



Province of Alberta

## ELECTRIC UTILITIES ACT

# ISOLATED GENERATING UNITS AND CUSTOMER CHOICE REGULATION

### **Alberta Regulation 165/2003**

With amendments up to and including Alberta Regulation 83/2021

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### Office Consolidation

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(Consolidated up to 83/2021)

**ALBERTA REGULATION 165/2003**

**Electric Utilities Act**

**ISOLATED GENERATING UNITS AND  
CUSTOMER CHOICE REGULATION**

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Schedule

**Definitions**

**1** In this Regulation,

- (a) “Act” means the *Electric Utilities Act*;
- (b) “Department” means the Department of Energy;
- (c) “industrial area” means
  - (i) an area
    - (A) in which electric energy is provided to a customer by an isolated generating unit listed in Part B of the Schedule, and
    - (B) in which an electric distribution system exists,
  - or
  - (ii) an area that has been designated by the Commission as an industrial area under section 27.1;

- (d) repealed AR 274/2006 s2;
- (e) “isolated community” means
  - (i) a community
    - (A) in which electric energy is provided to a customer by an isolated generating unit listed in Part A of the Schedule, and
    - (B) in which an electric distribution system exists,
  - or
  - (ii) a community that has been designated by the Commission as an isolated community under section 27.1;
- (f) “isolated generating unit” means a generating unit listed in the Schedule or that has been designated by the Commission as an isolated generating unit under section 27.1;
- (g) repealed AR 274/2006 s2;
- (h) “mobile unit” means an isolated generating unit listed in Part C of the Schedule or that has been designated by the Commission as a mobile isolated generating unit under section 27.1.

AR 165/2003 s1;274/2006;254/2007

## **Part 1**

### **Provision of Electric Energy to Areas not Connected to the Interconnected Electric System**

#### **Division 1**

#### **Isolated Communities**

##### **Duty to make electric energy available**

**2** The owner of the electric distribution system in whose service area an isolated community is located

- (a) must make electric energy available to customers in the isolated community, and
- (b) must include in its application for approval of a tariff under section 119 of the Act the costs associated with

providing electric energy to customers in the isolated community.

### **Recovery of costs**

**3** The costs associated with providing electric energy to customers in an isolated community must be paid in accordance with the following:

- (a) retailers arranging for the purchase of electric energy on behalf of customers in an isolated community must pay the Independent System Operator the pool price for electric energy they purchase;
- (b) the owner of the electric distribution system in whose service area the isolated community is located must pay the Independent System Operator for system access service as if the isolated community were being provided with system access service via the interconnected electric system;
- (c) the Independent System Operator must pay the owner referred to in clause (b) the costs associated with providing electric energy to an isolated community in accordance with the tariff approved by the Commission pursuant to section 124 of the Act;
- (d) the Independent System Operator must include in its tariff prepared pursuant to section 30 of the Act
  - (i) the amount received by the Independent System Operator pursuant to clause (a), and
  - (ii) the amount paid by the Independent System Operator pursuant to clause (c).

AR 165/2003 s3;254/2007

## **Division 2 Industrial Areas**

### **Duty to make electric energy available**

**4** The owner of the electric distribution system in whose service area an industrial area is located

- (a) must make electric energy available to customers in the industrial area, and
- (b) must include in its application for approval of a tariff under section 119 of the Act the costs associated with

providing electric energy to customers in the industrial area.

**Recovery of costs**

**5** The costs associated with providing electric energy to customers in an industrial area must be paid in accordance with the tariff approved by the Commission pursuant to section 124 of the Act.

AR 165/2003 s5;254/2007

**Exception to section 4**

**6** A customer in an industrial area may use electric energy that is produced on the customer's premises by a supplier of the customer's choice if the electric energy is consumed only on the customer's premises.

**7 to 11** Repealed AR 274/2006 s4.

**Division 4  
Mobile Units****Commission approval of mobile units**

**12(1)** The owner of an electric distribution system to which section 2 or 4 applies

- (a) must identify the mobile units that it considers necessary to provide a reliable supply of electric energy to an isolated community or industrial area, as the case may be, and
- (b) must include in its application for approval of a tariff under section 119 of the Act the costs associated with the mobile units identified under clause (a).

**(2)** In approving the tariff under section 124 of the Act relating to mobile units, the Commission must approve only the costs associated with the mobile units that, in its opinion, are necessary to provide a reliable supply of electric energy to the isolated community or industrial area, as the case may be.

AR 165/2003 s12;254/2007

**Owner decision re mobile units**

**13(1)** After the Commission makes an order approving the tariff under section 124 of the Act relating to mobile units, the owner must decide whether to sell the mobile units that the Commission in accordance with section 12(2) does not consider necessary.

(2) If the owner decides to sell the mobile units, Part 2 applies to the sale.

(3) If the owner decides not to sell the mobile units, the owner must notify the Commission of its decision not to sell the generating unit and identify the generating unit.

(4) On the date the owner decides not to sell the mobile units, the mobile units are deemed to be struck from Part C of the Schedule until the Schedule is amended.

AR 165/2003 s13;274/2006;254/2007

## **Division 5 Border Customers**

### **Definitions**

**14** In this Division,

- (a) “border customer” means a customer in Alberta
  - (i) who receives or will receive electric energy through a connection to an electric distribution system or transmission system located outside Alberta, and
  - (ii) who is not directly connected to the interconnected electric system;
- (b) “extra-provincial supplier” means any one or more suppliers of electric energy that are located outside Alberta and who supply electric energy to an owner.

AR 165/2003 s14;274/2006

### **Duty to make arrangements for electric energy**

**15** The owner of the electric distribution system in whose service area a border customer is located

- (a) must make arrangements for the provision of electric energy to the customer, and
- (b) must include in its application for approval of a tariff under section 119 of the Act the costs associated with making arrangements for the provision of electric energy to border customers.

### **Recovery of costs**

**16** The costs associated with making arrangements for the provision of electric energy to border customers must be paid in accordance with the following:

- (a) retailers arranging for the purchase of electric energy on behalf of border customers must pay the Independent System Operator the pool price for electric energy they purchase;
- (b) the Independent System Operator must pay the owner of the electric distribution system in whose service area the border customer is located the amount collected under clause (a) for electric energy;
- (c) the owner must pay the extra-provincial supplier for electric energy supplied by the extra-provincial supplier at the rate agreed to between the owner and the extra-provincial supplier;
- (d) the owner must include in its tariff prepared pursuant to section 119 of the Act
  - (i) the amount received by the owner pursuant to clause (b), and
  - (ii) the amount paid by the owner to the extra-provincial supplier pursuant to clause (c).

## **Part 2**

### **Rules Relating to Sale of Isolated Generating Units**

#### **Sale offering**

**17(1)** Where the owner of an isolated generating unit decides to sell an isolated generating unit under section 13(2) or 26(2), the owner must offer the isolated generating unit for sale through a widely publicized sale offering in a manner that does not in any way

- (a) make the sale offering less attractive, or
- (b) discourage or restrict any potential bid that could be made in response to the sale offering.

**(2)** An owner does not make a sale offering less attractive simply by offering to sell an isolated generating unit at the location where it is situated on the date of the offer to sell.

AR 165/2003 s17;274/2006

#### **Commission approval of sale offering and proposal**

**18(1)** Before advertising a sale offering, the owner must submit to the Commission the sale offering and a proposal as to how section 17 is intended to be complied with.

(2) If on reviewing the proposal submitted under subsection (1) the Commission is satisfied that section 17 will be complied with, the owner must proceed with the sale offering in accordance with the proposal.

(3) If on reviewing the proposal submitted under subsection (1) the Commission is not satisfied that section 17 will be complied with,

- (a) the Commission must provide directions to the owner to amend the proposal, and
- (b) the owner must comply with the directions of the Commission and proceed with the sale offering in accordance with the amended proposal.

AR 165/2003 s18;254/2007

#### **Eligibility to bid**

**19** The owner of an isolated generating unit referred to in the sale offering, and its affiliate, are not eligible to bid in response to the sale offering.

#### **No bids received**

**20(1)** If an isolated generating unit is not sold because no bids are received for the generating unit,

- (a) the owner is entitled to receive from the Balancing Pool
  - (i) the undepreciated capital cost of the generating unit, as determined by the Commission, and
  - (ii) the reasonable costs of offering the generating unit for sale,
- (b) the owner must notify the Commission that the generating unit did not sell and identify the generating unit, and
- (c) effective on the date that the owner receives payment from the Balancing Pool under clause (a), the isolated generating unit is deemed to be struck from Parts A to C, as the case may be, of the Schedule until the Schedule is amended.

(2) The owner of an isolated generating unit who applies to the Commission to decommission the unit within one year after the owner receives payment under subsection (1)(a)

- (a) is entitled to receive from the Balancing Pool the amount by which the costs of decommissioning the unit exceed

the amount the owner has collected from customers for the purpose of decommissioning the unit, or

- (b) where the amount the owner has collected from customers for the purpose of decommissioning the unit exceeds the costs of decommissioning the unit, must pay the excess to the Balancing Pool.

**(3)** Before any payment may be paid from the Balancing Pool under subsection (2)(a) or to the Balancing Pool under subsection (2)(b), the owner of the isolated generating unit must receive Commission approval of

- (a) the costs of decommissioning the unit, and
- (b) the amount that the owner of the generating unit has collected from customers for the purpose of decommissioning the generating unit.

**(4)** The Commission must not approve the costs and amount referred to in subsection (3) if the generating unit is in operation for more than one year from the date the owner receives payment under subsection (1)(a).

AR 165/2003 s20;274/2006;254/2007

#### **One or more bids received**

**21(1)** If, in respect of an isolated generating unit referred to in the sale offering,

- (a) only one bid is received, the Commission must accept the bid and, by order, approve the sale of that isolated generating unit, or
- (b) more than one bid is received, the Commission must accept the highest bid and, by order, approve the sale of that isolated generating unit.

**(2)** If there is a dispute as to which bid is the highest bid, the Commission must determine which bid is the highest bid.

AR 165/2003 s21;254/2007

#### **Completion of sale**

**22(1)** On completing the sale of an isolated generating unit, the owner

- (a) must pay to the Balancing Pool the proceeds from the sale of the generating unit,
- (b) is entitled to receive from the Balancing Pool

- (i) the net book value of the generating unit, as determined by the Commission, and
  - (ii) the reasonable costs of selling the generating unit,
- and
- (c) must notify the Commission that the generating unit sold and identify the generating unit.

**(2)** On the later of the date the owner pays to the Balancing Pool under subsection (1)(a) or receives payment from the Balancing Pool under subsection (1)(b), the isolated generating unit is deemed to be struck from Parts A to C, as the case may be, of the Schedule until the Schedule is amended.

AR 165/2003 s22;274/2006;254/2007

#### **Approval of payment to or by the Balancing Pool**

**23** Before any amounts or costs are paid to or by the Balancing Pool under sections 20 or 22, the Commission must approve the amounts or costs.

AR 165/2003 s23;254/2007

### **Part 3 Recovery of Costs Relating to Isolated Generating Units**

**24** Repealed AR 274/2006 s10.

#### **Negotiated settlement**

**25(1)** Subject to subsection (2), the Balancing Pool must pay ATCO Electric Ltd. amounts determined in accordance with

- (a) the Isolated Generating Reclamation Costs Negotiated Settlement approved by the Alberta Energy and Utilities Board in Decision 2002-102 dated December 3, 2002, and
- (b) the Isolated Generating Reclamation Costs for Decommissioned Sites Negotiated Settlement approved by the Alberta Energy and Utilities Board in Decision 2003-036 dated May 13, 2003.

**(2)** Subsection (1) does not, in respect of the Decisions referred to in subsection (1)(a) and (b), limit or restrict any of the powers of the Board, including but not limited to the powers of the Board

- (a) under the *Alberta Utilities Commission Act*, and

(b) under the *Electric Utilities Act*.

AR 165/2003 s25;274/2006;254/2007

## Part 4 General Provisions

### Decreased load

**26(1)** Where an isolated generating unit is no longer required to provide electric energy as a result of an isolated community or industrial area requiring less electric energy or being connected to the interconnected electric system, the owner of the generating unit must decide whether to sell the generating unit.

(2) If the owner decides to sell the generating unit, Part 2 applies.

(3) If the owner decides not to sell the generating unit, the owner must notify the Commission of its decision not to sell the generating unit and identify the generating unit.

(4) On the date the owner decides not to sell the generating unit, the isolated generating unit is deemed to be struck from Part A or Part B, as the case may be, of the Schedule until the Schedule is amended.

AR 165/2003 s26;274/2006;254/2007

### Reliable supply or increased load

**27(1)** Where, in order to maintain a reliable supply of electric energy or to provide more electric energy to an isolated community or industrial area,

(a) an isolated generating unit is to be replaced, or

(b) an additional isolated generating unit is required,

an owner must apply to the Commission for approval of the replacement or additional generating unit.

**(1.1)** If the Commission receives an application under subsection (1), the Commission may approve the application if, in the opinion of the Commission, the connection of the isolated community or industrial area to the interconnected electric system is not economic.

(2) Where the replacement or the addition of an isolated generating unit is approved under subsection (1), the Commission must include the costs associated with the unit in the tariff approved pursuant to section 124 of the Act.

(3) A generating unit approved under subsection (1) is an isolated generating unit and is deemed to be included in Part A, Part B or Part C, as the case may be, of the Schedule until the Schedule is amended.

AR 165/2003 s27;274/2006;254/2007

#### **Designations within service areas**

**27.1(1)** The Commission may designate an area within the service area of an owner of an electric distribution system as an isolated community or an industrial area if, in the opinion of the Commission,

- (a) the connection to the interconnected electric system of the customers within the designated area is not economic, and
- (b) the designation is expected to provide the customers within the designated area with a more economic source of electric energy than customers making their own arrangements for electric energy.

(2) When the Commission makes a designation under subsection (1), the isolated community or industrial area is deemed to be included in Part A or Part B, as the case may be, of the Schedule until the Schedule is amended.

(3) The Commission may designate a generating unit as an isolated generating unit and may designate an isolated generating unit as

- (a) an industrial area isolated generating unit,
- (b) an isolated community isolated generating unit, or
- (c) a mobile isolated generating unit.

(4) When the Commission makes a designation under subsection (3), the generating unit is deemed to be included in Part A, Part B or Part C, as the case may be, of the Schedule until the Schedule is amended.

(5) If the Commission approves the addition of an isolated generating unit under subsection (3), the Commission must include the costs associated with the unit in the tariff approved pursuant to section 124 of the Act.

AR 274/2006 s14;254/2007

#### **Update to the Schedule**

**27.2(1)** The owner of the electric distribution system in whose service area an isolated generating unit is located must, once each calendar year, provide to the Department a written report that

specifies all of the isolated generating units in the owner's service area

- (a) that are included or have been deemed to be included as part of the Schedule, and
- (b) that have been deemed to be struck from the Schedule.

(2) Before the owner provides the report to the Department, the owner must obtain written confirmation from the Commission that the list of isolated generating units and related information included in the Schedule is, as of the date of the report, up-to-date.

AR 274/2006 s14;254/2007

## Part 5 Repeal, Expiry and Coming into Force

### Repeal

**28** The Isolated Generating Units and Customer Choice Regulation (AR 329/2000) is repealed.

### Expiry

**29** For the purpose of ensuring that this Regulation is reviewed for ongoing relevancy and necessity, with the option that it may be repassed in its present or an amended form following a review, this Regulation expires on April 30, 2024.

AR 165/2003 s29;53/2013;11/2018;83/2021

### Coming into force

**30** This Regulation comes into force on the coming into force of Parts 1 to 10 of the *Electric Utilities Act*, SA 2003 cE-5.1.

## Schedule

### Isolated Regulated Generating Units and Regions Served by those Units

#### Part A

Isolated Community	Generating Unit	Fuel Type	Rating (kW)
Chipewyan Lake	CUL445	Diesel	214
	CUL446	Diesel	214

Fort Chipewyan	CUL453	Diesel	1145
	CUL454	Diesel	1145
	CUL455	Diesel	1145
	CUL456	Diesel	1145
Garden River	CUL436	Diesel	430
	CUL437	Diesel	430
	CUL438	Diesel	430
Indian Cabins	CUL457	Diesel	30
	CUL458	Diesel	30
Jasper	CUL 5	Diesel	100
	CUL 43	Natural Gas	3000
	CUL 47	Natural Gas	3000
	CUL 65	Hydro	500
	CUL 66	Hydro	900
	CUL183	Natural Gas	1000
	CUL189	Natural Gas	3300
	CUL190	Natural Gas	3300
	CUL191	Natural Gas	1000
	CUL330	Natural Gas	500
	CUL368	Natural Gas	2880
Narrows Point	CUL280	Diesel	60
	CUL428	Diesel	25
	CUL429	Diesel	35
	CUL430	Diesel	50
Peace Point	CUL439	Diesel	24
	CUL440	Diesel	24

Steen River Town	CUL 441	Diesel	35
	CUL 442	Diesel	35

**Part B**

<b>Industrial Area</b>	<b>Generating Unit</b>	<b>Fuel Type</b>	<b>Rating (kW)</b>
Chinchaga	CUL255	Natural Gas	400
	CUL432	Diesel	430
	CUL404	Natural Gas	425
Little Horse	CUL406	Natural Gas	1000
	CUL407	Diesel	1000
Stowe Creek	CUL256	Natural Gas	400
	CUL361	Diesel	500
	CUL424	Natural Gas	500

**Part C**

<b>Isolated Generating Units that are Mobile Units</b>	<b>Fuel Type</b>	<b>Rating (kW)</b>
CUL198	Diesel	2100
CUL306	Diesel	140
CUL307	Diesel	140
CUL308	Diesel	140
CUL309	Diesel	140
CUL316	Diesel	430
CUL331	Diesel	1000
CUL338	Diesel	430
CUL360	Diesel	1000
CUL366	Diesel	430
CUL433	Diesel	430

AR 165/2003 Sched.;274/2006;53/2013







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