



## ***NEWS RELEASE***

### **AESO Closes in on \$1 billion in Investment to Strengthen Alberta's Power Grid**

*For immediate release:*

CALGARY, Alberta (March 8, 2006) – The Alberta Electric System Operator (AESO) has filed for a \$300 million reinforcement to strengthen the northwestern area of the provincial power grid by 2009. 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. This investment includes reinforcement of the 'backbone' of the power grid between Edmonton and Calgary, strengthening the system in southwestern Alberta, and planning enhancements for the cities of Edmonton and Calgary, and the southeast region of the province.

"These projects and plans, representing nearly \$1 billion in investment in Alberta's power grid are critical steps the AESO is taking towards enhancing reliability and building a robust transmission system that supports the continued economic success of the province," says Neil Millar, the AESO's Vice-President of Transmission.

"Our comprehensive plans will see strategic investments to strengthen Alberta's power grid during the next 10 years to ensure ongoing delivery of reliable electricity for all Albertans," 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 demands in all areas of the province and to facilitate Alberta's competitive power market."

The estimated \$1 billion in transmission projects would add about \$2 on the wires portion of an average residential customer's monthly bill. These costs are not included on the bill until the facilities are in service.

The AESO developed a staged approach for its preferred option to reinforce the northwest grid after extensive consultation with market participants, and load and generation customers in the region. During its consultation, the AESO developed a number of concepts which were evaluated against reliability and technical criteria, financial analysis and future flexibility to accommodate changing conditions in the region.

"We used a staged approach to this transmission development to ensure that we are prudently and effectively taking care of the immediate, medium and long-term needs of the region," Millar added. "There is always some level of uncertainty with respect to when and where new generation and load might locate, and so our plans must be flexible enough to ensure that we can accommodate anticipated future scenarios reliably."

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After much evaluation and consultation with area 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 \$5 billion in annual energy transactions.*

*For more information:*

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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 are higher load growth due to oil and gas, and oil sands 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](http://www.aeso.ca)

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