

The following document outlines the considerations the AESO uses to determine the interconnection sequence for projects interconnecting to the Alberta Interconnected Electric System (AIES). The determination process is primarily based upon the redesigned interconnection process as developed by the AESO and the stakeholder community in 2005 and utilizes the principles outlined in the AESO's June 30, 2005 Customer Commitment Determination During the Interconnection Process Business Practice, both as provided on the AESO's website.

The resulting interconnection sequence determines the order in which projects are completed which in turn determines:

- The order in which available transmission capacity is allocated in transmission constrained areas (upon customer commitment, transmission capacity is assigned to the project)
- The order in which Remedial Action Scheme (RAS) provisions may be allocated to customers, and
- Other operational & technical obligations that may be required for a customer's project.

Table 1 below briefly outlines high-level determinants used to determine as projects position in the interconnection and RAS & transmission capacity queues and **Table 2** outlines in detail the key interconnection milestones, the corresponding position ranking and compliance timelines used to determine a project's interconnection sequence and to maintain its position in the queue. Position ranking begins with **Position 7** where projects first enter the sequencing queue and moving up through the interconnection process to the highest point, **Position 1**. The principles are as follows:

1. Customers who have completed a higher-priority milestone will receive a higher position in the queue. For example, a customer who has paid the contribution will receive a higher position than a customer who has only signed a Construction Commitment Agreement (CCA) for customer-related costs.
2. If more than one customer has completed the same milestone, the customer who completed the milestone earliest will have the highest position.
3. In the unlikely event where two customers have completed the same milestone on the same date, the earlier date when the next lower position milestone was completed will be applied to determine the position in the interconnection sequence.

Table 1

Position	Milestones to be completed by all projects	Interconnection queue position determinant	RAS scheme & trans. capacity queue
7	File PAA & pay application fee	Sorted by date milestone completed	Not Available
6	AESO Acknowledgment of PAA	Sorted by date milestone completed	
5	AESO acknowledgment of technical data	Sorted by date milestone completed	
4	Confirmation of Customer Proposal	Sorted by date milestone completed*	Sorted by contribution payment date**
3	Signed CCA for cancellation costs	Sorted by date milestone completed*	
2	Signed CCA for all customer-related costs + P&L app. for generating facility	Sorted by date milestone completed*	
1	Payment of customer & system contributions	Sorted by date milestone completed*	
	Project construction milestone 1	Sorted by date milestone completed	Not Applicable**
	Project construction milestone 2	Sorted by date milestone completed	

* Projects that have paid their contribution receive a higher priority in each successive interconnection process step.

** Projects that have paid their contribution early must complete all the steps of the interconnection process and will not forfeit their secured position within RAS / transmission capacity queue unless they fail to complete an interconnection milestone within the posted compliance timeframe.

TABLE 2

Queue Position	Interconnection Process Steps	Customer Action & Compliance	Detail
7	Date customer submits Preliminary Assessment Application ("PAA") & application fee	Customer has 30 days after filing their PAA to submit all the necessary application info. (in order to move into Position 6) If data if deficient, notification letter issued. Failure to comply within 30 days (commencing on notification date), project is cancelled.	
6	Queue position attained upon date AESO issues acknowledgement email outlining acceptance of PAA	Customer has 30 days after AESO PAA acknowledgment to submit all the necessary technical data. (in order to move into Position 5) If data if deficient, notification letter issued. Failure to comply within 30 days (commencing on notification date), project is cancelled.	
5	Queue position attained upon date AESO acknowledges that all the necessary technical data to complete Customer Proposal ("CP") is provided		
	AESO provides IP (+/- 30 est.)		
	AESO / TFO & customer review and revise CP (as necessary)		
	Customer reviews final CP	Customer must provide "confirmation to proceed" to the AESO within 60 days of receiving final CP. (in order to move into Position 4) If acknowledgement not received, project is either cancelled or customer negotiates an extension (on a case by case basis).	
4	Queue position attained upon date the AESO receives written confirmation to proceed from the customer re: final IP		A
	AESO / TFO provide Construction Commitment Agreement ("CCA") for project cancellation costs or ordering long lead-time equipment		
	Customer reviews & makes arrangements as per the stated CCA requirements	Customer has 60 days of CCA being issued, to provide a signed CCA & required security to the AESO or TFO. (in order to move into Position 3) Failure to provide the signed CCA, notification letter issued. Failure to comply within 30 days (commencing notification date), the project will drop to the bottom of Position 4 . After a total of 90 days of non-compliance, project is cancelled and removed from the queue.	
3	Queue position attained upon the date the customer signs CCA for project cancellation costs &/or signs a CCA (or pays cash) up to the customer contribution for ordering long lead time equipment		B
	AESO / TFO provide Proposal to Provide Service ("PPS") (+ 20 / -10% est.)		

Queue Position	Interconnection Process Steps	Customer Action & Compliance	Detail
	AESO / TFO & customer review and finalize PPS (as necessary)		
	AESO / TFO provide CCA provide CCA for all customer-related costs		
	Customer reviews & makes arrangements as per CCA requirements & (for generation projects) prepares notification letter demonstrating that Permit & License ("P&L") application for the generating facility has been filed with the EUB	<p>Customer has 60 days of CCA being issued, to provide a signed CCA & required security & (for generation projects) a notification letter demonstrating P&L application for the generating facility has been filed with the EUB.</p> <p>(in order to move into Position 2) Failure to provide the signed CCA or P&L notification letter, notification letter issued. Failure to comply in 30 days (commencing on notification date), the project will drop to the bottom of Position 3. After a total of 90 days of non-compliance, project is cancelled and removed from the queue.</p>	
2	Queue position attained upon the date customer signs CCA for all customer-related costs		C
	Facilities Application filed with the EUB		
	EUB issues P&L for transmission interconnection facilities		
	Invoice for Customer and/or System contribution issued to the customer		
	Customer reviews and make arrangements to pay invoices	<p>Customer has 90 days of P&L approval of interconnection facilities to pay their customer and system contributions.</p> <p>(in order to move into Position 1) Failure to provide payment, notification letter issued. Failure to comply within 30 days (commencing on notification date), the project will drop to the bottom of Position 2. After a total of 90 days of non-compliance, project is cancelled and removed from the queue.</p>	D,H
1	Queue position attained upon the date of full payment of full customer and/or system contribution (in cash)		E
	Project construction milestone 1 Demonstration of Procurement	<p>Customer has 90 days of P&L approval of generating facility to "demonstrate procurement" to the AESO.</p> <p>(in order to maintain place in Position 1) Failure to comply, notification letter issued. Failure to comply within 30 days (commencing on notification date) project is dropped to Position 2.</p>	F,H
	Project construction milestone 2 Demonstration of Project Construction	<p>Customer has 120 days of P&L approval of interconnection facilities to "demonstrate construction" to the AESO.</p> <p>(in order to maintain place in Position 1) Failure to comply, notification letter issued. Failure to comply within 30 days (commencing on notification date) project is dropped to Position 2.</p>	G,H

Note: Above mentioned timelines are in calendar days.

Detail:

Note:	Details
A	<ul style="list-style-type: none"> • First opportunity for customers to pay their customer contribution early, securing transmission capacity for their project and accelerated project scheduling. • Non contribution projects may sign a CCA (project security instrument) early for all customer related costs at the Customer Proposal stage to secure transmission capacity but will not supersede a project that has paid a contribution unless the AESO determines otherwise as per the considerations outlined in Table 3 below. • In order to retain secured transmission capacity the project must adhere to the outstanding interconnection process and project construction milestones.
B	<ul style="list-style-type: none"> • TFOs may need to purchase equipment such as transformers, breakers etc. prior P&L approval. Customer may choose to initiate such a request but must adhere to the policies outlined in the AESO's June 30, 2005 Customer Commitment Determination Process. • If the payment for long lead time equipment is less than the total contribution, the ranking position for the project remains at Position 3.
C	<ul style="list-style-type: none"> • For a non customer contribution project, signing a CCA for all customer-related costs (Position 2) denotes commitment.
D	<ul style="list-style-type: none"> • The project will remain in Position 2 if the customer fails to pay the customer and system contributions within the stated timelines. • For projects that were in Position 1 and were moved down to Position 2, previously allocated transmission capacity will be available to other projects. • Committed wind interconnection projects in excess of a Reliability Threshold imposed by the AESO cannot advance beyond Position 2.
E	<ul style="list-style-type: none"> • Upon payment of the customer and system contribution, transmission capacity is secured for the project (assuming the customer chose not to pay their contribution early). • In order to retain secured transmission capacity the project must adhere to the outstanding project construction milestones.
F	<ul style="list-style-type: none"> • Demonstration of procurement may include: <ul style="list-style-type: none"> a. A copy of an "unconditional" wind turbine generator (WTG), tower and unit transformer Purchase Agreement and Payment Schedule. If confidential a review by an independent auditor will be required. b. A copy of Purchase Agreements for long delivery items in customer owned substation including but not limited to transformers and breakers. c. The unrefundable portion of a. and/or b. above must total not less than 15% of the projects estimated total cost. <ul style="list-style-type: none"> o The AESO will compare the delivery schedule outlined in the Purchase Agreement and compare to the proposed ISD. o WTG Purchase Agreement should be for the full size of the facility proposed. If staging is contemplated in Purchase Agreement it will be compared to the proposed ISD for consistency.
G	<ul style="list-style-type: none"> • Demonstration of construction may include: <ul style="list-style-type: none"> o Confirmation that payment for Wind Turbine Generators (WTG) has begun as per WTG Purchase Agreement Schedule o Site preparation is underway, temporary roads are built and reasonable amount of foundation construction has begun
H	<ul style="list-style-type: none"> • Proposed procurement and construction timelines are wind interconnection specific. The need for different timelines for other generation resources or load projects has yet to be determined. • Projects that have dropped to Position 2 as a result of not complying with any of the construction milestone will be placed in behind other committed projects. • Customers may choose to either remain "committed" i.e. having their customer contribution held by the TFO or request a refund (less any costs expended) and be subject to the compliance timelines outlined.

Refinements to Sequencing Position

For projects that are in Position 3 and lower the AESO may apply its judgment acting reasonably, when managing the interconnection queue and will use the following additional criteria outlined in Table 3.

TABLE 3

Consideration	Details
In Service Date (ISD) management	The AESO may modify the project's queue position (i.e. postponing work on developing a PPS or IP), as long as there is no negative impact to the customers ISD, capacity or RAS Scheme allocation in transmission constrained areas.
Difference between a "typical / reasonable" ISD vs. requested ISD	If the customer's requested ISD is materially sooner or later than a "typical" ISD, the project's position in the queue may be revised up or down to reflect the urgency of the project provided other projects are not unduly affected.
Interconnection complexity due to transmission congestion	Less complex projects may move down in the interconnection queue if the requested ISD, transmission capacity allocation or RAS Scheme allocation are not affected in favour of more complex or urgent interconnections.
Project size	Large projects that may have a significant impact on the transmission system beyond their own interconnection may be moved up in the interconnection queue in an effort to provide a more optimally planned basis for developing proposals to connect other interconnection projects.
AESO Resource Management	Project may be repositioned and AESO resources may be reallocated to other interconnection system projects and corresponding deliverables if it does not negatively impact the customer's interconnection request.

Public Availability of the Interconnection Queue

The AESO will issue the interconnection sequence list on a monthly basis. For projects that are not part of the public record, the list will only provide the transmission planning area in which the project is to be located, the type of project (load or generation), resource type (for generation projects), requested capacity and Position in the sequencing queue. Once the project becomes part of the public record the project name and legal description of the location will be added to the list.

Acronyms

AIES:	Alberta Interconnected Electric System
CCA:	Construction Commitment Agreement - as defined in the AESO's terms and conditions of service.
CP:	Customer Proposal
EUB:	Alberta Energy and Utilities Board
ISD:	In Service Date
PAA:	Preliminary Assessment Application
P&L:	Permit and License
PPS:	Proposal to Provide Service
TFO:	Transmission Facility Owner