



*Office of the Minister  
Deputy Government House Leader  
MLA, Calgary-North West*

AR34439

December 6, 2019

Mr. Barry Morishita  
President  
Alberta Urban Municipalities Association (AUMA)  
300, 8616 - 51 Avenue  
Edmonton, AB T6E 6E6  
[president@auma.ca](mailto:president@auma.ca)

Dear Mr. Morishita:

Thank you for your November 13, 2019, letter sharing AUMA's resolutions. I appreciate the thought that went into these resolutions and welcome the opportunity to respond to your members.

Resolution 2019.A1

Alberta Energy is aware of customers' concerns over wire costs, especially in rural Alberta. We are open to hearing more from you and your members about how we can improve policy to keep these costs low for customers.

Over the last decade, rapid population and economic growth have increased demand on Alberta's transmission network, which required major additions to replace aging infrastructure and to connect new generation. These additions resulted in material increases in transmission and distribution costs.

Since 2013, the Alberta Utilities Commission (AUC) has regulated distribution costs based on performance. The central goal of performance-based regulation is to mimic competitive forces and promote efficiency within utilities, ultimately lowering distribution costs for customers. The AUC is currently in its second generation of performance-based regulation, with each generation lasting five years. The AUC believes that this has helped keep costs lower than they otherwise would have been.

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### Resolution 2019.A2

Our government is committed to standing up for Alberta's energy sector and the hardworking Albertans who rely on our oil and gas industry to put food on the table for their families. Part of this commitment is ensuring Canadians—and others across the world—know the truth: that Alberta is a world leader in responsible energy development. To this end, we have been diligently meeting with investors, provincial and international leaders, and diverse stakeholders to tell Alberta's energy story.

For too long, the reputation of Alberta's energy sector has been damaged by a misleading campaign to landlock the oil sands. That's why our government created the Canadian Energy Centre, which will take a fact-based approach to counteracting misinformation about our industry. The centre will collaborate with industry, academia, Indigenous peoples and others to reinforce that Alberta energy is responsibly produced and indispensable—to Canada and the world. This is also why we have launched a public inquiry into the foreign-funding of anti-Alberta energy campaigns. The inquiry, led by an independent commissioner, is ongoing, and a final report of findings will be submitted to government by July 2, 2020.

AUMA's Resolution 2019.A2 also speaks to regulatory burden, the Petrochemicals Diversification Program (PDP), energy-supporting infrastructure, and advocacy with federal, municipal, and foreign governments.

### Red Tape Reduction

It is critical that we streamline regulation to improve Alberta's business climate. Red tape is a costly and growing burden on our energy industry. Our government is committed to cutting red tape to reduce costs—encouraging new and existing businesses to get Albertans back to work. That's why we set up the associate ministry of Red Tape Reduction. We are reducing the number of regulatory decisions that need to be made and re-energizing the oil and gas sector. The department continues work with partner ministries to identify additional regulatory enhancements and explore other options for promoting regulatory competitiveness.

### Petrochemicals Diversification Program

The Government of Alberta has confirmed a \$1.1 billion commitment to the PDP. This program encourages investment, diversifies the economy and creates jobs for Albertans. To date, \$150 million in credits have been approved.

### Energy-supporting Infrastructure and Advocacy

Our government is committed to standing up for our province, protecting the value of our energy exports, and getting a fair deal for Albertans. As part of this commitment, we will continue to advocate strongly for pipelines, because getting sufficient access to markets for our oil will help secure economic prosperity—for Alberta and all of Canada

As such, our top priorities include obtaining firm guarantees on construction and completion of the Trans Mountain pipeline expansion, and ensuring that the rule of law is respected and applied. We will also demand clear support for liquefied natural gas projects that will significantly reduce global greenhouse gas emissions by accelerating coal-to-gas conversion in the developing world.

Further, the Fair Deal Panel will consult Albertans about how to best define and secure a fair deal for Alberta. As part of its work, the panel will look at how best to advance the province's vital economic interests, such as the construction of energy pipelines. The panel is consulting with the public until January 30, 2020, and will complete its report to government by March 31, 2020. For information on how AUMA members can participate, visit [www.alberta.ca/fair-deal-panel.aspx](http://www.alberta.ca/fair-deal-panel.aspx).

Again, I thank the AUMA for its energy industry supporting resolutions and look forward to further dialogue about how to move forward on these issues that are so important for Alberta's future.

Sincerely,



Sonya Savage  
Minister

cc: Mark Kolesar, Chair  
Alberta Utilities Commission