



June 13, 2025

Mayor Clark & Members of Council,
Ms. Ann Mitchell, City Manager,
Ms. Rochelle Pancoast, Managing Director Energy Land & Environment
The City of Medicine Hat
Submitted via email to: clerk@medicinehat.ca; annmit@medicinehat.ca; rocpan@medicinehat.ca

**Input for Public Hearing on the Potential Incorporation of a Municipally Controlled Corporation
by the City of Medicine Hat.**

Dear Mayor Clark, Members of Medicine Hat City Council, Ms. Mitchell & Ms. Pancoast,

Pursuant to sections 75.1, 75.5 and 606 of the Municipal Government Act, Revised Statutes of Alberta 2000, Chapter M-26, as amended (the "**MGA**") and section 3 of the Municipally Controlled Corporations Regulation, A.R. 112/2018 (the "**Regulation**"), the Council of the City of Medicine Hat (the "**City**") gave notice that a public hearing will be held on Tuesday, June 24, 2025 at 4:00 p.m. Please accept this submission as our position, comments and questions, for consideration by the City, on the potential incorporation of a Municipally Controlled Corporation (the "**MCC**").

Background:

Big Marble Farms is the largest vegetable greenhouse producer in Western Canada, with 79 acres of year-round production. We grow long English cucumbers, mini cucumbers, tomatoes on the vine and beefsteak tomatoes for consumers throughout Western Canada. You will find our products in all major grocery stores.

Utilities are our second largest input cost aside from labour. In a commodity-based industry such as ours, cost increases cannot be added to our product prices as we face intense pressure from retailers to reduce prices on a consistent basis. Over the past 5 years, our input costs have risen by a far greater amount than the sales price of our vegetables, meaning that margins are lean. Our Canadian competitors in the greenhouse vegetable market are often receiving subsidized electricity prices from jurisdictions such as British Columbia, Ontario and Quebec where the utilities are owned and operated by the province in a regulated monopoly structure. Additional competitors located in the United States and Mexico do not require the energy intensity of our production, due to climatic differences.

Our situation is unique from an electricity perspective as our facilities are physically located in Cypress County but electrically located within the City's jurisdiction. We are one of the largest customers of the City from an electrical perspective with 25 MW of grid connections. In addition, we have 12 MW of cogeneration, which is currently in a behind the fence configuration. We are working with the City to be able to connect these generators with the City's electrical system. This has been an extremely long process, and we hope to complete the interconnection later in 2025.

As utilities are such a large factor in determining our profitability, we have worked tirelessly with the City over the past 5 years to find electricity rate structures that allow us to compete in the greenhouse vegetable market. Over the past year we have made significant progress in working with the City on the interconnection of our generators and working through additional, highly technical, regulatory and electrical challenges with our

unique situation. We would like to thank Ms. Pancoast and her team for working with us as we have navigated these challenges together.

Comments and Questions on the MCC for consideration by the City

Our current position on the MCC is that we feel that we do not have sufficient information to decide if we support the MCC or not. In order to better inform our decision making, we have the following questions, and considerations for the City:

1. ***Our primary concern is the total delivered cost of electricity*** and the impact the MCC will have on this. We are concerned that the MCC, which will exist as a “profit center” may be at odds with our need for the lowest delivered cost for electricity. Currently the City is able to offer rates which differ from the remainder of Alberta due to the desire to attract and retain business investment by providing rate structures which consider the unique nature of our businesses. Big Marble and many other energy intensive businesses have invested millions of dollars with the knowledge of the current electricity rate structure. Our concern is, how will existing customers’ rate structures be grandfathered into the MCC? This is also critical for future investments, as we consider our mission of *Always Growing™* we are carefully evaluating utility prices as a critical input to investment decisions. We ask that council consider coupling the need to attract and retain existing customers as a core mandate of the MCC, should you vote to enact one. This could form part of the bylaws for example. In addition to cost, we are concerned that both the MCC and Rate Review Committee (the “RCC”) could add complexity and additional time to the process for future growth projects. This will impair investment attraction and growth.
2. We fully understand and appreciate the points raised by Ms. Pancoast in her presentation on May 20, 2025, to Council, with respect to the increasing complexity of the electrical generation and transmission landscape. This is an extremely complicated time for any utility and business that is heavily reliant on utilities, to make investment decisions. With changes to Federal carbon pricing, the restructuring of the Alberta electricity market and new environmental regulations on both a Federal and provincial level, the complexity is real. As such, we support the need for the engagement of qualified individuals who have the commercial and technical expertise to navigate the uncertain waters in which we collectively swim.
3. The concept of an MCC raises many questions, we ask that council consider interim measures, such as the introduction of the RRC as an initial step, prior to the MCC introduction. This would allow the City to test the cost and benefit of additional expertise, without having invested the time and financial resources to transition to the MCC. An interim measure such as this, could be a medium-term solution to the challenges outlined by Ms. Pancoast.
4. Finally we ask that the City continue to fully engage stakeholders, such as ourselves, in the process. We appeal to you to take the time to get this right and to **fully and completely** understand the ramifications of this decision for the long-term viability of all stakeholders.

If you have any questions regarding the representations above, please do not hesitate to contact me directly at anna@bigmarble.ca or 403-461-7400.

Sincerely,



ANNA DE PAOLI | Director

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