



# Transmission Facility Projects

Fred Ritter, director, Engineering

AESO Stakeholder Conference

June 21, 2005

# Presentation Overview

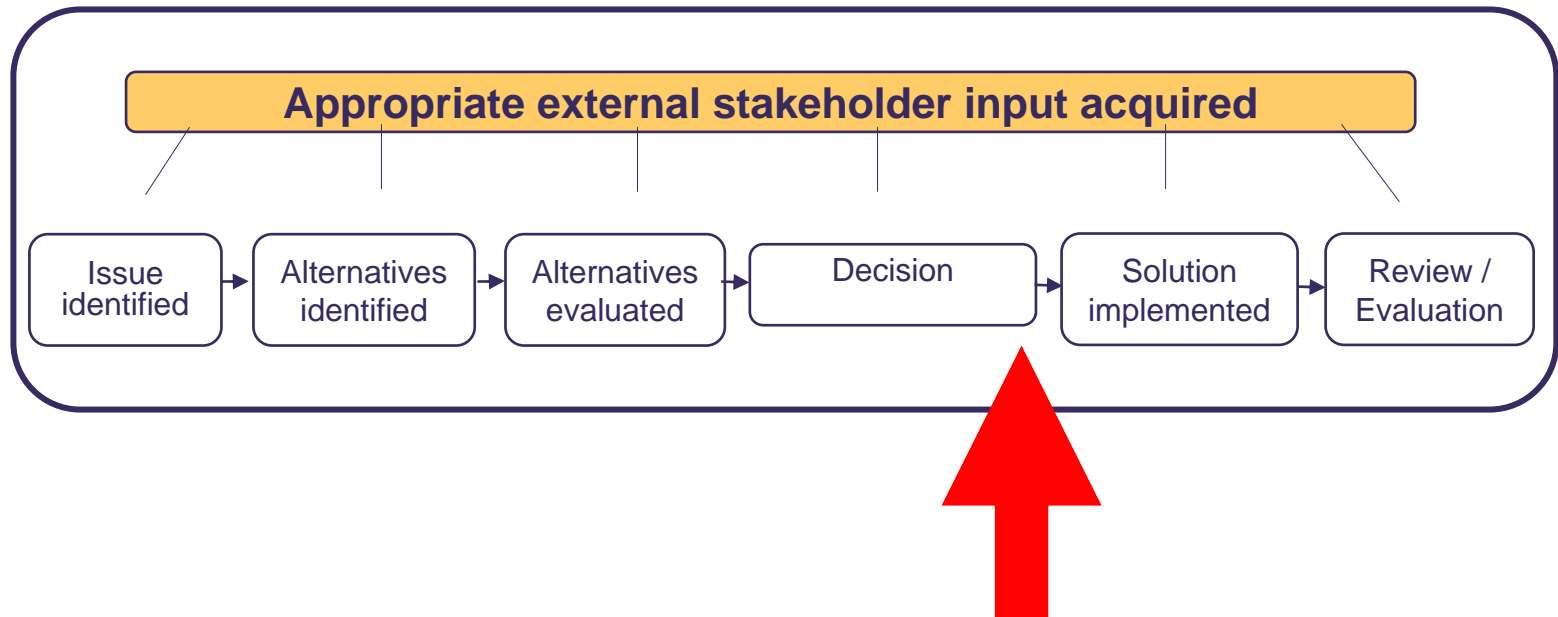
- Transmission Regulation requirements
- Implementation schedule
- Stakeholder working group
- Proposed Rules
- Other issues
- Summary of stakeholder comments
- Next steps



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# The AESO consultation process



# Rules required by Transmission Regulation

- Specified in Sections 12, 13 and 14 of the Regulations
- Rules to assign transmission projects based on geographic areas
- Rules for project cost estimating and reporting
- Rules requiring TFO to competitively tender project material and construction costs



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Stakeholder Working Group

- Working group formed to develop concepts
  - Representatives included several customer groups, major TFOs, and the EUB.
  - Work began in November 2004
- One-on-one discussion with several interested parties



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Working Group Members

Guido Bachmann, IPPSA

- Tom Chan, EUB
- Dennis Frehlich, AltaLink
- Asish De Sarkar, EPCOR
- Richard Gallant, IOL
- Keith Gladwyn, EUB
- John Galloway, Consultant

Glen Sutton, ATCO Electric

- Dan MacNamara, IPCCCA
- Barrie Michael, Consultant
- Norm Mills, BP Canada
- Fred Ritter, AESO
- Darin Watson, AltaLink
- Willis Winter, ENMAX



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Rule Development Schedule and Next Steps

Working Group developed concepts	May 31
● Discussion paper issued	June 1
● Proposed rules issued	June 1
● Comments from Stakeholders	June 17
● Review & post comments/revise rules	July 8
● AESO ERC Approval	July 18
● Target effective date	July 27



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Proposed Rules – Eligibility to Build

- Eligible Transmission Facility Owners (TFOs) defined according to service areas of Distribution Companies traditionally served
- The TFOs may agree to other arrangements; requires AESO/EUB approvals
- AESO has certain discretion for direct assign for boundary areas
- For AESO initiated system projects that require out of province interconnections, the AESO will direct to the TFO designated for that service area
- The rules do not apply to merchant lines for out-of-province interconnections except for the portion of the merchant line that requires the use of infrastructure in/on an existing TFOs facilities



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Proposed Rules – Cost Estimating and Reporting

- Obligations to provide Need Identification Document (NID) estimates
- Obligations established for provision of Service Proposals and Service Proposal Estimates
- TFO will provide monthly reports for all projects larger than \$1 million
- TFO will provide immediate reports for any project if schedule delayed or costs are expected to exceed estimate by 110%
- TFOs present Project Change proposals for AESO approval
- Standardized templates promote consistent estimates between TFOs



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Proposed Rules – Cost Estimating and Reporting (continued)

- TFOs will provide final cost reports to the AESO for all projects; timelines established
- The AESO will publish quarterly reports for all projects
- Standardized estimating, change proposal and reporting templates to be utilized by TFO's will be available on the AESO website



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Proposed Rules - Tendering

- Formal tenders required for all construction materials and services exceeding \$50,000
- Less formal tenders required for materials and services exceeding \$10,000, but less than \$50,000
- Exceptions to major acquisition tendering rule must be reported in Project Progress Report
- AESO has proposed compliance review rights regarding tendering



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Proposed Rules - Compliance

- Future development ; more debate required
- AESO proposal presented in discussion paper
  - Look to TFO's modification of Ts and Cs as mechanism to enforce compliance



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Expected Results from Proposed Rules

- Processes should promote increased industry confidence that facilities are timely and cost effective
- Costs will be managed by TFOs with AESO and EUB oversight
- Costs must be reasonable with justification for significant deviations
- Projects are executed to meet functional specifications and completion schedules
- Rules will apply to all future projects



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Other Issues

- Working Group also debated the following areas; most of these were considered outside the scope of this rule making initiative:
  - Stakeholder involvement before Need Filing
  - Tendering of engineering services
  - Prudence of capital maintenance expenditures
  - Opportunity for customer to build new customer interconnection facilities



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Stakeholder Comment Summary

- Suggestion that Rule 9.1.1.1 does not adequately recognize the TransAlta facilities on First Nations lands
- Variance reporting on a 10% threshold considered too large; 5% suggested
- The proposed tender threshold of \$50,000 is too low; may lead to high administrative burden; \$250k suggested
- Although outside the rules, ownership of TFO equipment in customer facilities is considered problematic; requires debate



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

# Next Steps

- Review and respond to stakeholder comments
- Finalize rules and obtain AESO ERC approval
- Implementation of rules
- Work with TFOs in modifying TFO's Ts and Cs
- Monitor rules effectiveness - ongoing



**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR



**Questions or Comments?**

**Fred Ritter (403) 539-2616**

**aeso**

ALBERTA  
ELECTRIC  
SYSTEM  
OPERATOR

