Decision **29294-D01-2025**

AUC
Alberta Utilities Commission

Coaldale Renewables GP Inc. and McCain Foods Limited

Coaldale Renewable Energy Project and Interconnection Preliminary Module

June 3, 2025

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Decision 29294-D01-2025
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Coaldale Renewable Energy Project and Interconnection
Preliminary Module
Proceeding 29294
Applications 29294-A001 and 29294-A003

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Eau Claire Tower
1400, 600 Third Avenue S.W.
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Telephone: 310-4AUC (310-4282 in Alberta)
1-833-511-4AUC (1-833-511-4282 outside Alberta)
Email: info@auc.ab.ca
Website: www.auc.ab.ca

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1 Decision summary

1. In this proceeding, the Alberta Utilities Commission established a preliminary module to consider whether the proposed Coaldale Renewable Energy Project and interconnection complies with the legislative requirements governing self-supply and export prior to considering the broader facility-specific aspects of the applications.

2. In this decision, the Commission finds that the proposed project does not meet the requirements of Section 2(1)(b) of the *Electric Utilities Act*, and cannot be used for self-supply and export, as proposed, and is therefore denied. Section 2(1)(b) of the *Electric Utilities Act* exempts the portion of electric energy that is consumed solely on the same property on which it is produced. The proposed project would produce electric energy on several non-contiguous parcels, and the Commission is not satisfied that any of the electric energy would be consumed on the same property on which it is produced. The Commission also finds that the proposed collector lines seek to distribute electric energy in a manner inconsistent with the *Hydro and Electric Energy Act*. The proposed collector lines would deliver electric energy directly to a customer, which is materially different than gathering electric energy in the context of a power plant.

1.1 Background

3. Coaldale Renewables GP Inc. (CRGP) has applied to construct and operate a 35-megawatt (MW) wind power plant and a 5-MW solar power plant approximately 10 kilometers east of the town of Coaldale, west of the hamlet of Chin, Alberta. The project would be located on approximately 19 hectares of privately owned land and connect to McCain Foods Limited’s Coaldale plant through the adjacent McCain switching station. McCain would purchase all the electricity generated by the project and any excess electricity that McCain does not use on site would be exported to the grid. McCain filed an interconnection application with the Commission, which was combined into this proceeding.

4. The Commission issued a notice of applications for the project and in response, received statements of intent to participate from FortisAlberta Inc., AltaLink Management Ltd., the Office of the Utilities Consumer Advocate (UCA) and the Alberta Electric System Operator (AESO). These parties primarily expressed concerns with the project’s proposal to supply electricity to McCain, who would use a portion of the electric energy for its operations and export any excess electricity to the Alberta Interconnected Electric System. The Commission also received statements of intent to participate from a group of landowners called the Chin Action Committee (CAC), which generally had concerns with impacts from the proposed wind turbines and photovoltaic solar panels.

5. On December 13, 2024, the Commission initiated a preliminary module to consider the legal issue of the project's compliance with the legislative requirements governing self-supply and export prior to considering the broader facility-specific aspects of the applications.[1]

2 How the Commission assessed the proposed project

6. The Commission is an independent regulator tasked with considering the approval of applications such as this one for power plants, substations and energy storage facilities.[2] Generally, the Commission's assessment of a proposed project requires it to consider whether the project is in the public interest, having regard to the social and economic effects of the project and its effects on the environment.[3] In this preliminary module, the Commission has considered whether the proposed project complies with the legislative scheme governing self-supply and export.

7. The following issues were included as part of the preliminary module:

- How does Section 2(1)(b) of the *Electric Utilities Act* apply to the proposed project and does the project meet its requirements?

    i. What is a generator's obligation with respect to electric energy that is not exempt under Section 2(1)(b)? Can this obligation be transferred to a third party?

    ii. Does the legislative scheme permit a market participant who is not the generator to obtain offer control over the generation?

- What is the applicability of the Independent System Operator (ISO) tariff or future changes to the ISO tariff to the project?

- Is the project consistent with the obligations under the *Fair, Efficient and Open Competition Regulation*?

    i. Are these obligations specific to a generator or can they apply to a third party?

- How does Part 3 of the *Hydro and Electric Energy Act* apply to the project and does the project meet the criteria for an exemption under Section 24?

8. CRGP, McCain, the CAC, AltaLink, Fortis, the UCA and the AESO each participated in the preliminary module which included information requests and responses, written argument, written reply argument, and written sur-reply by CRGP and McCain.

9. For the reasons that follow, the Commission finds that the project does not meet the requirements under Section 2(1)(b) of the *Electric Utilities Act* and is therefore not exempt from the *Electric Utilities Act*. The Commission also finds that the proposed collector lines are a distribution system and not part of the proposed power plant.

[1] Exhibit 29294-X0088, AUC letter - Ruling on request for preliminary determination of legal issues.
[2] *Hydro and Electric Energy Act*, sections 11, 13.01, 14, 15 and 19.
[3] *Alberta Utilities Commission Act*, Section 17.

3 Discussion and findings

3.1 How does Section 2(1)(b) of the Electric Utilities Act apply to the proposed project and does the project meet its requirements?

10. The Commission finds that the project does not meet the requirements for an exemption under Section 2(1)(b) of the *Electric Utilities Act*, specifically because the electric energy proposed to be generated by CRGP and consumed by McCain, would not be produced and consumed on the same property.

11. The relevant portions of Section 2 state:

> **2(1)** This Act does not apply to
>
> …
>
> (b) the portion of electric energy that is self-supply produced on a property of which a person is the owner or a tenant and that is consumed solely on that property by that owner or tenant, except in respect of a rate included in a tariff approved by the Commission having regard to the principle set out in section 122(2)(b);
>
> …
>
> **(3)** The exemption under subsection (1)(b) applies whether or not the owner or tenant is the owner of the generating unit producing the electric energy.

12. CRGP and McCain submitted that the project will satisfy the requirements of Section 2(1)(b) because all generating units will be located on, and all electric energy will be produced on, property owned by McCain. The electric energy will be consumed at the McCain Coaldale plant, which is also located on property owned by McCain. CRGP and McCain suggested that certain interveners adopted an unreasonably narrow definition of "property," referring to a single titled parcel of land, rather than an area of land which is consistent with a purposive and contextual interpretation of the word "property."

13. CRGP and McCain also suggested that an overly strict interpretation of the term "property" would be inconsistent with the legislature's intention, including to allow for unlimited self-supply and export; restrict the exemption to types of generation that have a limited geographic footprint; unreasonably restrict the nature and scope of consumers that can engage in self-supply; and be inconsistent with Decision 23958-D11-2024 for the Foothills Medical Centre Power Plant Expansion Project,[4] the only self-supply and export approval that has been issued by the Commission since the amendments to the *Electric Utilities Act* came into force.

14. Section 2(1)(b) of the *Electric Utilities Act* exempts electric energy that is consumed solely on the same property on which it is produced. While the *Electric Utilities Act* does not define "property" or "that property," the Commission considers that the term "property" cannot be stretched as far as proposed by CRGP and McCain. It is not enough that the generating units are all located on lands owned by McCain. The Commission finds that to be produced and consumed on "that property," the lands must, at a minimum, be contiguous, and the proposed project lands are not. The proposed project is spread over nine quarter sections with various

[4] Decision 23958-D11-2024: Alberta Health Services – Foothills Medical Centre Power Plant Expansion Project Interconnection, Proceeding 23958, Application 23958-A002, June 20, 2024.

sections of the project separated by a railway line, Highway 3 and Township Road 93B.[5] The Commission does not consider this to be a single property. As noted by AltaLink in its submissions, the map in Exhibit 29294-X0083 shows various McCain plant infrastructure at different locations, but does not identify what the infrastructure is or whether it consumes electric energy, and the bulk of the industrial equipment appears to be between Highway 3 and the railway line where there are no generating units.[6] The Commission agrees, and finds that CRGP and McCain have not established that the electrical energy will be produced and consumed on the same property.

15. With respect to Decision 23958-D11-2024, the AUC's only decision to date dealing with self-supply and export under the current legislation, the Commission considers this example to be distinguishable from the configuration proposed by CRGP and McCain. The project in the Foothills Medical Centre Power Plant Expansion Project involved integrated lands, with no evidence of the cogeneration expansion building being separated from the existing power plant on the site by property owned by third parties, like a railway or public highway. The Commission does not agree this is analogous to the present applications. In any event, the Commission would not have been bound by the Foothills decision even if it had been a precedent similar in all particulars to the present applications.

16. Since the proposed project does not satisfy the requirements under Section 2(1)(b) of the *Electric Utilities Act*, none of the electric energy would be exempt from this act. CRGP would be required to comply with the *Electric Utilities Act*, including the must-offer requirements in Section 18(2) and would not be exempt from Section 2(g) of the *Fair, Efficient and Open Competition Regulation*, which states that not offering all electricity to the power pool does not support the fair, efficient and openly competitive operation of the electricity market.

3.2 How does Part 3 of the *Hydro and Electric Energy Act* apply to the project and does the project meet the criteria for an exemption under Section 24?

17. The Commission finds that the proposed collector lines would distribute electric energy and do not meet the criteria for an exemption under Section 24 of the *Hydro and Electric Energy Act*. Therefore, the proposed collector lines would be subject to Part 3 of the *Hydro and Electric Energy Act* relating to distribution system service areas.

18. No party has argued that the proposed collector lines meet the criteria in Section 24 of the *Hydro and Electric Energy Act*. The disagreement is over whether the collector lines should be considered part of the power plant or part of a distribution system.

19. CRGP and McCain argued that the Commission has discretion under Section 1(2) of the *Hydro and Electric Energy Act* to determine whether the collector lines are part of the power plant or an electric distribution system. They submitted that the collector lines should be part of the power plant which they consider to be consistent with other power plants that have collector lines crossing highways.

20. Fortis and the CAC both argued that the proposed project does not meet the requirements of Section 24 of the *Hydro and Electric Energy Act* because the collector lines cross a highway at greater than 750 volts. Fortis and the CAC also argued that the project is distinguishable from

[5] Exhibit 29294-X0083, Appendix C - Project Map IR#1.
[6] Exhibit 29294-X0123, AML Argument on the Preliminary Module, paragraph 19.

other projects with collector lines that cross highways because these collector lines distribute and deliver electricity directly to a customer instead of to the Alberta Interconnected Electric System.

21. The Commission considers that one of the key features of a distribution system is that it delivers electric energy to customers. While CRGP and McCain argued that the collector lines simply gather electric energy and do not deliver it to consumers, that does not align with the proposed intent. In this case, the collector lines are taking the electricity from the generating units and delivering it to the consumer, McCain. The fact that there is a meter in between the collector lines and the McCain infrastructure does not change that the purpose of these lines is to deliver electric energy to the end user. This is fundamentally different from collector lines that deliver electric energy to the Alberta Interconnected Electric System. The Commission finds that the proposed collector lines in this case are part of a distribution system, not the power plant.

22. The Commission agrees with Fortis that Part 3 of the *Hydro and Electric Energy Act* works together with Section 101 of the *Electric Utilities Act* to protect a distribution facility owner's exclusive right to distribute electricity within its service territory. There are limited exceptions to this exclusive right. Section 24 of the *Hydro and Electric Energy Act* provides a limited ability to distribute electric energy on a person's own property where it does not cross a highway or crosses a public highway at 750 volts or less. The proposed collector lines would cross a highway at 25 kilovolts and CRGP cannot rely on the exemption in Section 24 of the *Hydro and Electric Energy Act.*

23. The Commission therefore finds that the proposed collector lines are an attempt to self-distribute and are not permitted by the *Hydro and Electric Energy Act*. The proposed collector lines would be subject to Part 3 of the *Hydro and Electric Energy Act*. While the proposed project is part of Fortis's service area, under Section 26 of the *Hydro and Electric Energy Act* the Commission could approve the construction or operation of a distribution system in Fortis's service area if it is for the purpose of providing service to a customer who is not receiving service from Fortis. Since Fortis is already providing service to McCain, CRGP is not permitted to construct and operate a distribution system in Fortis's service territory.

24. The proposed collector lines are therefore not permitted under Part 3 of the *Hydro and Electric Energy Act*.

3.3 Applicability of the ISO tariff and the Fair, Efficient and Open Competition Regulation to the project

25. Given the Commission's findings that the proposed project does not meet the requirements under Section 2(1)(b) of the *Electric Utilities Act*, and the proposed collector lines are impermissible under Part 3 of the *Hydro and Electric Energy Act*, it is unnecessary to consider how the ISO tariff applies to the proposed project or whether the proposed configuration complies with the *Fair, Efficient and Open Competition Regulation*.

4 Conclusion

26. The Commission finds that the project as proposed would not generate electric energy on the same property on which it is consumed. It therefore does not meet the requirements in Section 2(1)(b) of the *Electric Utilities Act* and is not permissible self-supply. The Commission further finds that the collector lines would appropriately be part of a distribution system and are

not exempt from Part 3 of the *Hydro and Electric Energy Act*. The proposed project seeks to expand the bounds of self-supply and export beyond what is currently contemplated and permitted under the legislative framework. As a result, the project cannot proceed as currently proposed.

5 Decision

27. For the reasons outlined in the decision, the Commission finds that the proposed project does not satisfy the requirements in Section 2(1)(b) of the *Electric Utilities Act* or Part 3 of the *Hydro and Electric Energy Act* and is therefore denied.

Dated on June 3, 2025.

Alberta Utilities Commission

(original signed by)

Carolyn Dahl Rees
Chair

(original signed by)

Michael Arthur
Commission Member

Appendix A – Proceeding participants

Name of organization (abbreviation) Name of counsel or representative
Coaldale Renewables GP Inc. (CRGP) Terri-Lee Oleniuk Nicole Bakker
Office Of The Utilities Consumer Advocate (UCA) Keegan Rutherford Rebecca Daw
FortisAlberta Inc. (Fortis) Allison Sears
AltaLink Management Ltd. (AltaLink) Martha Peden Emily Denstedt
McCain Foods Canada (McCain) Martin Ignasiak Jessica Kennedy
Independent System Operator (AESO) Laura Estep
Chin Action Committee (CAC) Daryl Bennett
Alberta Utilities Commission **Commission panel** Carolyn Dahl Rees, Chair Michael Arthur, Commission Member **Commission staff** Rob Watson (Commission counsel) Taylor Campbell (Commission counsel) Victor Choy