

Albertans warned of power 'price spike'

BY DARCY HENTON, CALGARY HERALD APRIL 18, 2014 6:37 AM

Alberta power consumers should brace themselves for a shock next month, warns the province's utilities consumer advocate.

Electricity prices are expected to jump 30 to 40 per cent in May, costing consumers in Canada's only fully deregulated market millions of dollars.

"We're going to see a price spike," utilities consumer advocate Rob Spragins said Thursday. "It's almost a guarantee at this point. We want to let consumers know this is coming."

Spragins said his office is drafting an alert to warn consumers and advise those who don't have fixed price contracts to get on an equalization plan or fixed contract to avoid the price volatility.

But 70 per cent of residential consumers are on the regulated rate option or default rate, which is expected to jump from seven cents per kilowatt-hour to 10 or 11 cents depending on the electricity provider, Spragins said.

The average homeowner will see about a \$25 increase on their May electricity bill, he added. Fortunately, electricity prices are expected to drop to more normal levels this summer, Spragins said.

Premier Dave Hancock said Thursday he wasn't aware of the situation but would ask Energy Minister Diana McQueen for more information.

He suggested the Alberta Electric System Operator (AESO) should deal with the issue, but industry officials and consumer groups say AESO triggered the increase.

The Redford government appointed a committee of PC MLAs to implement changes to the retail electricity market to reduce price volatility, but its initial report to the minister has not been released.

Spragins, whose office is a branch of the provincial government, said the price spike was sparked by AESO announcements of several planned power plant outages and the shut down of a major transmission line west of Edmonton that transports power from several major coal-fired generating stations in the Wabamun Lake and Keephills area.

A 500 kilovolt line, known as the 1209 line, is being shut down for 12 days in May in order for it to be connected to AltaLink's high voltage direct current Western Alberta Transmission Line.

The outage announcements immediately caused the price of electricity on the forward market to spike and that affected purchases of electricity for retail market regulated rate customers.

AESO vice-president of operations Miranda Keating-Erickson said the agency tries to schedule power plant outages and line outages in shoulder seasons when there is an adequate supply reserve to minimize the impact on the system and the market.

"What we do try to do when we're co-ordinating is minimize the impact on availability of supply so that it minimizes the impact on the market," she said. "What we're not trying to do is manage what we think the price reaction will be."

Keating-Erickson said AESO decided that May was the best time to do the work that needed to be done.

"Based on the information we have, we do our best," she said. "You can only look back after the fact to know what the actual impact is."

But opposition critics said the agency should have done a much better job of scheduling the outages to protect consumers from being gouged by market traders.

"Without knowing any of the particulars, I can tell you there has to be a better way of doing this," said Wildrose MLA Joe Anglin. "They have created a false scenario that will cost consumers millions of dollars."

Liberal Leader Raj Sherman said an energy super province like Alberta should have the lowest-cost electricity and natural gas in the country, but instead it has among the highest. "The cost going up even more is very disconcerting," he said. "It's going to hurt seniors. It's going to hurt families."

NDP Leader Brian Mason said the situation is another example of how the deregulated electricity market doesn't work in the consumers' interests.

"It subjects them to sky-high prices and very volatile prices," he said. "At the very minimum, the government should step in and ensure the price of electricity be fixed for that one month."