



July 15, 2009

Dear Stakeholder:

Update to stakeholders re: transmission development between the Edmonton and Calgary areas

In May of last year the AESO began a public consultation program for transmission development between Edmonton and Calgary, to listen to people's viewpoints and to incorporate that feedback into our planning. Nearly 1,500 people attended an Open House. We have also met separately with Alberta First Nations, landowner groups, environmental groups, electricity industry representatives as well as County Councils and staff to get their viewpoints. This document outlines our conclusions and the next steps.

What we have concluded

The reinforcement of the transmission system between the Edmonton and Calgary regions is needed to avoid reliability issues for consumers in southern and central Alberta, improve the efficiency of the transmission system, restore the capacity of existing interties and avoid congestion which limits access to the market by competitive supplies and impedes development of new supplies.

Two high capacity lines are planned to be implemented as soon as possible; both will be 500 kV high-voltage direct current (HVDC) technology. Use of HVDC technology will provide capacity for future growth and minimizes the land needed for Rights-of-Way. One line will be located on the west/central portion of the province, connecting the existing Wabamun Lake transmission hub, west of Edmonton, to the Calgary area hub near Langdon and one line will be located on the eastern side of the province, connecting the Heartland hub northeast of Edmonton to a southern hub in the Brooks area (see diagram on next page).

Converter stations are required to be built at each hub; Wabamun Lake area, Langdon area, Heartland area (northeast of Edmonton) and Brooks area. These stations convert electricity from alternating current (AC) to direct current (DC) and vice versa. In Alberta, power is both generated and used by consumers as AC.

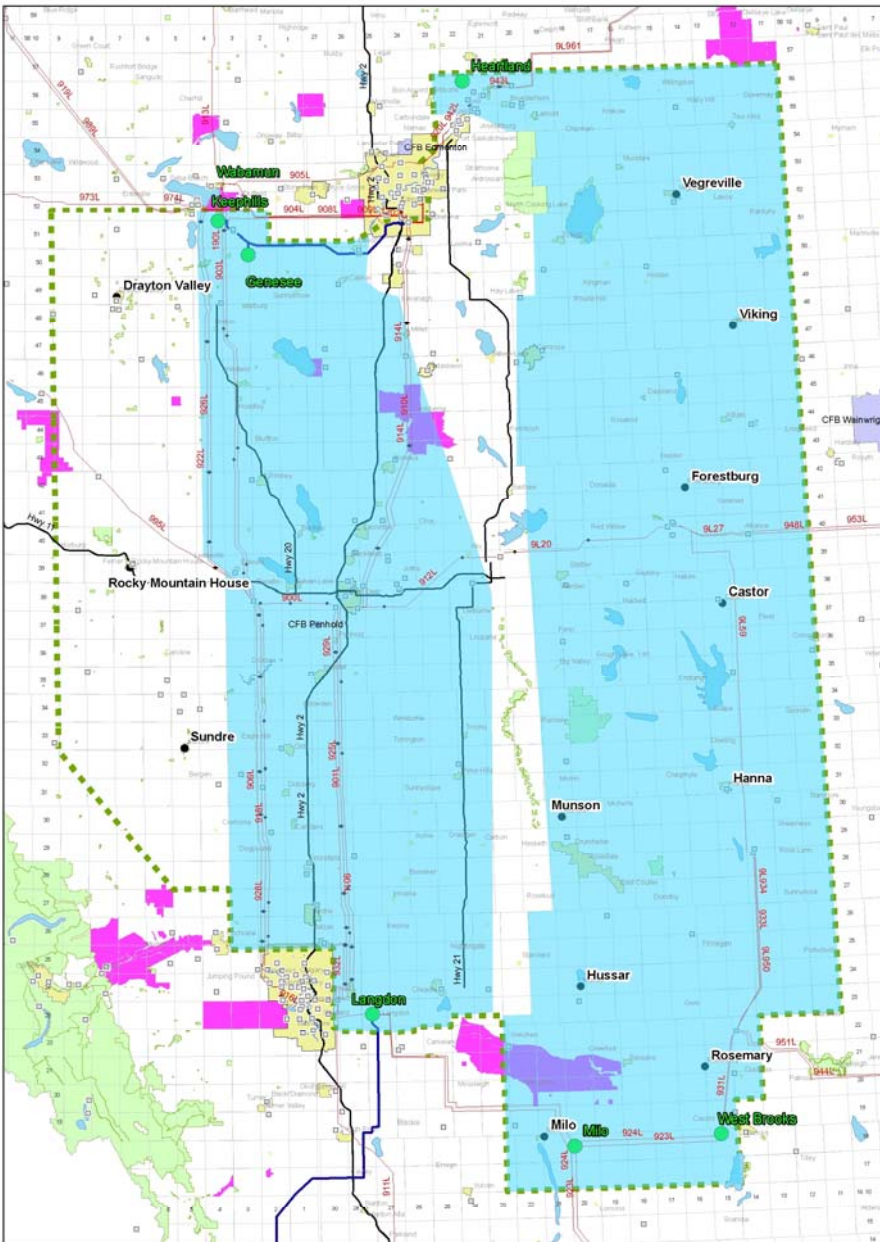
What we heard through consultation

We appreciate all the viewpoints and perspectives that have been expressed; we've come to understand that while there are strong opinions in some cases, few are unanimous. During our public consultation, one issue about which we heard almost unanimous consensus was to "think big." People told us, if transmission development is needed, we should build high capacity facilities to avoid having to repeatedly interrupt people's lives to potentially build more, smaller capacity transmission lines. Many people also told us they preferred the usage of HVDC technology. This input is reflected in our plans. The most prevalent concern expressed has been with regard to potential routing. The areas we have identified to be considered for detailed siting and routing reflect suitable areas for transmission development.

Next Steps

As you may be aware, the Government of Alberta introduced legislation June 1, 2009 that will ensure critically needed upgrades to the transmission system are built in a timely manner. This legislation will authorize the need for these critical projects, including these two HVDC lines between Edmonton and Calgary.

The AESO will now direct the development of detailed design, siting and routing for the two transmission lines outlined above. Detailed siting work will be done in the blue shaded areas shown on the map on the next page. Additional public consultation will be required as part of this process. Once completed, siting and routing proposals will be submitted to the Alberta Utilities Commission for approval.



A larger version of this map is available from the AESO upon request or can be downloaded from our web site www.aeso.ca

The AESO has prepared a background document with more information. It is entitled "AESO Update Edmonton to Calgary Project Background information," and is available on our web site www.aeso.ca or upon request. If you would like a copy please contact:

Doug Downs
888-866-2959
stakeholder.relations@aesocanada.com
2500, 330 5th Avenue SW
Calgary, AB T2P 0L4

The AESO will develop a Report of our studies reviewing this Project at a future date. This will be posted to our web site and can be made available upon request.

Yours truly,

Dick Way
 Senior Director, Strategic Projects
 AESO