



NEWS RELEASE

AESO receives approval for \$300-million transmission development

For immediate release:

CALGARY, Alberta (August 21, 2006) – The Alberta Electric System Operator (AESO) has received regulatory approval for a \$300-million reinforcement to strengthen the northwestern area of the provincial power grid by 2009.

The Alberta Energy and Utilities Board (EUB) approval for this major project follows on the heels of other approved and planned transmission system enhancements that will see a total of about \$1 billion in investments to strengthen Alberta's transmission system. These investments include reinforcing the 'backbone' of the power grid between Edmonton and Calgary, strengthening the system in southwestern Alberta, around the cities of Edmonton and Calgary, and the southeast region of the province. The estimated \$1 billion in transmission projects would add less than \$2 on an average residential customer's monthly bill. The costs are not included on customer bills until the facilities are in service.

"We are pleased the EUB approved all the transmission facilities we applied for in our northwest need document," said Neil Millar, vice-president, Transmission. "These are critical facilities to continue to reliably meet the electricity needs of consumers in northwestern Alberta."

"We would also like to thank industry stakeholders who participated in the expanded consultation process for this transmission project. Through this process we were able to successfully address their concerns in advance of filing our application for EUB approval earlier this year," he added. There were no objections filed with respect to the application and no hearing was required.

As for next steps, Mr. Millar said the AESO will now work with the transmission facility owner (TFO) involved, ATCO Electric, to develop detailed engineering specifications and prepare a facility application to file for EUB approval.

Once the detailed engineering is complete, the AESO will direct ATCO to develop and file a facility application, which includes the specific facilities and routing. This is the stage where ATCO will involve affected landowners.

This transmission need application was unique in that the AESO took the innovative approach of applying for approval of a right-of-way for future transmission development. "It's the first time this type of recommendation has been made to the EUB since the province's new transmission development policy and regulations were put in place," Mr. Millar explained. In light of the unique nature of this recommendation, the EUB has said it will take additional time to consider this aspect of the application.

After much evaluation and consultation with industry stakeholders, the preferred option was chosen because it:

- is the most effective solution to address load growth;
- delivers the best operational performance under a broad range of situations that could evolve in the area with respect to generation development and changes in load; and,
- allows for the elimination of between \$35 and \$45 million in annual transmission must-run payments, which are contracts held with area generators to provide power in the absence of adequate transmission lines serving the area.

The first phase of the transmission development includes adding about \$33 million in new transformers and capacitor banks by 2007, and building four new transmission lines and associated equipment for an investment of about \$263 million by 2009.

The second phase of the development is to have a right-of-way acquired, at an estimated cost of \$2.5 million, for future transmission developments in the region by 2014. While the 2014 facilities were described in the need application, the AESO is only requesting approval for the right-of-way purchase at this time.

The Alberta Electric System Operator is Canada's first 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 competitive wholesale electricity market, which has about 200 participants and approximately \$7 billion in annual energy transactions.

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News Release Backgrounder

The northwest region comprises the areas of Rainbow Lake, High Level, Peace River, Grande Prairie, Valleyview, High Prairie, Grande Cache, Fox Creek and Swan Hills. Load in the region is 1,142 megawatts. Overall load growth is relatively modest in the area; however, certain areas have higher load growth due to oil and gas, and oilsands development.

The regional transmission system includes facilities that connect to the Wabamun/Edmonton area generating plants, Fort McMurray and a gas-fired generator in Fort Nelson B.C. Since 1998 the region has become increasingly reliant on transmission must-run (TMR) agreements with three area generators to serve load and provide voltage support, because the area does not have enough transmission capacity. Additional voltage support is also provided through TMR arrangements with three generation units in the Grande Prairie region. In addition to an annual cost in the range of \$35 to \$45 million for these TMR contracts, the Transmission Regulation requires that the AESO consider only limited use of TMR or other non-wires solutions to address system needs and improve overall efficiency.

For other relevant information about the AESO's northwest transmission development and the AESO's long-term transmission plans visit the AESO's website at www.aeso.ca

- [Transmission > Planning > Consultations > Northwest Area Transmission Development](#)
- [Transmission > Planning > 10-Year Plan](#)
- [Transmission > Planning > 20-Year Outlook](#)