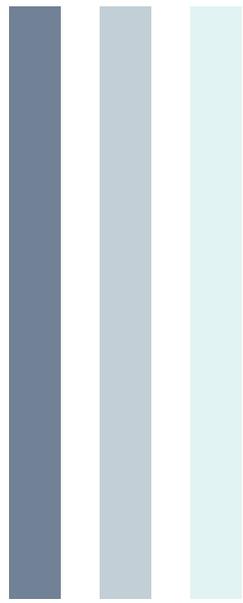




AUC

Alberta Utilities Commission

Alberta's independent utilities regulator



2021-2024 Strategic Plan



New methods
Modernizing
Sharpened focus
Continuous improvement
Assertive case management
Responsive
Agile
Disciplined
Streamlined processes
Accountable
Adaptive
Innovative
Transparent
Trusted
Measurable
Top-tier efficiency North America
One-third red tape reduction

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AUC Chair Carolyn Dahl Rees on the strategic plan pillars

I am pleased to share with you the Alberta Utilities Commission Strategic Plan for 2021-2024. I hope that you – the public and all of our stakeholders – will agree that this plan meets the needs of these times in describing a regulatory approach that is prudent, cost-effective and sensitive to the regulatory burdens that stakeholders, ratepayers and, ultimately, the Alberta economy bear.

The past 12 months have been a time of significant change for the AUC.

While the COVID-19 crisis has been a challenge for all Albertans, the AUC has demonstrated terrific resiliency and co-operation as we look forward to supporting the recovery.

In June of 2020 I became the chair of the AUC and, at the time of my appointment, the government launched a review of the AUC.

The objective of the government’s review was for the AUC to strengthen its work through a strategy of continuous improvement by streamlining processes, reducing red tape and increasing investor confidence. We have responded to the government’s review by fundamentally examining and changing how we work with the ambition of being one of the fastest and most effective regulators in North America.

I should emphasize that this does not come at the expense of ensuring the continued fairness of our adjudicative procedures.

I’m delighted to say that we are already implementing many identified initiatives, however more work needs to be done.

It is clear there is a strong conviction about what needs to change and there is a real energy, both within the AUC and in the feedback we’ve received, about the opportunity to make regulation work better for everyone. This strategic plan discusses the initiatives we have set out to support this objective.

While we will keep a sharp focus on ensuring the timeliness of our work, it is clear that the sector is undergoing fundamental change, driven by decarbonization, technological and market changes. This change has caused us to move from an agency that reactively processes applications, to an agency that proactively confronts complex issues that arise during a time of industry change.

In my view, the AUC can and should have a role in facilitating the evolution of the sector by assisting the public, industry and government to understand the alternatives, and the implications of the challenges the transition is presenting. This does not usurp the government’s clear responsibility to set policy, but simply recognizes that critical informed debate and analysis on industry matters often arise through the regulatory arena. Our work in relation to facilitating system transformation is set out in this plan.

As we work to develop the processes and structures to meet future challenges, we must ensure that we have the ability to succeed in that pursuit. Our plan recognizes that we must continue to develop and strengthen our team

by aligning our hiring and training efforts with our strategic plan and objectives. Since the AUC can’t foresee all issues before they arise, our teams must look at circumstances, identify issues and find new approaches and solutions in a rapidly changing environment. We have had good success working in teams that move beyond the traditional hierarchical structure, allowing us to leverage specialization as applications or projects require.

I’ll finish by emphasizing that reducing regulatory burden and improving AUC efficiency and effectiveness are key objectives for us in the coming year. I know firsthand from my time

in the private sector the frustrations and costs that result when requirements are unclear, inconsistent or inefficient. This experience helped lead me to return to

the AUC after serving as its first interim chair in 2008 – I want to see the AUC achieve ongoing and continuous improvement.

I can say with confidence that the AUC is moving to tackle these issues, but it is a cultural change and it will require commitment from all stakeholders in the short, medium and long-term to accomplish lasting change.

I would like to thank you for your confidence and support as we work to achieve our goals. I look forward to working with AUC colleagues, government, the energy sector and consumers in meeting the important challenges facing us.

"Achieving effectiveness and efficiency is job one, maintaining it is job two."

Carolyn Dahl Rees

AUC resources:

- www.auc.ab.ca
- [Annual reviews](#)
- [Current applications](#)
- [Efficiency and reducing regulatory burden](#)

Efficiency and limiting regulatory burden



The challenge:

The AUC must continue to review its activities to reduce or remove regulatory requirements that have become burdensome. How can the AUC ensure its regulatory processes are clear, timely and appropriate, so as not to impose unnecessary regulatory burden, while ensuring the public interest is protected?

The manner in which the AUC itself is organized and conducts its processes and regulatory proceedings is critical to ensure that industry is not unnecessarily burdened by regulatory time and cost, and that consumers bear the lowest prudent cost of regulation. The AUC is aware that its decisions have effects on investment and competitiveness, and that its regulation needs to be cost-effective, timely and proportionate.

The AUC is committed to ensuring cycle time and duplication are minimized. Decision-making processes should be clear and designed to eliminate unnecessary applications, procedures and delays. Information required should be provided in a responsive, focused way and limited to what the regulator requires to carry out its legislated responsibilities. Timeliness in utility rate proceedings is of primary importance.

In particular, many of the AUC's effectiveness and efficiency initiatives will follow from its adoption of virtually all the recommendations of an independent panel of outside experts on how to implement changes to streamline rates proceedings. Recommendations included adopting an overarching, assertive case management approach, a preference for written hearings with oral argument, sharpening criteria around the scope of cross examination, and adopting an issues-focused decision writing template.

The AUC's effectiveness and efficiency agenda supports provincial requirements and policy statements that the AUC show continuous improvement in regulatory practices.

The AUC's work will include:

Objective	Outcome
1. Continuing to implement the recommendations from the Report of the AUC Procedures and Processes Review Committee to improve the regulatory efficiency of rate proceedings. For example, explore greater use of existing and new alternative dispute resolution approaches, including advanced rulings, mediated settlements, and consideration of revisions required to AUC rates-related rules.	Material, measurable improvement in regulatory effectiveness and efficiency.
2. Developing new, more aggressive performance standards and processes for rate-related applications to reduce full-cycle timelines and align with the Commission's objective to be a North American benchmark for operational and regulatory efficiency and effectiveness.	
3. Conducting an annual industry impact assessment, as part of the AUC Annual Report Card, to evaluate the cost benefits and effectiveness of our processes, and to track continuous improvement through future business cycles.	
4. Enhance and standardize the process, protocols and procedures for running effective and efficient virtual proceedings.	
5. Review and revise AUC Rule 009: <i>Rules on Local Intervener Costs</i> and Rule 022: <i>Rules on Costs in Utility Rate Proceedings</i> to promote consistent and effective participation in AUC proceedings and provide clarity to participants.	Effectively use the Commission's cost authority to improve participation and encourage efficient, issue focused proceedings.

Facilitating change in the sector

The challenge:

The energy sector is transitioning and facing ever more complex issues that concern an extended group of stakeholders. As the regulatory body responsible for regulating the natural gas and electricity sectors, what is the AUC's role in helping to understand the alternatives and implications of the inherent challenges the transition presents?

The gas and electric systems have undergone significant change over the last two decades. Early changes were driven by deregulation and, more recently, by both decarbonization and technological innovation.

With those changes, the traditional boundaries in the energy system are breaking down, between markets and regulation, and between distribution and transmission boundaries, among others.

This has forced changes to our approach to regulation. With a mandate inherited from the days when the critical regulatory functions predominantly consisted of economic and technical regulation, the AUC will redefine its approach and its work to ensure that the inter-linked system evolves to deliver efficient outcomes considered as a whole.

In addition to maintaining the health of the regulated sector and providing effective regulation of energy infrastructure projects, we must align utility and consumer interests through well-designed incentives, systems and business models, and promote a level playing field between incumbents and new entrants, and ensure conditions for competition exist.

For example, in the AUC Distribution System Inquiry Report published earlier this year, we identified a need for improved coordination across the electric transmission and distribution grids in both planning and operating the system. Similarly, we identified that markets will invest in new technologies that have the potential to provide system benefits if participants face cost-reflective price signals and related incentives.

As the energy system evolves, the additions to the gas and electric transmission and distribution systems to accommodate new generation, energy management and storage solutions will have implications for consumers. To meet this challenge, the AUC must consider rate designs that promote the economic and efficient use of that infrastructure while recognizing shifts in the use of generation, transmission and distribution resources.

We also recognize that coordination among the AUC, the Alberta Electric System Operator, utility companies, customers and other stakeholders is required to facilitate progress, and that responsibility for the overall policy framework in these areas rests with government.

The AUC's work will include:

Objective	Outcome
1. Assessing the experience with performance-based regulation in Alberta to date, to determine if performance-based regulation should be continued and if so, whether the design can be improved to ensure efficient outcomes.	Understanding of the successes and limitations of the experience with performance-based regulation to date, determining whether to proceed with a further PBR framework and improving any future PBR framework.
2. Collaborating with the Alberta Electric System Operator (AESO), the Department of Energy and the Market Surveillance Administrator on a robust regulatory framework for electrical energy storage in Alberta.	Clear and comprehensive requirements that create certainty and consistency for market participants and promote efficient market outcomes.
3. Standardize (i) connection practices and processes among Alberta electric distribution utilities to ensure there are no barriers to entry for distributed energy resources and (ii) terms and conditions of service required by Alberta's distribution utilities to ensure customers receive consistent treatment.	
4. Evaluating the development of uniform distribution planning and reliability requirements to better coordinate distribution and transmission planning and ensure overall system optimization and control costs.	
5. Establishing an interdisciplinary, cross-divisional team to provide information in AESO stakeholder consultations regarding the tariff for system access service, and anticipate market implications.	The AESO tariff creates efficient incentives for transmission connected customers, including improved price signals for the incremental costs and benefits their use creates.

People

The challenge:

The AUC will play a central role as competitive forces and technological advancements continue to reshape the utilities sector. The AUC's most important challenge will be to develop, attract and retain a diverse group of people with the skills, experience and education required to meet these demands, and to evolve more innovative and adaptive work approaches. But how?

Alberta's energy and utility sectors are entering an era of transition. As competitive forces and technological advancements begin to dramatically reshape this industry, this transition has implications for all stakeholders, including the regulator. Throughout this transition, the AUC will continue to play a central role. Delivering on its mandate in an industry on the cusp of a technological transformation will require the AUC to broaden its core competency areas beyond traditional expertise in engineering, accounting and law.

Looking ahead, it is paramount that the AUC engage people with the skills, experience and education required to understand and analyze how emerging technologies will affect the energy grids, consumer behaviour, the operation of emerging competitive markets, the financial assessment of investments in new technology and the analysis of data generated by advanced information technology. Also, the AUC must consider and incorporate new approaches to how we work, implementing key effectiveness, efficiency and regulatory burden reduction initiatives. The AUC's enforcement role in the changing utility sector as well as its evolving role in consultation with First Nations and Métis groups will also require specialists in these areas.

To meet these demands, the AUC must transform its workforce by hiring people with the necessary technology and rate-design

backgrounds while maintaining and enhancing our existing specialist skills and technical capabilities. It must also instill and support a culture of continuous learning and innovation to give staff the opportunity to acquire new skills to tackle the challenges created by industry and consumer adoption of new technology.

Learning and innovation are top priorities at the AUC. The AUC recognizes that innovation must come from all quarters in our organization, and that we must value ideas and intellectual curiosity from junior staff to senior executives. The AUC's commitment to innovation will invite and encourage employees to share their perspectives.

Attraction and retention of skilled staff, both for core work and the work brought on by technological change, shifting societal expectations and how we evolve better approaches to how we work, will be essential if the AUC is to meet its statutory responsibility of regulating the utility sector in the public interest. This is especially true at a time when new and existing skills and competencies are in high demand in the energy and utility sectors. As the AUC adapts its workforce to the changing environment, it is acutely aware that failure to attract and retain a skilled, diverse and motivated workforce could lead to a talent or skills gap between the regulator and the regulated at the expense of the public.

The AUC's work will include:

Objective	Outcome
1. Modernizing the AUC's workforce by developing a human capital road map to transform the skillset required to keep pace with an evolving utilities sector.	Modernized employee competency and educational plans.
2. Encouraging, tracking, recognizing and rewarding staff innovation.	A more agile and innovative regulator striving for continuous improvement in the way we do our work.
3. Formalizing and evolving our succession and leadership development plan.	Identification and development of a diverse group of future leaders that possess the required technical and leadership skills to succeed the current leadership team.
4. Evolving the AUC value proposition for staff, which includes fair compensation, benefits, pension and the ability to achieve work-life balance and other human resources programs.	Modern and flexible human resource programs and benefits.
5. Modernizing our workplace, allowing for increased collaboration and implementation of efficient approaches to our work.	A more collaborative and efficient organization.

Commission

The Commission is made up of not more than nine members appointed by the Lieutenant-Governor-in-Council, one of whom is designated as chair and not more than two of whom may be designated as vice-chairs.

The AUC is made up of experts with senior decision-making experience in various disciplines, rather than generalists. Many of the AUC's duties are adjudicative. Most of AUC regulation deals with investor-owned utility companies and market participants, and the issues are increasingly complex and often contentious.

The AUC also utilizes acting Commission members, who are appointed by order-in-council. They can be called upon by the chair to adjudicate matters before the Commission.

The AUC's work is complex and is supported by a team of approximately 132 expert staff with varying disciplines in law, economics, finance, engineering, environmental science and accounting, located at offices in Calgary and Edmonton.

Members:



Chair

Carolyn Dahl Rees

Carolyn Dahl Rees was appointed chair of the AUC on June 24, 2020 after rejoining the AUC as a member on March 25, 2020. Ms. Dahl Rees

had been a Commission member, an acting chair, and later vice-chair, between 2008 and 2012. Along with her substantial history as an adjudicator at the AUC and other tribunals, Ms. Dahl Rees, a lawyer, worked most recently in senior legal, regulatory and compliance roles for TransAlta Corporation. She also has experience drafting legislation and regulations, and played a role in the development of the regulatory framework and foundational laws to restructure Alberta's electricity system in the 1990s. She has completed degrees in law, english and medieval studies.



Vice-chair

Anne Michaud

Anne Michaud was appointed to the AUC in 2008 and named vice-chair in July, 2018. Prior to joining the AUC, Ms. Michaud was

a tax partner with Deloitte & Touche, after a career in international tax with a focus on energy, oil and gas and energy marketing. Ms. Michaud is a former federal Crown counsel. Ms. Michaud is a lawyer with a master's degree in international law, and degrees in law and arts.



Carolyn Hutniak

Carolyn Hutniak was appointed to the AUC on February 15, 2017, after more than 12 years as hearing chair and appeals commissioner on the Appeals Commission for the Alberta Workers' Compensation Board. Ms. Hutniak has also worked as an administrative law expert and tribunal management consultant to disciplinary, regulatory and rights tribunals throughout Alberta. Ms. Hutniak holds degrees in law and arts and has a background in labour, employment and administrative law.



Neil Jamieson

Neil Jamieson was appointed to the AUC on January 1, 2011. Prior to joining the AUC, Mr. Jamieson worked as a senior professional engineer and manager in infrastructure, public works, environment and public utilities for nearly 30 years, across three provinces and territories. He joined the AUC from the City of St. Albert, where he was general manager of planning and engineering. Mr. Jamieson is a civil engineer and certified local government manager.



Cairns Price

Cairns Price was appointed to the AUC on January 4, 2021. Prior to joining the AUC, Mr. Price worked as senior legal counsel for MEG Energy Corp. specializing in regulatory, environmental and Indigenous law. Earlier, he was in similar roles with TransAlta Corporation and Nexen Inc. and has appeared before various provincial and federal regulatory tribunals. Mr. Price has completed degrees in law, civil law and commerce, all with distinction.



Kristi Sebalj

Kristi Sebalj was appointed to the AUC on July 9, 2018. Prior to joining the AUC, Ms. Sebalj was the registrar for the Ontario Energy Board, an organization she joined in 2005. Prior to the OEB, Ms. Sebalj was the co-chair of McMillan Binch LLP's energy group. Ms. Sebalj is a lawyer with bachelor's degrees in law and science, and holds a master's degree in science, as well as certificates in adjudication and marine environmental law.



Vera Slawinski

Vera Slawinski was appointed to the AUC in January 2021, rejoining the organization where she had previously served as legal counsel to the AUC between April 2008 and March 2013. Immediately prior to rejoining the AUC in 2021, Ms. Slawinski had been legal counsel for ENMAX Corporation, focused on regulatory matters, and before that gave advice on interpretation and drafting utilities legislation to the Alberta Department of Energy. Ms. Slawinski has completed degrees in law, fine arts and mathematics.



Acting Commission members:

- j'Amey Bevan
- Patrick Brennan
- Merete Heggelund
- Vincent Kostas
- Doug Larder
- Koren Lightning-Earle
- Rick Robinson
- Bohdan (Don) Romaniuk
- John Whaley

2020-21 Highlights

Distribution System Inquiry Report

31 billing deferral program applications processed within seven days

Virtual hearings and consultations maintain timeliness

Virtual landowner engagement for info sessions

Trusted traveller approach cuts process time by two-thirds

Amended AUC Rule 007

Materiality thresholds

Mediated settlements

Modernized rules focused and interactive

Outside experts recommendations accepted to streamline rates applications

More than 630 decisions issued

More than 320 decisions and dispositions issued on expedited basis

2018-2022 performance-based regulation (PBR) issues resolved providing greater certainty for utilities and consumers

Initiated stakeholder review of PBR, including setting foundational service costs for period 2023 forward

More than 980 applications filed

Benchmarking study



Measuring success: Chief Executive Bob Heggie

The AUC is committed to being a performance-based organization.

We will report the progress we have made in delivering on our commitments in our AUC Annual Report Card to our stakeholders that will be published on our website.

Those commitments arise from three aspects of our work:

- Our legacy performance measures that include, for example, performance standards based on the number of business days required to complete various application types.
- The planned initiatives set out in this strategic plan.
- The progress we have made in reducing regulatory requirements as required by the Alberta government's red tape reduction plan.

Last year, for the first time, the AUC attempted to quantify the benefits of its initiatives it has taken to reduce regulatory burden and improve efficiency. Our goal is to identify the monetary benefits resulting from our actions. Our initial approach was focused on our own internal direct costs and, as a next step, we will be soliciting cost savings realized by utilities as a result of our efficiency improvements through the AUC Industry Impact Assessment tool.

“The report card and impact assessment give us a real and practical way to ensure we stay on track.”

The published AUC Annual Report Card provides clear, transparent and comprehensive information allowing stakeholders to better understand and assess our progress in delivering on our commitments and meeting our organizational objectives.

Bob Heggie

Chief Executive

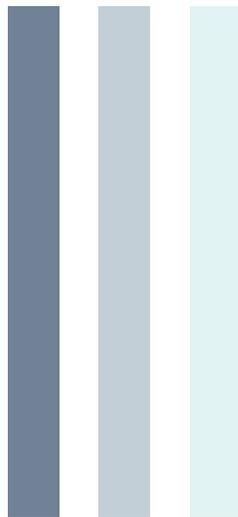


Vision:

To be a trusted leader that delivers innovative and efficient regulatory solutions for Alberta.

AUC annual reviews:

www.auc.ab.ca/pages/annual-review.aspx



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