



AUC

Alberta Utilities Commission

Powering the AUC Forward:

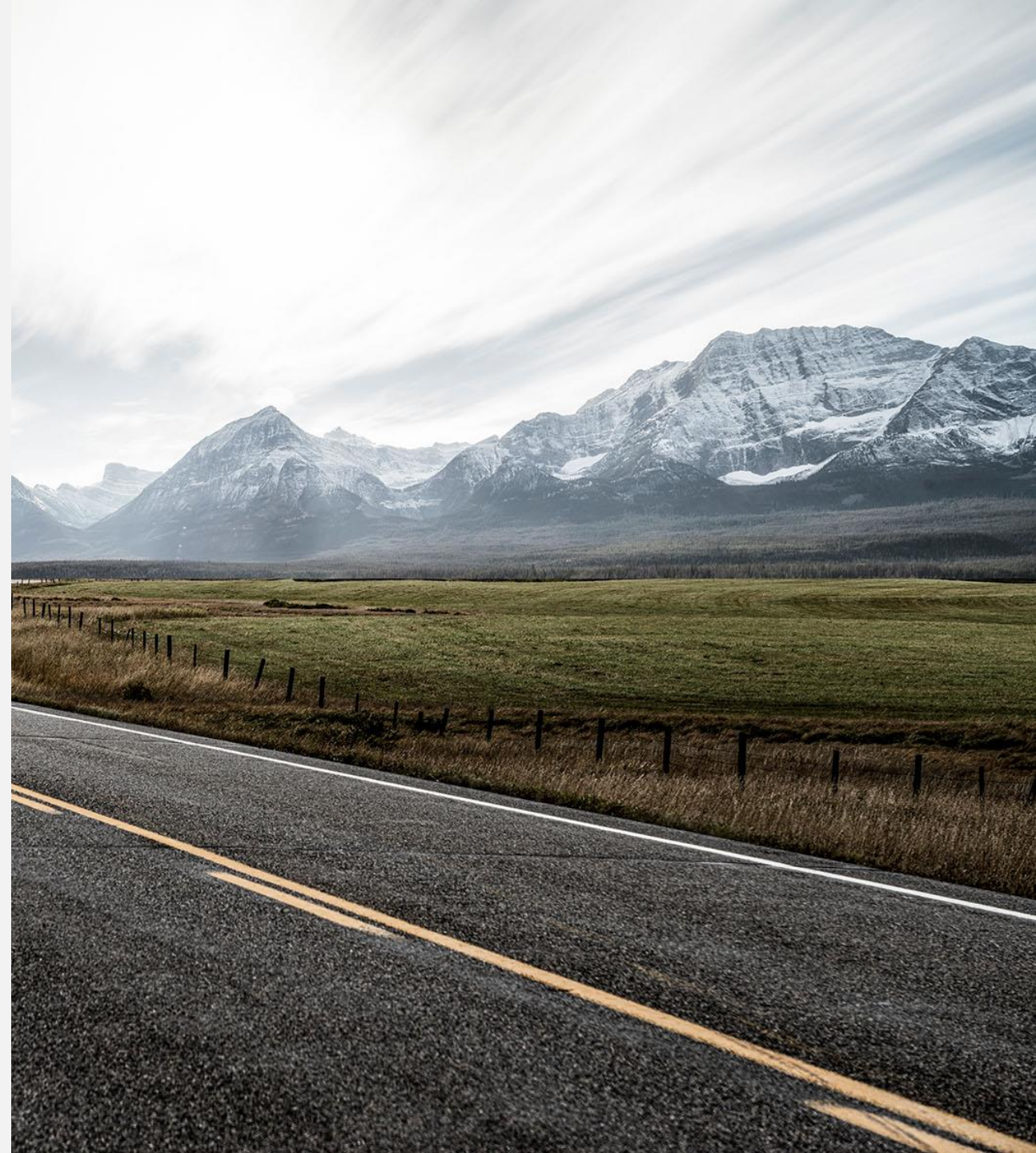
Progress on our efficiency and effectiveness agenda

Carolyn Dahl Rees

AUC Chair

IPPSA 2021 – Banff, Alberta

November 16, 2021



The AUC's aspirational goal:

Become one of most effective and efficient regulators in North America

Today's presentation:

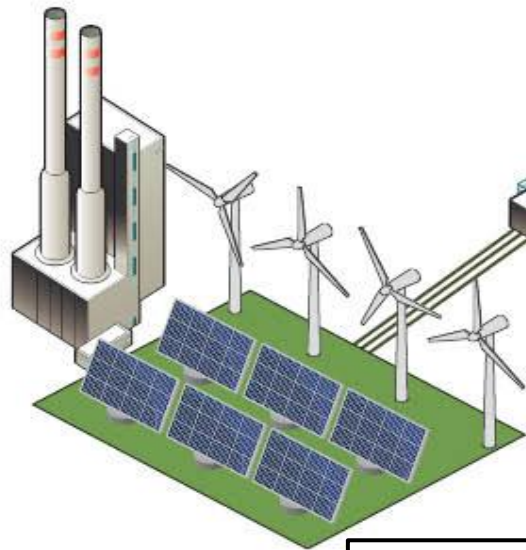
- What is the AUC and what does it do?
 - How we got to where we are today
 - Where we are now
 - A look at mediated settlements
 - What we are focused on today
 - What's ahead?

Regulatory efficiency and effectiveness

What is the AUC and what does it do?

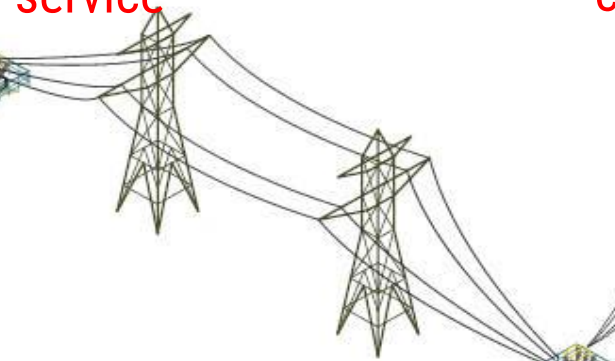
Generation

Facilities
applications



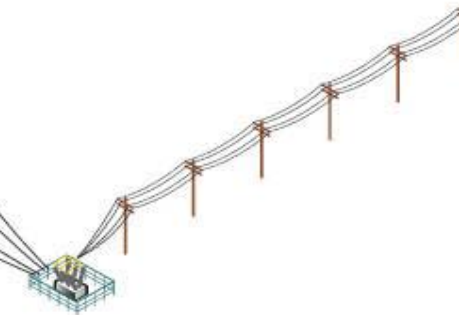
Transmission

Infrastructure
applications;
review and
approval of cost of
service



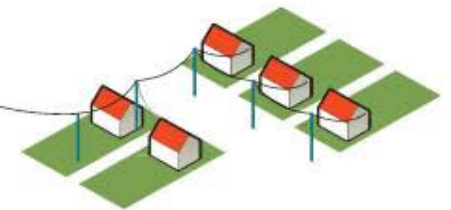
Distribution

Establish
performance-
based rates;
terms and
conditions



Retail/Customer

Regulated rate
option for
consumers



The AUC also adjudicates alleged market misconduct contraventions (filed by MSA), approves AESO rules.

Regulatory efficiency and effectiveness



Oversees sector with \$30 billion+ in assets, \$5 billion+ in annual rates, 3M+ sites and 3M+ ratepayers

Regulates investor-owned electric, natural gas and water utilities, some municipal electric utilities

Ensures customers receive safe and reliable service at just and reasonable rates

Ensures Alberta's utility services are delivered fairly, responsibly, and in the public interest

Is cutting red tape and regulatory burden to become one of North America's most efficient regulators

Decides on the need, siting, construction, alteration, operation and decommissioning of natural gas and electricity transmission facilities

Regulates power plants; need is determined by market forces

Oversees rules for orderly operation of the retail natural gas and electricity markets

Approves independent system operator (the AESO) electricity market rules

Adjudicates on market and operational rule contraventions that the MSA may bring before the AUC

Independent, quasi-judicial agency of the province

Regulatory efficiency and effectiveness

How we got to where we are

- **April 2019 change in government, renewed emphasis on reducing regulatory burden.**
 - *Red Tape Reduction Act* (June 2019) - a consistent, transparent and efficient system of regulatory and administrative requirements is necessary to protect the public interest.
 - AUC held multiple stakeholder roundtables on regulatory burden reduction.
 - *AUC Strategic Plan* includes Efficiency and Limiting Regulatory Burden as central theme.
- **June 2020, government begins review of AUC; appoints new chair.**
 - Policy direction for AUC to focus on streamlining regulatory processes and reducing red tape in order to provide more certainty to investors, the electricity market and consumers.
- **AUC accelerates efficiency and effectiveness agenda:**
 - Third party reviews:
 - Processes and Procedures Review Committee. (Report issued October 2020.)
 - Regulatory performance benchmarking. (Report issued November 2020.)
 - Mediation/ADR. (Report issued November 2020.)
- **AUC immediately begins implementing recommended changes.**

Regulatory efficiency and effectiveness

Where we are now

Red tape reduction: 48.2 per cent

- ***AUC Process and Procedures Review Committee Report* implementation:**
 - Assertive case management.
 - Increased technical meetings/directing scope.
 - Multiple rule changes. (001, 002, 003, 005 ,007, 017, 021, 028)
 - Written proceeding with oral argument is default approach for rates proceedings.
 - Submission length limits.
 - Cross limits.
- **Reported in June 2021 in *AUC Annual Report Card*:**
 - Assertive case management applied to 420 proceedings saved 8,569 days, = 38% improvement and \$2.6M savings.
 - Application streamlining applied to 181 proceedings saved 1,428 days, = 37% improvement and \$633K savings.
 - Mediation/settlement applied to one proceeding saved 315 days, = 63% savings and \$149K savings.

Red tape reduction: 48.2 per cent

Submission length limits

Written proceeding is default approach

Participant involvement program (rules 007 and 020)

Application streamlining applied to 181 proceedings saved 1,428 days with \$633K in savings

Checklist/trusted traveller approach for select applications average turnaround time cut by two-thirds

Assertive case management applied to 420 proceedings saved 8,569 days and \$2.6 million

Mediation/settlement applied to one proceeding saved 315 days and \$149K

Virtual hearings, which vastly reduce costs, logistics and time

Multiple rule changes (001, 002, 003, 005, 007, 017, 021, 028)

Cross limits

Regulatory efficiency and effectiveness



A look at mediated settlements

- Stakeholders wanted us to look at ways to improve our application/hearing timelines, especially in rates.
- We hired Jack Marshall QC and three other experts in regulatory law and alternative dispute resolution to provide insight and recommendations on mediation.
- This third-party group of experts recommended adopting mediated settlements.
- Mediated settlements have seen a lot of success in recent years to bring down timelines of proceedings and costs of litigation.
- We are currently piloting this approach at the AUC.
- The AUC has seen benefits from mediated settlements including reduction of costs and proceeding time.
- In proceedings where we direct mediated settlements, even if they do not succeed in whole or in part, the full-cycle time will be reduced from past practice involving fully litigated proceedings.
- We will continue to look at ways to adopt mediated settlements and improve how they are run.
- I have already had lots of feedback from you and encourage you to keep sharing your ideas.

Regulatory efficiency and effectiveness

What we are focused on today

Updated rules:

- 020 (Facilities applications), 034 (UPDP), 032 (Specified Penalties), 016 (R & Vs), 001 (Rules of Practice amended to meet Yates' recommendations)

Indigenous engagement:

- Evolving indigenous consultation framework.
- Recent commentary from the Alberta Court of Appeal may expand the duties of administrative tribunals in upholding proper consultation and the honour of the Crown.

Consultations:

- Standardized electric distribution connection T & Cs.
- Rule 022: *Rules on Costs in Utility Rate Proceedings*.
- Rule 023: *Rules respecting Payment of Interest*. (Consultation period ended in October; AUC staff reviewing input.)

Proceedings/initiatives:

- AESO tariff.
- PBR review.

Supporting government:

- Legislative considerations on active policy matters (energy storage, self-supply, etc.).

Regulatory efficiency and effectiveness

What's ahead?

Utility sector transformation:

We know this is on the horizon and we want to work with you on it

- **Renewables**
- **Batteries**
- **Hydrogen**
- **Electric vehicles/grid modernization**



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