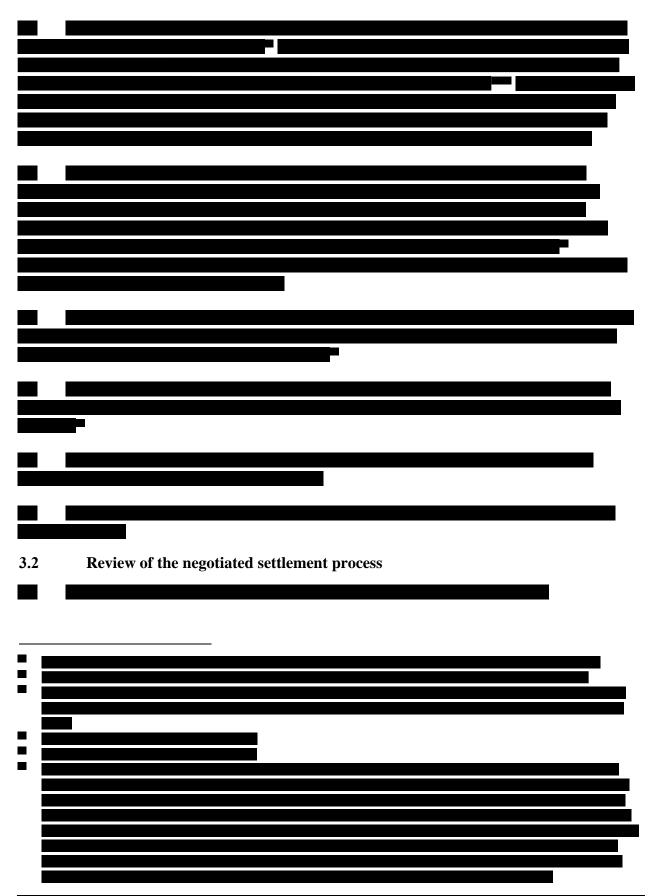
Regulation as compared to those risks that were provided for under the Regulated Rate Option Regulation. As one example, the ROLR rate is now fixed for two years, and may only be adjusted by a maximum of 10 per cent after the end of the first two-year term.

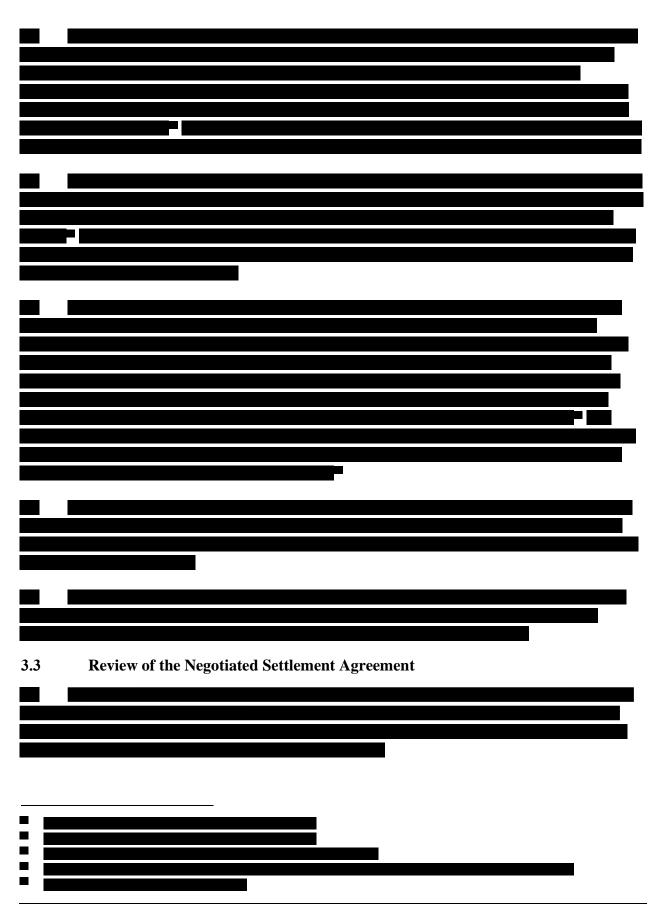
- 6. The Market Surveillance Administrator (MSA) prepared a determination report, indicating whether the applied-for EPSPs comply with the requirements for a fair, efficient and openly competitive (FEOC) electricity market. The MSA found that the EPSPs supported open competition by, in part, producing electricity prices using prices established in an openly competitive market.
- 7. As a result of this decision, the calculated rates for the first two-year term are 12.01 cents/kWh for EEA, 12.06 cents/kWh for EEC, and 12.02 cents/kWh for DERS. These rates will be in effect from January 1, 2025, to December 31, 2026, unless it is subsequently determined that they need to be adjusted through a rate reopener proceeding initiated by the Commission in accordance with the *ROLR Regulation*.
- 8. For the second two-year term, the ROLR rates, effective January 1, 2027, to December 31, 2028, will be calculated in accordance with the respective EPSPs and must be filed with the Commission at least 30 days before January 1, 2027.

| 2 | Background |  |   |   |
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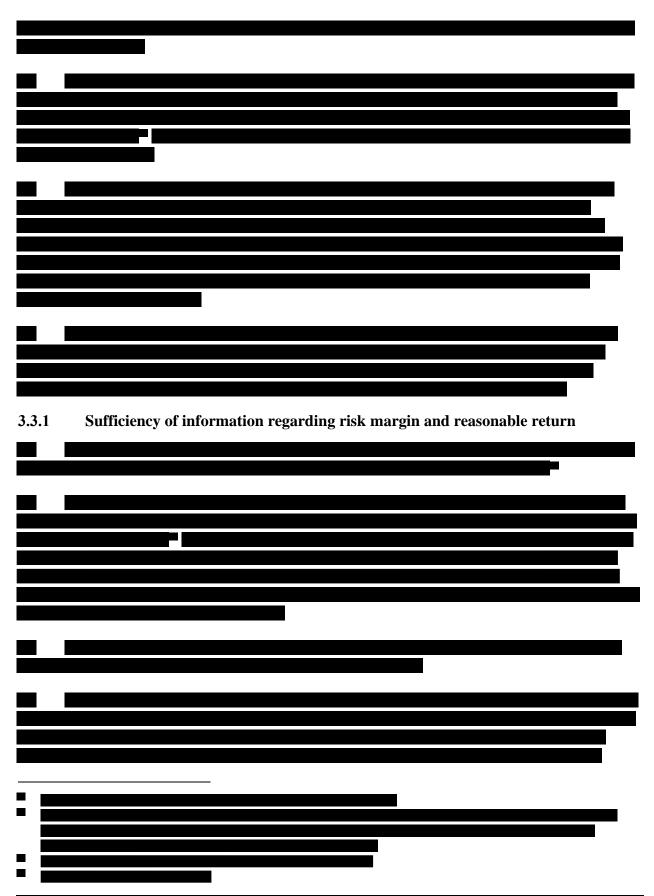


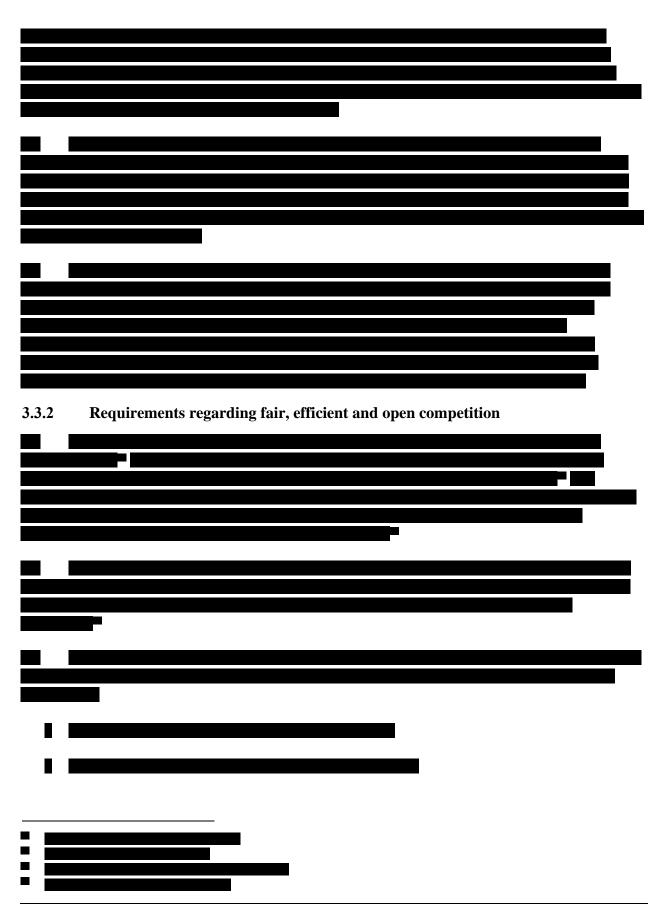
| 3   | Negotiated settlement                         |
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| 3.1 | Requirements governing negotiated settlements |
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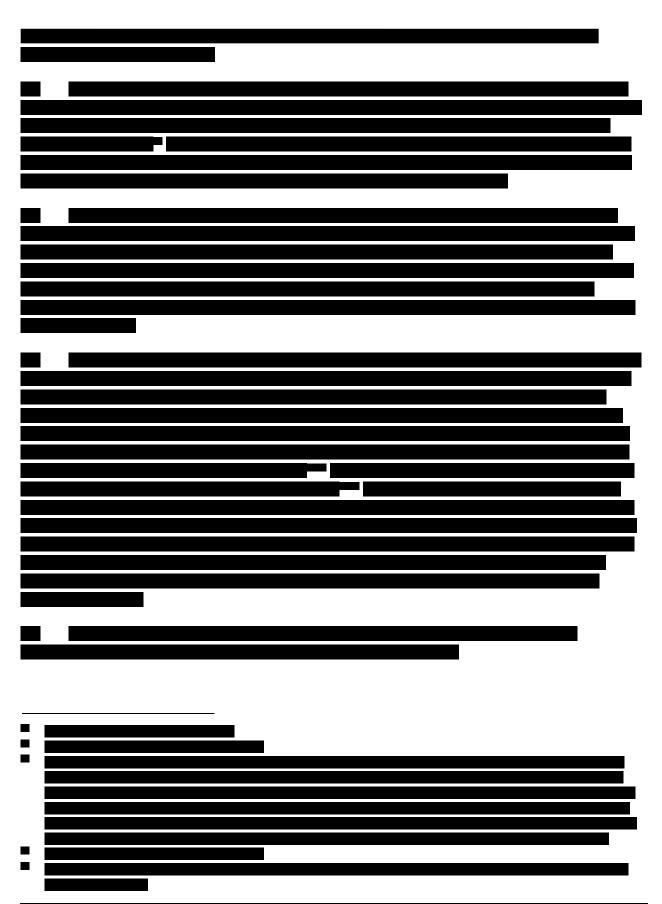


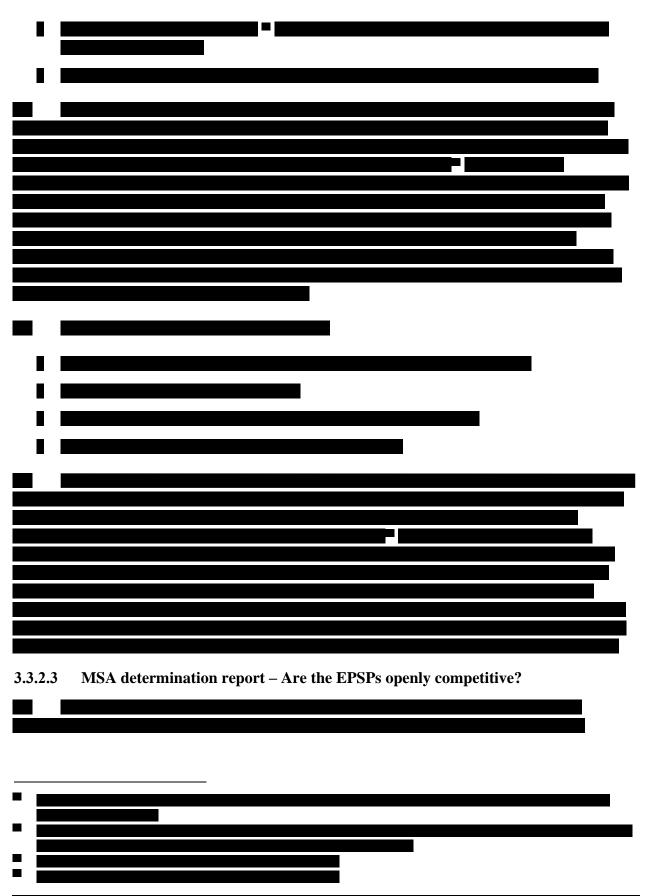
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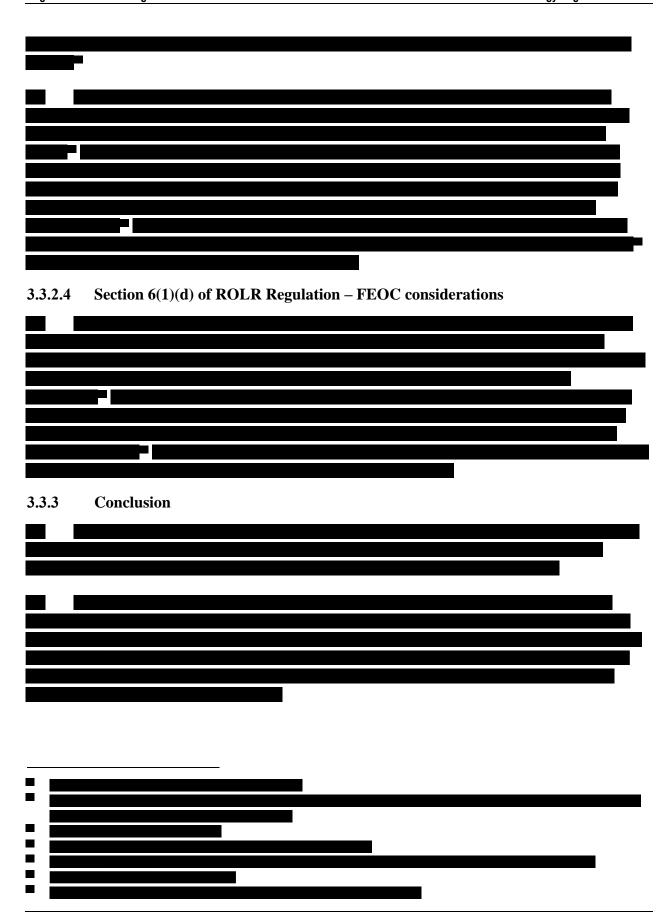


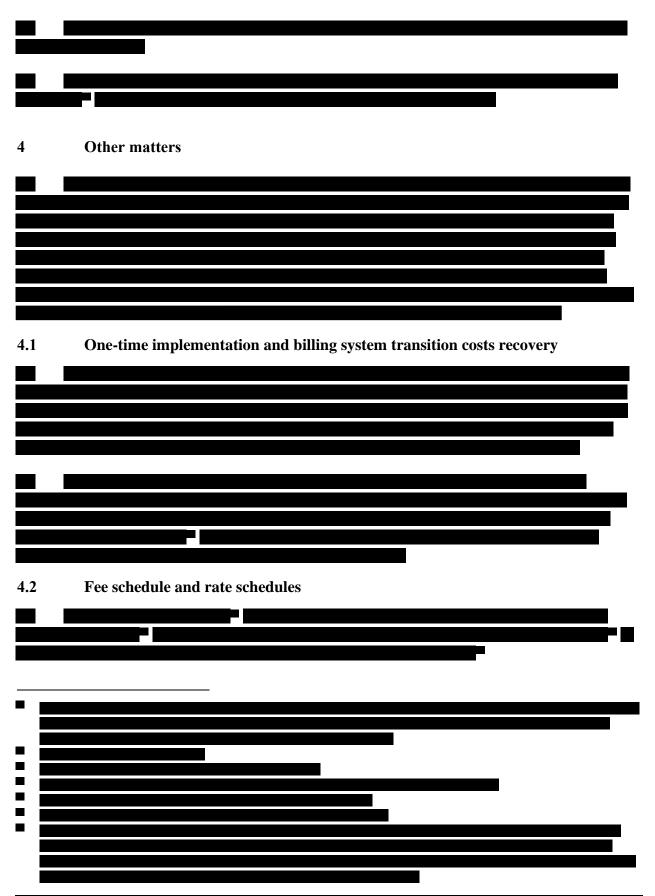


| 3.3.2.1 | MSA determination report – Are the ROLR EPSPs fair?      |
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| 3.3.2.2 | MSA determination report – Are the ROLR EPSPs efficient? |
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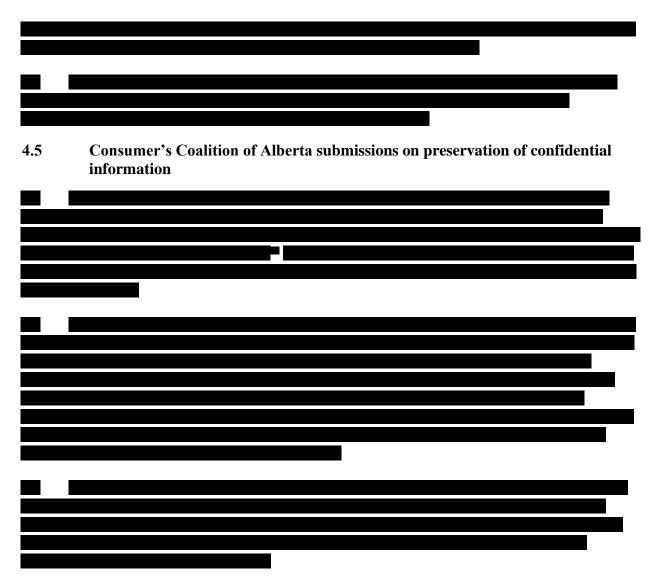






| 4.3 | Compliance with outstanding Commission directions |
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| 4.4 | Cost claim submission for the Consumers' Coalition of Alberta |
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95. In this proceeding, the Commission interpreted the meaning of confidential information broadly, taking into account the unique nature of this proceeding and that it is being processed on an expedited basis. The Commission also redacted portions of this decision, aside from the decision summary, given the need to issue the decision expeditiously. However, the Commission intends to reissue this decision to more accurately reflect the need for confidentiality. The Commission expects much of this decision may be unredacted as a result of this review. In addition, the Commission intends to revisit the confidential treatment of information contained in the EPSPs and NSA, and considers that some of this information, which is currently redacted, could appropriately be disclosed on the public record. The Commission requests that parties provide submissions identifying any information in this decision that should remain confidential (this can include identification information using pinpoint references) by January 15, 2025. The Commission will then consider these submissions and reissue the decision. Parties may also

provide submissions on the confidential treatment of information contained in the EPSPs and NSA by the same date.

#### 5 Order

# 97. It is hereby ordered that:

- (1) For the reasons set out in this decision, the Alberta Utilities Commission approves the Negotiated Settlement Agreement, the appendixes and attachment to the Negotiated Settlement Agreement and the negotiated settlement amending agreement. The updated price schedules for EPCOR Energy Alberta GP Inc. and the updated fee schedule and rate schedules for ENMAX Energy Corporation are approved as well, because approval of these was requested in the application and the parties agreed in the Negotiated Settlement Agreement that they should be approved as filed. The approved documents are as follows:
  - The Negotiated Settlement Agreement
    - public, redacted document in Exhibit 29204-X0312.01
    - Confidential Exhibit 29204-X0312-C
  - The negotiated settlement amending agreement
    - public, redacted document in Exhibit 29204-X0329
    - Confidential Exhibit 29204-X0329-C
  - Attachment 1 to the Negotiated Settlement Agreement: confidential 2025-2028 rate of last resort pricing model
    - Confidential Exhibit 29204-X0311-C
  - Appendix A-1 of the Negotiated Settlement Agreement: 2025-2028
     EPCOR Energy Alberta GP Inc. energy price setting plan
    - public, redacted document in Exhibit 29204-X0330
    - Confidential Exhibit 29204-X0330-C
  - Appendix A-2 of the Negotiated Settlement Agreement: 2025-2028
     ENMAX Energy Corporation energy price setting plan
    - public, redacted document in Exhibit 29204-X0331
    - Confidential Exhibit 29204-X0331-C
  - Appendix A-3 of the Negotiated Settlement Agreement: 2025-2028
     Direct Energy Regulated Services energy price setting plan
    - public, redacted document in Exhibit 29204-X0332
    - Confidential Exhibit 29204-X0332.01-C

- Appendix B of the Negotiated Settlement Agreement: confidential rate of last resort pricing model – user guide
  - Confidential Exhibit 29204-X0333-C
- Appendix C-1 of the Negotiated settlement agreement: EPCOR Energy Alberta GP Inc. terms and conditions of service
  - public document in Exhibit 29204-X0334
- Appendix C-2 of the Negotiated Settlement Agreement: ENMAX Energy Corporation terms and conditions of service
  - public document in Exhibit 29204-X0335
- Appendix C-3 of the Negotiated Settlement Agreement: Direct Energy Regulated Services terms and conditions of service
  - public document in Exhibit 29204-X0336
- EPCOR Energy Alberta GP Inc. price schedules for the EPCOR Distribution & Transmission Inc. service area
  - public document in Exhibit 29204-X0068
- EPCOR Energy Alberta GP Inc. price schedules for the FortisAlberta Inc. service area
  - public document in Exhibit 29204-X0070
- ENMAX Energy Corporation fee schedule
  - public document in Exhibit 29204-X0072
- ENMAX Energy Corporation rate schedules
  - public document in Exhibit 29204-X0074

Dated on November 29, 2024.

#### **Alberta Utilities Commission**

(original signed by)

Carolyn Dahl Rees Chair

(original signed by)

Vincent Kostesky Acting Commission Member

# **Appendix 1 – Proceeding participants**

# Name of organization (abbreviation) Company name of counsel or representative

EPCOR Energy Alberta GP Inc. (EEA)
Borden Ladner Gervais LLP

ENMAX Energy Corporation (EEC)
Torys LLP

Direct Energy Regulated Services (DERS)

Lawson Lundell Barristers & Solicitors

Office of the Utilities Consumer Advocate (UCA)
Reynolds, Mirth, Richards & Farmer LLP
M. Hansen
InterGroup Consultants

Consumers' Coalition of Alberta (CCA)

#### Alberta Utilities Commission

Commission panel

- C. Dahl Rees, Chair
- V. Kostesky, Acting Commission Member

Commission staff

- J. Graham (Commission counsel)
- R. Watson (Commission counsel)
- R. Tran
- C. Arnot
- R. Cassidy
- E. Davis
- A. Hollis
- D. Mitchell
- B. Edwards
- C. Robertshaw

# Appendix 2 - Oral hearing - registered appearances

## Name of organization (abbreviation) Name of counsel or representative

EPCOR Energy Alberta GP Inc. (EEA)

- J. Liteplo
- J. Hulecki

ENMAX Energy Corporation (EEC)

- D. Wood
- N. Ettinger

Direct Energy Regulated Services (DERS)

A. Mackinnon

Office of the Utilities Consumer Advocate (UCA)

- C.R. McCreary, KC
- B. Schwanak

Consumers' Coalition of Alberta (CCA)

J. Wachowich, KC

#### Alberta Utilities Commission

Commission panel

- C. Dahl Rees, Chair
- V. Kostesky, Acting Commission Member

Commission staff

- J. Graham (Commission counsel)
- R. Watson (Commission counsel)
- R. Tran
- C. Arnot
- A. Hollis
- D. Mitchell
- B. Edwards
- C. Robertshaw

# **Appendix 3 – Summary of Commission directions**

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

