

North Parkland Power REA Board of Director's Report - March 16th, 2017

Every year brings new challenges for your power co-op and this year has been no different. A change in government has impacted REA's across Alberta on both the electricity supply and the daily operation of your wires.

As a Regulated Rate Option supplier, we are greatly impacted by the government's announcement that the RRO will be capped at 6.8 cents per kilowatt. With the market price of electricity priced under the cost of production for the last year or so the province has decided to move to a capacity market by 2021, ensuring power producers continued investment in new generation and, they hope, green energy projects. But in the meantime, we still have some hedges that keep our power prices higher than other retailer's in the market. We are presently working with the province to help us through this market change. One way or another we are confident that over the next year we will be able to move our power prices for our members closer to the rest of the market or at least to the market cap.

On the operation's side of the REA, we are changing the way that you are billed for the distribution part of your bill. By having a fixed charge for O&M (Operations and Maintenance) and then charging a price per kilowatt members can control their bill by the amount of power you use. Another benefit to this will be anything members do by using solar or wind on their property for example pumping water or lighting that can reduce the amount of power you buy will not only reduce the distribution charge but the transmission cost as well.

With all our best efforts to control cost's we know that transmission charges will continue to increase your bills and as an example the carbon tax for electricity is added at the transmission point so for us it is hidden in that cost and will increase from \$15 now to \$50 over the next few years.

Our linemen continue to work at improving the efficiency of our system to help prevent outages, as well as an aggressive brushing program to keep up with the extra tree growth we see in the last few years. We encourage you, the member, to do the same after your meter to make sure your own electrical system is working properly. If your farm operation has changed you may be able to disconnect parts of your system where power might be going to ground. This is also a safety issue and can reduce the chance of fire.

The board would like to take this opportunity to thank our staff for finding ways to reduce costs while maintaining a very reliable and safe power system. We would also thank you the members for your support in these changing times



Charles Newell
Board Chair