

Government of Alberta pauses new renewable energy project approvals

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The Government of Alberta has announced that the Alberta Utilities Commission (AUC) will immediately pause approvals of new renewable electricity generation projects over one megawatt for more than six months, and initiate an inquiry regarding policies and procedures for the development of renewable electricity generation.

The Government has enacted the *Generation Approvals Pause Regulation* under the *Alberta Utilities Commission Act*. The Regulation prohibits the AUC from granting an approval under section 9 or 11 of the *Hydro and Electric Energy Act* in respect of a hydro development or power plant that produces renewable energy during the period in which the Regulation is in force. The Regulation, which expires on February 29, 2024, clarifies that the prohibition on approvals does not apply to certain amendments of existing approvals.

Electricity generation inquiry

Concurrently, the Government has also directed the AUC to conduct what appears to be a broad inquiry into the development of electricity generation in Alberta. The terms of reference for the inquiry require the AUC to consider the following:

- development of power plants on specific types or classes of agricultural or environmental land
- the impact of power plant development on Alberta’s pristine views
- mandatory reclamation security requirements for power plants
- development of power plants on lands held by the Crown
- the impact of the increasing growth of renewables on Alberta’s generation supply mix and electricity system reliability

The AUC is directed to hear from interested parties in conducting the inquiry and to provide the Minister of Affordability and Utilities with a report on its findings and observations by March 29, 2024.

AUC announcement

On the afternoon of August 3, 2023, the AUC [released an announcement](#) [PDF] asking stakeholders to comment on the options to implement the approval pause of new renewable electricity generation projects. The AUC offered three options:

- “Complete abeyance: The AUC does not accept new applications during the pause period and all existing excluded applications will be placed in abeyance during the pause period with the AUC taking no further steps to complete their record or issue decisions.
- Partial abeyance: The AUC does not accept new applications during the pause period. For all existing applications with an incomplete record, the AUC process will proceed to the point where the written evidence is complete, applications will then be placed in abeyance until the pause period expires. The AUC will not hold any public hearings for these applications during the pause period. Existing applications with a complete record will be placed in abeyance until the pause period expires.
- Approval hold only: The AUC continues to fully process new and existing excluded applications without issuing any approvals until after the pause period.”

Stakeholders have until August 18, 2023, to provide comments on these options and may propose other options for implementation.

Takeaways

While the inquiry may result in some welcome direction on issues such as the permissible development of renewable electricity projects on Crown lands, which is currently not permitted, the scope of the inquiry and the prospect of new government policies arising from the inquiry introduces uncertainty for projects currently under development.

Further, the intended scope of inquiry is not clear: reviewing the impact of the growth of renewables on Alberta’s generation supply mix and reliability may introduce matters related to system planning and wholesale electricity market pricing and design. At a minimum, the current pause and prospect of limitations on future renewable energy development in Alberta will be expected to increase valuations on projects with existing AUC approvals and increase prices in the active corporate power purchase agreement market for their output.

Osler will be monitoring these developments closely. Osler has extensive experience providing advice on renewable energy developments and regulation by the AUC. If you have any questions regarding the implications of this pause and inquiry, please contact a member of the Osler Regulatory or Power and Utilities groups, or the authors of this Update.