

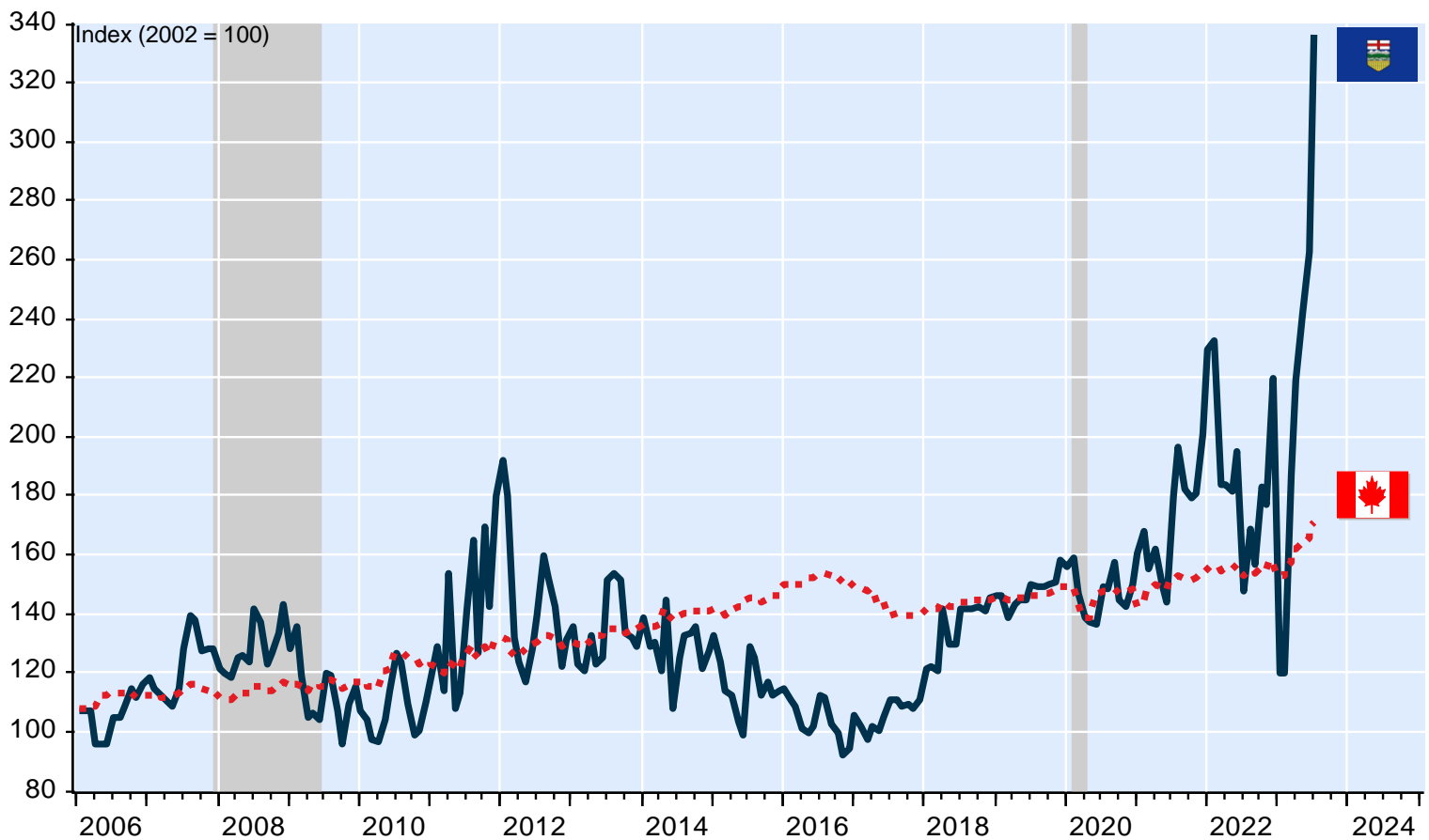
Canada Watch

By Stéfane Marion

Canada's July CPI report surprised to the upside on the back of soaring electricity prices. Statistics Canada was quick to point out that much of this was due to Alberta, where prices tend to be more volatile when demand is strong: prices in the province were up 28% on the month and 128% on the year. Statcan also alluded to a "base year" effect introduced by policy intervention that also added to the volatility. We disagree. There is much more than a base year effect at play. As today's Hot Chart shows, the deviation between Alberta and the national average for CPI-electricity has never been greater. Alberta's electricity demand reflects not only the summer heat, but also record population growth (200,000 people per year, or 5%). Looking ahead, we don't see much respite for Albertans, given the federal government's policy decision to decarbonize the electricity grid relatively quickly.

Alberta: Not just a base-year effect!

CPI for electricity: Alberta vs. Canada



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