

Understanding Alberta's Energy Market: *High Prices and Your Cooperative*

Over the last year, Alberta has been dealing with expensive energy, leading to a closer look at what's causing it in the province's energy market. Global dynamics, local rules, and changes in the industry have all played a part. Alberta is unique because it has a wholesale electricity market, where prices depend on how much power is available and how much people need. The cost of making electricity is then passed on to consumers through their monthly bills. In the last two years, both wholesale and retail electricity prices in Alberta have been going up.



Even though wholesale electricity markets are competitive, Alberta has faced high prices given there are few suppliers that can be available to supply power when the power is needed. The Alberta Electricity System Operator (AESO) runs the market for the province. It predicts how much power will be needed and allows producers to offer their supply at a certain price. The market price is set where demand crosses the supply curve. When there is a shortage of power to meet demand, the AESO calls on higher priced generators to produce the needed power. The power produced up to the demand is sold to distributors and then to consumers. Retail energy markets are also competitive, and companies selling retail energy must predict demand and buy enough supply to meet it.

These markets can be affected by "market power," where participants with enough supply of power capacity can control prices. The Market Surveillance Administrator (MSA) reviews potential market power issues to make sure the electricity market is fair, efficient, and openly competitive.

In this challenging situation, Battle River Power Coop (BRPC), a not-for-profit group, stands out as an affordable and reliable alternative. BRPC buys power from the wholesale market and sells it to consumers in its area. The total cost for consumers includes transmission, distribution, electricity market prices, administration, and other charges, plus GST.

Understanding why Alberta's energy prices are high and knowing about Battle River Power Coop is important for consumers and our members trying to navigate the energy market.

Rising Energy Prices in Alberta

Alberta, known for its role in the energy sector, is affected by global market changes. The province's economy, linked to oil and gas, is sensitive to shifts in commodity prices. When global energy markets change, Alberta's energy prices go up, impacting consumers. *(continued on page 2)*



For power outages, emergency power troubles and service requests, contact the distribution system operator for FENN REA: **ATCO Electric**
Phone toll-free: 1-800-668-2248

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Regulatory factors and policy decisions also affect prices, creating a complex web of market dynamics. Government policies, environmental rules, and changes in supply and demand contribute to energy price volatility in Alberta. Balancing sustainability with affordable energy is a challenge for policymakers and industry players.

After the Ukraine conflict last year, natural gas supply was restricted, leading to higher global prices. Alberta's electricity generation relies on natural gas, causing electricity prices to rise. This year, natural gas prices stabilized, but electricity prices increased due to a shortage of base load generation capacity in Alberta. The province's shift to renewable energy, like solar and wind, is ongoing, but reliable capacity is still needed.

The Government of Alberta is responsible for overseeing the electricity market and is reviewing rates to ensure fair pricing. How long this review will take and what changes will be made for an affordable, fair, efficient, and openly competitive market is uncertain.

The upcoming winter in Alberta may impact electricity prices due to a shortage of generating capacity. Price volatility is still observed, and during the winter, increased power demand can lead to higher market prices. Consumers are encouraged to use electricity wisely during cold winter days.

The Appeal of Cooperatives in Rural Alberta

Facing challenges, Battle River Power Coop is seen as a promising option for rural consumers seeking reliable and affordable power. As a cooperative, it prioritizes community values over profit, providing tangible benefits for consumers. Community engagement is a key advantage, with active member participation ensuring their energy needs are met.

Battle River Power Coop's commitment to community involvement sets it apart from larger profit-driven corporations. This cooperative approach builds trust and accountability among members.

Understanding Alberta's energy market requires knowing the factors behind high prices. Battle River Power Coop, with its focus on community engagement and affordability, offers a cooperative solution in the evolving energy landscape. For rural consumers, it provides a voice in reliable and responsible energy.



**SAVE
THE
DATE!**

FENN's Annual General Meeting will be taking place on Monday, March 25, 2024 at 7:30 p.m. in the Big Valley Legion Hall. Keep an eye on the newsletter and our website for more details.



Regulated Rate Option (RRO)

The RRO rate may increase or decrease from month to month as it is priced on the open market and subject to many factors relating to supply and demand. If you do not have a contract with an electricity retailer, then you receive the default RRO rate.

For December 2023, the RRO is priced at \$0.18339 per kWh, which is reflected on your enclosed bill. For January 2024, the Battle River Power Coop monthly RRO billing rate for FENN REA members is \$0.14518. The RRO rate is also listed on www.fennrea.com.

Members are free to purchase natural gas services or electricity services from a retailer of their choice. For a list of retailers, visit ucahelps.alberta.ca or call 310-4822 (toll free in Alberta).