

NEWS RELEASE

**AESO Receives EUB Approval to Strengthen
Alberta's Major Transmission Corridor**

For immediate release:

CALGARY, Alberta (April 15 , 2005) – The Alberta Electric System Operator (AESO) received the green light from the Alberta Energy and Utilities Board (EUB) to proceed with the most significant transmission development the province has seen in 20 years.

"The EUB's approval of the AESO's \$340 million Edmonton to Calgary transmission development need application is a major step forward in our efforts to strengthen Alberta's grid," says Dale McMaster, Chief Operations Officer (COO) of the AESO.

"These new transmission facilities will help ensure Albertans continue to receive reliable power service," he added. "It's the AESO's job to make sure the required transmission facilities are in place where and when they are needed so that reliable and cost-effective delivery of power continues to meet growing demand across the province and to facilitate competitive markets for electricity."

McMaster went on to explain that "strengthening the transmission facilities in this corridor – the backbone of Alberta's grid – sends a strong signal to power generation developers that Alberta's transmission system is developing to keep pace with growing demand in the province, and facilitates the addition of new supply to the system."

In its decision, the EUB stated that the AESO's recommendation was superior in all aspects, including improving system efficiency and reliability, enabling the development of new power generation in the province and facilitating competitive electricity markets.

The Edmonton to Calgary project will result in a major improvement in the efficiency of the transmission system. In its decision, the EUB stated that the AESO's recommended development " has substantially higher loss savings ... would potentially realize a net benefit (i.e., negative net cost) in the short term, while in the long term it would potentially realize relatively low net cost." Transmission line losses represent the amount of energy that is used as a result of electrical resistance on transmission lines.

"Every megawatt saved because of more efficient transmission facilities adds up to more reliable power service and dollars saved, in this case millions of dollars," says McMaster. "In this project, the loss savings, or the power saved because of the more efficient line is about equal to the amount of power used by a city the size of Lethbridge."

"Now that we have the EUB's approval of the need for the transmission facilities, we will mobilize our engineering resources and work with the transmission facility owners (TFOs) to develop detailed specifications, and cost estimates so the TFOs can submit their facility applications to the EUB," McMaster said.

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The AESO will continue to monitor the project and the conditions that led to the need for the facilities. "In consultation with stakeholders, we will develop a comprehensive monitoring process to ensure that decisions about the transmission development are reviewed on an ongoing basis," McMaster added. "We will ensure that any changes in load growth and generation development are considered in a timely way to make sure that transmission developments continue to be appropriate and in the public interest."

The approved project has two components. The first component will see the operating voltage of two existing transmission lines upgraded from 240 kV to 500 kV operation. These lines, which were built in the mid-1980's, were designed and constructed to operate at 500 kV but have been operating at 240 kV. These lines connect the Keephills and Genesee generating stations west of Edmonton, and the Ellerslie substation south of Edmonton. This work would also include upgrades at the Keephills, Genesee and Ellerslie substations. The anticipated in service date for these facilities is 2007 and the estimated cost of this component is \$40 million.

The second component will see a new 330 kilometre, 500 kV line built from the Genesee generating station to the existing Langdon substation east of Calgary. The exact route of the new transmission line within the approved corridor will be developed over the next several months and included in the TFOs facility application to be filed with the EUB. The anticipated in service date is 2009, and the estimated cost of this component is \$300 million.

The AESO operates Canada's first competitive, customer-focused exchange for electricity. As an independent system operator, the AESO leads the safe, reliable and economic planning and operation of Alberta's interconnected power system. The AESO also facilitates Alberta's hourly wholesale electricity market, which has more than 200 participants and about \$5 billion in annual energy transactions, and is accountable for the overall coordination of provincial load settlement.

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