Q&A - Developer Virtual Information Session

Background

On December 12, 2023, ENMAX Power hosted a Virtual Information Session for the development community to share an update on two matters:

1. AUC Decision – Residential Maximum Investment Levels.
2. Transformer Allocation Strategy within Greenfield Residential Development.

More than 110 stakeholders participated in the online session and raised several important questions. Should you require additional clarity, please contact ENMAX Power.

QUESTIONS AND ANSWERS

1. What was the recent decision from the Alberta Utilities Commission (AUC) regarding Maximum Investment Levels?

The residential development community petitioned the Alberta Utilities Commission (AUC) to increase the Maximum Investment Levels (MILs) of Alberta electric utilities for residential developments in 2022. In response, the AUC conducted a proceeding to review the investment levels of all Alberta electric utilities. The AUC sought input from various stakeholders, such as land developers, home builders, municipalities, electric distribution wire owners and consumer groups, on the issues related to design standards, MILs and the process for revising them.

ENMAX Power participated in the proceeding and provided evidence that its investment is appropriate and should continue to cover the full cost of a standard service based on utility standards for residential servicing.

On October 18, 2023, the AUC issued a Decision determining that utility investment in residential servicing should continue and approved a generic maximum investment of $3,016 per service across all Alberta utilities, effective January 2024.

2. How will this impact the developer community?

ENMAX Power previously invested more than $3,016 per service for underground residential development areas. As a result of the AUC decision, ENMAX Power is required to reduce its contribution to $3,016 per service in 2024. The $3,016 contribution applies to all residential servicing, both within the larger underground residential development areas as well as for other smaller development such as single family infills and multifamily units (e.g. condos, row housing, etc.).

In general, residential developers will now fund a larger portion of the electrical servicing costs for their projects.

The cost difference is project-specific based on numerous considerations such as project size, service type, established vs. greenfield area development and more. For greenfield, single-family residential development, we anticipate a 25-50% reduction in ENMAX Power contribution.

For more information about the cost difference for your specific projects, please contact your ENMAX Power Project Manager.

3. **How will existing quotes issued in 2023, for projects being energized in 2024 be handled. Will ENMAX Power honor the initial quote?**

ENMAX Power has been directed to update its Distribution Tariff Terms and Conditions and MILs to reflect the AUC's Decision. The updated Terms and Conditions were recently filed and the treatment of quotes will be addressed by the AUC as part of that decision, which is expected to be issued no later than April 18, 2024.

ENMAX Power continues to take the position that quotes issued prior to October 18, 2023 should be at the original investment amount. More information will be shared as ENMAX Power is advised by the AUC of its decision.

4. **Will ENMAX Power be challenging the AUC decision?**

No. This is a generic decision that applies to all Alberta electric utilities and ENMAX Power does not believe there is an opportunity to challenge the AUC's decision.

5. **Can developers or BILD Calgary launch an appeal or lobby government for a review and/or change to the Maximum Investment Levels?**

BILD Calgary and the development community are free to pursue whatever options they feel are necessary. BILD Alberta and representatives from the residential development community petitioned the AUC to initiate this review and many were actively involved in the proceeding.

6. **Can ENMAX Power fund the cost difference?**

No. As a regulated utility – all capital and operational expenditures are reviewed by the Alberta Utilities Commission and those that are approved are reflected in ENMAX Power's revenue requirement. Distribution is subject to Performance-Based Regulation and ENMAX Power's revenue requirement for 2024 through to 2028 will be set using the formulas approved by the AUC in its recent decision.

7. **Can developers go back to 100A (amp) servicing for single family homes in underground residential developments?**

No. ENMAX Power conducted a review of this standard following the AUC decision and based on numerous technical and financial factors, has determined this standard continues to be appropriate.

Electrical infrastructure is built and maintained for long term use. This infrastructure needs to ensure the electric system is capable of supporting electrification. 200A service will remain as the minimum standard for single family homes in underground residential development areas.

Changes to the Canadian Electric Code, Part 1 in 2021 have resulted in ENMAX Power not being able to utilize smaller #2 AWG cable for supplying 100A services as it had in the past. In place of #2 AWG cable, ENMAX Power has shifted to 4/0 AWG cable for both 100A and 200A services. As a result, the cost difference between 100A and 200A services is nominal and across the development community, 200A services for new single-family homes is requested by over 90% of our customers.

8. **Does the 200A service standard apply to multi-family development/condos or smaller infill developments?**

Smaller residential developments such as single family infills and multifamily/condo units may still be supplied with 100A services. The size of the service is dictated by the electrical design requirements provided by the developer, or their consultant and these projects are often unique in nature.

9. Do Secondary Suites require separate meters?

Yes. The direction for separate suite metering is provided through provincial regulations such as Electric Utilities Act, Consumer Protection Act, the ENMAX Power Distribution Tariff Retailer Terms and Conditions, which are reviewed and approved by the AUC.

ENMAX Power will contribute to each service (i.e. meter) as outlined in the approved Terms and Conditions.