

# DISCLAIMER

Due to uncertainty surrounding the application of recent amendments to the Competition Act (Canada), these documents are provided for historical information purposes only and do not constitute active or current representations of Canadian Utilities Limited or any of its related parties. The purpose of these documents is to comply with disclosure requirements that were in effect on the date these documents were filed; Canadian Utilities undertakes no obligation to update such information except as required by applicable law. Canadian Utilities remains committed to taking steps to address climate change and continuing to engage in sustainability initiatives.



**CANADIAN UTILITIES LIMITED**

An **ATCO** Company

# Q3 2023 Business Highlights

Canadian Utilities Limited



## Clean Fuels Strategy and Update

Our Clean Fuels strategy takes a customer first approach, building on our core corporate values and leveraging our existing expertise across the value chain to collaborate with governments, partners and other stakeholders to deliver solutions.

1

Prioritizing long term competitive solutions and large volume offtake to manage risk and provide earnings stability

2

Aligning with social and government priorities that offer a pathway to long-term competitiveness

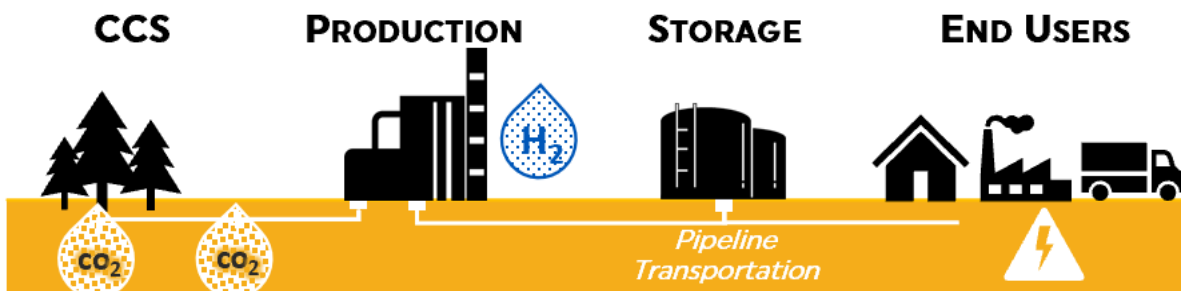
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Leveraging ATCO's competitive advantage through strategic development and partnerships across the clean fuels value chain

## ATCO Heartland Hydrogen Hub

### Overview

- Proposed world-scale clean hydrogen production hub near Fort Saskatchewan, Alberta
- Working collaboratively with government, potential partners and local offtakers to move the project towards a sanctioning decision
- Optionality for a fully integrated hub; including hydrogen storage, transportation infrastructure, and carbon sequestration through our partnership in the Atlas Sequestration Hub



### Key Project Details



Hydrogen produced using Autothermal Reforming Technology



Strategically located near demand centers in the Alberta Industrial Heartland



>95% carbon capture, with 2.7 million tonnes per year sequestered through our partnership in the Atlas Sequestration Hub



Producing 300,000 gross tonnes of H<sub>2</sub> per year



# Renewable Generation Strategy - Development Update

Asset	Scale (Gross MW)	Ownership	Comments
Alberta Solar Projects			
Barlow Solar	27	49%	Achieved full commercial operations in Q3 2023; operating on a merchant basis selling to the Alberta grid
Deerfoot Solar	37	49%	Full commercial operations are expected in Q4 2023; power purchase agreement in place with Microsoft
Empress Solar	39	100%	Full commercial operations are expected in Q4 2023; virtual power purchase agreement in place with Lafarge
Near-Term Development Projects			
Forty Mile Wind Phase 1 Uprating	24	100%	Final completion expected in Q1 2024
Forty Mile Solar	220	100%	AUC approval in place; GUOC <sup>1</sup> payment made (Stage 5)
Mid-Stage Development Projects			
Craig Lake Wind	246	100%	Environmental studies underway; submissions filed into the AESO Cluster Assessment to assess transmission interconnection requirements
Kitscoty Wind	174	100%	
Hand Hills Wind/Solar Hybrid	300	100%	
Forty Mile Wind Phase 2	200	100%	
Early-Stage Development Projects			
4 Solar Opportunities	490	100%	Existing land lease option agreements; varying progressions of environmental studies, meteorological data collection, interconnection assessments and stakeholder consultations

1. GUOC refers to the Generating Unit Owners Contribution.



## Key Regulatory Highlights

### Third Performance-Based Regulation (PBR 3)

- Decision on the parameters for PBR 3 was received in October 2023
- Key changes vs. PBR 2 include:
  - i. Introduction of an X factor premium of 0.3%
  - ii. Modifications to capital funding provisions
  - iii. Introduction of an earnings sharing mechanism (ESM)
  - iv. Removal of the efficiency carry-over mechanism (ECM)
- PBR 3 will be implemented for the 2024 to 2028 period for our Alberta electric and gas distribution utilities

### 2024 Generic Cost of Capital (GCOC)

- GCOC decision was received in October 2023
- The Commission approved a base 9.0% as the starting point for the formulaic approach to determining ROE, which will be adjusted for utility spreads and bond yields
  - Actual 2024 approved ROE will be determined in November 2023 based on October 2023 formula inputs
  - Periodic reviews contemplated to account for market dynamics which warrant reevaluating formula
- Approved Formula:  $ROE_t = 9.0\% + 0.5 \times (YLD_t - 3.10\%) + 0.5 \times (SPRD_t - SPRD_{base})$
- Equity thickness remains at 37.0%

### Sixth Access Arrangement (AA6)

- Completed our initial AA6 submission to the Economic Regulation Authority, or "ERA" in September 2023
- Public consultation has commenced and is scheduled to conclude in November 2023, with a draft decision from the ERA expected in April 2024
- AA6 will be implemented for the 2025 to 2029 period for our Australian gas distribution utility



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