

Alberta's power bills high, survey finds

Darcy Henton, Postmedia News Edmonton Journal

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A survey showing Calgary and Edmonton residents pay among the highest power bills in North America has renewed opposition calls to put an end the province's experiment with a deregulated electricity market.

The annual Hydro-Quebec survey, which compared power prices on April 1 in 22 cities, rated Calgary residential power bills the third highest in Canada and the seventh highest in North America.

Edmonton fared only marginally better at fourth and eighth place respectively.

Only Charlottetown and Halifax were higher in Canada for residences using 1,000 kilowatt-hours a month, while Detroit, Boston, New York and San Francisco were higher in the U.S. While the government says the free market electricity system is functioning fine, critics argue deregulation has come at the expense of Alberta consumers.

"We've maintained all along the intention of electricity deregulation was to help power companies make more money at the consumer's expense and that's why they pushed for it," charged NDP Leader Brian Mason. "The PC government has turned its back on Alberta families who are struggling to make ends meet."

Both the NDP and Liberal parties say it is time for Albertans to tell the Tory government to kill the ill-fated experiment. Alberta was the only province to move to a fully deregulated electricity system that provides for prices to be set by the free market.

Liberal Kent Hehr said he plans to draft and present a policy paper advocating the return to an electricity system that pays generators a set fee to produce electricity so the price reflects the cost of producing electricity and is not influenced by dramatic supply and demand fluctuations.

But outgoing Energy Minister Ken Hughes maintained Thursday that volatility in the market is receding as a result of changes he introduced and that prices are reasonable, given Alberta's limited access to cheap hydroelectricity.

"The evidence I have seen is Alberta is in the middle of the pack among those Canadian jurisdictions that don't have hydroelectricity," he said in an interview. "What we do have is a free market system that is functioning well in Alberta."

Alberta Energy points to a Manitoba Hydro study that ranks Calgary and Edmonton residential electricity bills as the eighth and ninth highest among 14 Canadian cities.

The monthly power bills in that survey are provided by the participating utilities while Hydro-Quebec independently calculated the monthly bills for each city in its survey.

It isn't clear if the Manitoba Hydro survey includes the franchise fees charged to the utilities by Calgary and Edmonton, and which are passed on to consumers in their power bills.

Hughes was questioned about the "massive price spikes" in the electricity market in the legislature last week by PC colleague Wayne Cao, who expressed concern that businesses risk being "held hostage by the volatility of electricity prices." He told Cao Alberta has "a system that works and delivers cost-effective electricity to all Albertans."

"We have a very good system that is functioning well to make sure we have enough electricity that's available at the right amount at the right time," he said Thursday. "The competitive nature of the retail market continues to improve and we continue to have increased competition among the retailers and increased interest among the retailers to provide products - and that's healthy."

Wildrose electricity critic Joe Anglin said Hughes and his successor can claim everything is fine, but Albertans see that's definitely not the case every month when they receive their power bills.

"Albertans keep getting gouged, but we can't fix the problem unless we acknowledge the problem," he said. "What we don't have is reliable cheap electricity. It's just not there. It is spiking all over the place."

Anglin said Albertas's coal-fired plants produced very cheap, reliable electricity before electrical deregulation, but now the price is set by supply and demand rather than the cost of generation.

He said the volatility of the market is hampering the province's ability to diversify from oil and gas.

"A lot more industry would look at Alberta if we had our electricity prices under control," he said.

Alberta Consumers Coalition lawyer Jim Wachowich said conditions granted to retail electricity providers when the market was restructured more than a decade ago pushed electricity prices higher than they should be.

"Prices are high, unfortunately, and people will point to a number of different reasons, but my client's position is Alberta prices have tended to be higher ever since we embarked on restructuring this industry in 1996," he said. "This continues even in times when the wholesale price is low."