

FOR RELEASE: 1:30 P.M.
October 18, 1994

PROPOSED CHANGES TO ELECTRIC INDUSTRY WILL HELP KEEP CONSUMER COSTS DOWN

EDMONTON . . . Changes to Alberta's electric system being proposed by a multistakeholder Steering Committee are outlined in a report titled *Enhancing the Alberta Advantage: A Comprehensive Approach to the Electric Industry* filed in the Legislature today by Energy Minister Patricia Black.

Established earlier this year by the Minister of Energy, the multistakeholder Steering Committee members represent the major utility companies, consumer groups and independent producers. The Steering Committee was asked to identify a replacement for the Electric Energy Marketing Act (EEMA) that would be fair to all consumers, as well as structural and regulatory reforms to enhance the efficiency and competitiveness of the electric industry.

"The discussions these past months were not easy. But in the end the Steering Committee members were able to come to a consensus view. They have done so in the interests of what is best for all Albertans. The government's objective is to retain and build upon the most positive features of our existing system, including reliability and low consumer costs, while positioning the industry to become more competitive as we move into the next century," said Mrs. Black.

Under the changes being proposed:

- EEMA would be replaced. This proposal has two distinct features. All consumers no matter where they are located would continue to share in the low cost of all existing plants, whose generation costs are now equalized under EEMA. The generation costs of plants constructed in the future would not be equalized.
- Alberta consumers would continue to pay common transmission rates for electricity, thereby ensuring all consumers throughout the province have the same access to electricity.
- There would be increased competition for building new power generation. All generators of electricity would have direct access to the province's electric grid. New generating capacity would be supplied through competition, thereby helping to ensure the lowest cost for consumers.

- Regulatory changes would be introduced called "Incentive Regulation" to allow provincial regulators to create stronger performance incentives that encourage utilities to keep their costs as low as possible. These incentives would help keep electricity rates low for consumers.
- A review would be initiated in 1996 to assess options that could give consumers greater choice in making arrangements for their share of new electricity supply. This review will be completed within a one-year period if possible.

The Steering Committee was established following four years of discussions on the strengths and weaknesses of Alberta's electric system and the changes required to best meet the needs of consumers into the next decade. The four years of discussions included the establishment of a Task Force in 1990, a series of workshops in 1991, public hearings in 1992 and formal discussions among the utilities and other stakeholders throughout 1993 and early 1994. These discussions did not produce a consensus for action.

Following the breakdown of these discussions, the Minister of Energy in May 1994, in consultation with the government's Standing Policy Committee on Natural Resources and Sustainable Development, directed the Department of Energy to work with a Steering Committee of major stakeholders to develop a consensus approach for restructuring Alberta's electric industry. The report released today represents the Steering Committee's consensus view on the changes that should be made to EEMA and the electric industry.

The report is now being distributed to a wider audience of the stakeholder groups represented on the Steering Committee and to other stakeholders. Comments on the proposed changes are to be submitted to the Department of Energy by November 18. Following receipt of these additional comments, the government will announce by year's end the changes it will introduce.

For further information or a copy of the report, please contact:

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**IMMEDIATE RELEASE:
December 19, 1994**

**GOVERNMENT TO IMPLEMENT STAKEHOLDER
PROPOSALS FOR RESTRUCTURING ELECTRIC INDUSTRY**

EDMONTON . . . The government will implement the recommendations for restructuring Alberta's electric industry proposed two months ago by a Steering Committee representing the major utilities, consumers, independent power producers, urban municipalities and an association of rural municipalities, Energy Minister Patricia Black today said.

Legislation to permit the restructuring will be introduced in the upcoming spring sitting of the Legislature, with full implementation planned for January 1, 1996, noted the Minister.

"I want to publicly commend the numerous elected officials and stakeholder representatives who actively participated in these complex, difficult and protracted discussions. We now have consensus on how to proceed. It's a major achievement for everyone. The new structure will benefit all consumers in the province because the changes will help keep electricity costs down. The industry will become more competitive and will be better positioned to take advantage of regulatory changes occurring throughout North America," said Mrs. Black.

The spring legislation will repeal the Electric Energy Marketing Act (EEMA), permit increased competition for building new power generation capacity, and introduce innovative measures called "Incentive Regulation," which will allow provincial regulators to create performance incentives for electric utilities to keep their costs as low as possible for consumers.



News release

IMMEDIATE RELEASE
May 8, 1995

GOVERNMENT TO AMEND ELECTRICITY LEGISLATION

EDMONTON . . . An amendment to Bill 34, the Electric Utilities Act, will be introduced by the government to allow municipalities to compete for additional generating capacity, Energy Minister Patricia Black today announced.

The amendment addresses concerns expressed by the City of Edmonton and other stakeholders following introduction of the legislation in the Legislature last week.

The amendment to Section 45 of Bill 34 will allow municipalities to compete on a level playing field with the private sector to supply additional electricity to the provincial grid. Any municipality wishing to do so will be required to have its proposal assessed through an independent review process to ensure a level playing field exists.

The issue of whether municipally-owned utilities should compete with private sector companies has been very contentious and discussed for many months. Opponents have argued that a municipally-owned utility would have unfair competitive advantages in an open marketplace by virtue of its government-owned status.

Following introduction of the legislation, the City of Edmonton came forward with more specific assurances that it was willing to compete on a level playing field and would give up tax exemptions and other special advantages, to resolve the impasse. Similarly last week, TransAlta Utilities and other stakeholders indicated support for allowing municipalities to compete for additional generating capacity provided they do so without unfair competitive advantages.

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Mrs. Black said she was pleased there has been movement by parties on both sides of this issue and there is now a greater consensus on the wording of the legislation. "The goal of the province all along has been to ensure fairness and competitive prices for Albertans through consensus-building and consultation. The amendment we will introduce can better achieve this goal," she added.

Mrs. Black noted that the province remains concerned that a municipally-owned utility will expose municipal taxpayers to considerable risk when borrowing money to finance the construction and operating expenses of expanded generating facilities. She noted that in the restructured marketplace we are moving toward, there will be much more investment risk than currently exists.

Bill 34 received First Reading on May 1 and is currently in Second Reading debate. The amendment will be introduced during debate in Committee of the Whole. The legislation will result in a restructuring of the province's electric industry to promote greater competition and downward pressure on electricity prices for consumers.

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