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ALBERTA UTILITIES COMMISSION

AUC Inquiry Into the Ongoing Economic, Orderly and Efficient Development of Electricity Generation in Alberta – Module A Report, AUC Decision 28501-D01-2024
Electricity - Markets

Application

On August 3, 2023, the Government of Alberta (“GoA”) issued an order-in-council (“Order”) directing the AUC to hold an inquiry into the ongoing economic, orderly and efficient development of electricity generation in Alberta. The Order directed the AUC to inquire into and report on specific considerations.

Decision

The AUC issued a report (“Module A Report”) and provided its observations, commitments and options on four considerations in accordance with the Order. The report was intended to assist the government with policy development and inform further study or consultation it may undertake.

Pertinent Issues

The report addressed the following four issues related to the development of power plants, as identified in the Order:

- the development of power plants on specific types or classes of agricultural or environmental land;

- the impact of power plant development on pristine viewscales;
- the implementation of mandatory reclamation security requirements for power plants; and
- the development of power plants on lands held by the Crown in the Right of Alberta.

The report also addressed the role of municipal governments in the development and review of power plant applications.

The AUC started applying the policy changes identified in the Module A Report on March 1, 2024, which will not be applied retroactively.

The AUC provided the following observations, commitments and options in relation to the issues.

Agricultural and Environmental Land

Observations:

- The existing regulatory framework is generally sufficient for the protection of environmental land;
- There are a number of agricultural and environmental mapping tools that exist to assist proponents with siting of power plants in Alberta;

- There is no consensus about which land constitutes “prime agricultural land”;
- Power plant development has not historically been a primary driver of agricultural land loss in Alberta;
- Market forces have favoured non-prime agricultural land for renewable projects, resulting in about four per cent of renewable projects locating on class 2 land as of October 2022;
- Based on the AESO high renewable net-zero scenario, and assuming all renewable development locates on class 2 land, the percentage of agricultural class 2 land loss is estimated to be less than one per cent by 2041;
- Agrivoltaic programs are an emerging tool to help mitigate agricultural impacts from projects on the land, but they would benefit from further study; and
- Municipalities want to protect agricultural land and minimize land fragmentation.

AUC Commitment:

- Explore requirements for proponents to provide soil field verification earlier in the application process.

Options:

- Assess the value of creating a province-wide integrated multi-criteria evaluation tool to identify and evaluate agricultural land;
- Do not place restrictions on use of any particular agricultural land classes. Rely on the enhancement of AUC processes, including increased municipal government involvement and focus on agricultural land preservation;
- Develop an agricultural directive as a tool to reduce agricultural land impacts;
- Restrict development on some classes of agricultural land; and
- Enhance regional planning to guide areas for development.

Pristine Viewscapes*Observations:*

- There is no universal definition of a pristine viewscape; and
- Individuals value viewscales uniquely, from their own personal perspective. The impact from power plant development on viewscales can occur at the general public level, the community level and the individual level.

AUC Commitment:

- The Commission will enhance the existing visual impact assessment requirements within *Rule 007* to include a more structured visual impact assessment methodology within the AUC application review process.

Options:

- Provide guidance on valued viewscales; and
- Define “no-go” restricted viewscale zones.

Reclamation Security*Observations:*

- Existing power plant reclamation requirements are sufficiently defined to ensure effective reclamation, but no timing trigger exists to initiate reclamation;
- Effective construction practices to reduce land disturbance, particularly soil impacts to agricultural lands, could be better defined;
- There is no reclamation security regime that applies to all power plants;
- The reclamation risk profile for renewable power plants is relatively lower than other industries’ reclamation risks as there is no fuel depletion risk and a lower contamination risk;
- There were mixed views of whether a mandatory reclamation security regime for power plants should be implemented; and
- Parties had a range of recommendations for an acceptable reclamation security regime, with

proponents proposing the least stringent requirements and landowners proposing the most stringent requirements.

AUC Commitment:

- The Commission will review *Rule 007* requirements regarding proponent commitments in relation to reclamation and security funding obligations.

Options:

- If implementing a reclamation security regime, set key outcomes, principles, and parameters for the regime; and
- If implementing a reclamation security regime, a range of options are available for the government to ensure the proponent funds all reclamation costs.

Crown Land

Observations:

- There was general support for enabling power plant development on Crown land, as long as key concerns are addressed through the review and approval processes. Development of brownfield, industrial or previously disturbed sites should be prioritized;
- First Nations and Métis communities are concerned about Crown land power plant development impacting their rights; and
- Parties identified challenges associated with developing power plants on Crown land, including lack of proximity to transmission and renewable resources.

Options:

- Perform a benefit-screening exercise to determine if it is worth implementing a policy to use Crown land for power plant development;
- Rely on existing processes utilized for the disposition of Crown land by the government and the review of power plant applications by the AUC; and

- Implement a new two-step land disposition process for Crown land dispositions by the government, and continue to rely on the existing process for review of power plant applications by the AUC.

Role of Municipal Governments

Observations:

- Municipal participation in AUC proceedings has been increasing;
- Municipalities want changes to how the AUC considers land-use planning and other municipal issues in AUC proceedings; and
- With AUC enhancements to its process, changes to Section 619 of the *Municipal Government Act* are not necessary.

AUC Commitments:

- Municipal participation rights will be automatically granted and municipalities will be eligible to request cost recovery for participation; and
- The Commission will undertake a review of *Rule 007* related to municipal submission requirements and clarify consultation requirements.