

# 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

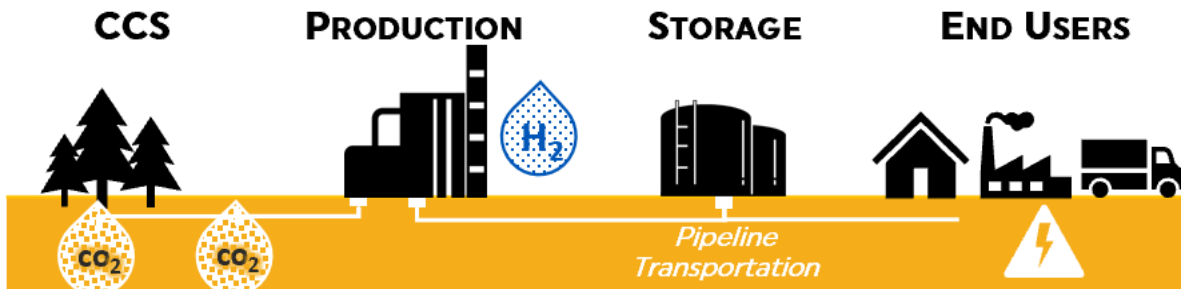
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Leveraging ATCO's competitive advantage through strategic development and partnerships across the clean fuels value chain

## 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
<b>Alberta Solar Projects</b>			
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
<b>Near-Term Development Projects</b>			
Forty Mile Wind Phase 1 Upgrading	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)
<b>Mid-Stage Development Projects</b>			
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%	
<b>Early-Stage Development Projects</b>			
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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