Alberta's Electricity Future

energyfutureslab

CHALLENGE STATEMENT #4

Frameworks and governance structures that reflect evolving climate realities

What is the systemic barrier?

In 2023, the Alberta government released their *Emissions Reduction and Energy Development Plan*, which includes a stated aspiration to achieve a carbon neutral economy by 2050. While such policy frameworks are essential for signally intent and overarching policy direction for the industrial sectors in the province, it has not yet been translated into specific mandates for the electricity regulator or the system operator to ensure these objectives are driving (or at least factored into) generators' or utilities' planning and decision making. As a result, generators, utilities, the regulator and the system operator may be prevented from ensuring the investments, decisions and rules they make or approve are consistent with the government's stated, long-term climate goals. This increases the risk of making decisions now that, by virtue of long implementation periods, can exponentially limit needed progress on decarbonization while continuing to create policy uncertainty and erode Alberta's appeal as a destination for investment and business innovation.

Why is this critical to achieving our vision?

Alberta's Electricity Future vision seeks a future-oriented electricity system that requires policy to be an accelerant and catalyst. This can then help to enable the creation and sale of a vastly expanded set of goods and services; enable and enhance multi-directional connections between neighbours, communities, regions, provinces and across international borders; and maintain and strengthen Alberta's competitive advantage through affordable, emissions-free electricity.

To achieve this, both the regulated and deregulated parts of Alberta's electricity system must have decarbonization as a strategic objective. They must also prioritize innovation as a way to balance the costs of decarbonization with the benefits it will provide. Without clear mandates that set this is out specifically as an objective of regulators and system operators in the electricity system, such entities will be limited in changes they can make within the relatively narrow scope of their roles and responsibilities. This is because these entities have been established largely to implement policy direction, and are therefore not in a position to anticipate what future policies could or should look like.

What surface-level barriers are related to this systemic barrier?

Surface level barriers are often what actors see or experience as a result of a systemic barrier. Such barriers provide insights into areas that can be improved should the systemic barrier be resolved.

The following are examples of surface level-barriers for electricity system transformation that are the result of provincial frameworks and governance structures currently being limited in how they reflect climate realities:

- **There is insufficient strategic and net-zero-aligned energy planning across all system actors**
- **Utilities and service providers are hamstrung in providing decarbonization solutions and regulators can not support or incent decarbonization solutions without clear direction from government**
- **Narrow authority and prescriptive mandates for regulators and utilities**
- **Climate change and energy transition are actively being used to polarize perspective towards political ends**
- **Insufficient information is available to provide clarity around the availability of financial incentives and their usefulness in attracting low-cost capital for transition projects**
- **Limited expertise and resourcing are available to support regulatory innovation, resulting in regulations being unable to keep pace with technological advances**