



**Long-Term Transmission Planning for Alberta
Nov. 16, 2007 Stakeholder Consultation Comment Form**

COMMENTS FROM	
Date:	2007-11-28
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The AESO has commenced stakeholder consultation on long-term transmission planning in order to develop an updated 20-Year Outlook and 10-Year Transmission System Plan in 2008. We would appreciate comments from stakeholders in the following areas.

Please return this form with your questions or comments by November 30th, 2007, to:

E-mail karissa.ohsberg@aeso.ca

Fax: (403) 539-2795

1. Draft generation scenarios
<i>In the space provided below, please provide your comments or questions on the generation scenario material presented at the November 16 stakeholder meeting and posted on the AESO's website.</i>
<p>TransCanada's comments on the generation scenarios are similar to one of the comments made for the load forecast (below). We are concerned the study process omitted what adjacent jurisdictions, the northwest region and the North American continent are doing and facing. We feel these externalities are likely to influence the generation development mix.</p> <p>The work developing the generation scenarios otherwise seems to be of high quality.</p>

2. AESO Future Demand and Energy Outlook 2007-2027

In the space provided below, please provide your comments or questions about how the AESO can improve future versions of its Outlook based on the material presented at the November 16 stakeholder meeting and posted on the AESO's website:

TransCanada is dissatisfied with the load forecasting methods utilized. In our opinion a long term forecast should focus on the future whereas this presentation was based primarily on the current state and the past. Surely the goals, objectives and mandates of government, industry and the AESO, can be expected to have an effect on the future but examples of change in the presentation are few. For example there is no expectation of loss reduction, interchange expansion or change in customer usage in the forecast even though the AESO, government, industry and society have each committed generally, and through specific initiatives, to one or all of these.

TransCanada rejects the AESO assertion that “the past relationship between economic factors and electricity demand is the best predictor, at this time for future demand.” We feel both the relationship between the economic factors and electricity demand and the actual economic factors can be expected to change dramatically over such extended study periods.

The approach the AESO employed for this study has in the past resulted in the system being alternately overbuilt and underbuilt for extended periods. The process has also contributed to the current situation where the system expansions to accommodate a power plant large enough to have economic scale and impact the supply demand balance in all but a very few circumstances would take longer than the generation development would otherwise require.

One specific missing element in the work to date is consideration that the AESO has been directed to increase interchange capability, in both the past and newly released Transmission Regulations. With the target in the new T-Reg being 20% of domestic electric load the effect of robust wholesale electricity trade between jurisdictions must be considered or several important characteristics of the future Alberta system will be missed in the analysis. Overlooking the effects of interchange calls into question the AESO commitment to meeting either the past or new T-Reg requirements. Effects that need to be included in the analysis include:

- Peak diversity - Commerce between tightly interconnected systems with different times and seasons of peak load has the effect of reducing the demand for peaking resources, and, in some circumstances, on load following capability. This inter-jurisdictional peak diversity makes planning for a reduced peak a reasonable assumption.
- Adjacent system relevance – Renewable standards, existing generation mix, load characteristics and other factors will represent problems or opportunities for Alberta and must be considered. Adjacent systems are aggressively pursuing efficiency and demand side options which can, depending on how they are implemented affect interchange. It is also reasonable to expect some of these programs will succeed and that the ones that are successful could be implemented here. It would seem reasonable to sum the targets of these programs and then apply a fractional success factor to show that not all will succeed and occur here.

More generally, Alberta need not build precisely to its needs once interchange capability is adequate for competition to thrive. Under-forecasting in Alberta won't result in loss of load or a significant increase in cost to consumers and generators will face less risk in building to meet a forecast that might not be met.

Acknowledging Alberta will be more tightly interconnected means a prudent system operator must consider the issues in adjacent systems. The AESO should consider the forecast produced by operators of the systems that it will exchange energy with.

The regions that Alberta will be interconnected with are those that are most aggressively pursuing a shift away from fossil fuels and, if there is to be a shift toward (or away from) higher intensity electricity use (see The Power to Reduce CO2 Emissions – the Full Portfolio within <http://my.epri.com/portal/server.pt?> for examples and explanation of how this might occur) these jurisdictions are likely to participate. Clearly their desire for renewables, demand side efforts, distaste for fossil fuel based electricity and pursuit of alternative energy forms will affect their electricity markets and ours.

A third general benefit of including the options for meeting the interchange increase in this study is that it would provide some guidance to generators as to where future supply might be most easily accommodated.

Suggestions for future work include ensuring the external research noted above is done and included, and that the alternatives for meeting the interchange requirements contained within the Transmission Regulation become the basis upon which other parts of the transmission plan are layered. The options to build a strong bulk system network to flow between systems are far fewer than the internal generation and load scenarios. With one or several strong backbone system alternatives as the basis internal load and generation demands can likely be met by attaching to that network. This approach we feel could reduce the number of individual scenarios that need to be studied.

Finally, the AESO should consider that adjacent jurisdictions are more attractive for new generation than Alberta from the regulatory perspective. These regions have regulatory stability and more business friendly rules and regulations. Certain types of generation also receive preferential treatment not given in Alberta in these jurisdictions making them the more likely location for these developments.

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The AESO will not use or disclose your personal information for purposes other than those identified above, except with your consent or as required by law. For further information contact ph: 1-888-866-2959 or email stakeholder.relations@aeso.ca

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November 30, 2007

Mr. Jeff Nish
Director, Resource Adequacy
Alberta Electric System Operator
2500, 330 5th Ave S.W.
Calgary, Alberta T2P 0L4

Dear Mr. Nish,

RE: AESO Proposed Long -Term Transmission System Planning

EPCOR Utilities Inc. ("EPCOR") would like to commend the AESO on the time and effort, to date, put into the development of the AESO's 20-Year Transmission System Plan ("Plan"). EPCOR attended the AESO's November 16, 2007, presentation on the long-term transmission system planning and is pleased to provide the following comments.

In the main, EPCOR is supportive to both, ten years and long term transmission plans. In the three letters dated September 15, November 10 and December 11, 2006, EPCOR has provided extensive comments on the 10 Year Transmission Plan. Thus far, EPCOR's position remains unchanged and while some of our previous concerns were adopted satisfactorily, some of them still remain unsettled and need to be addressed during the approaching stakeholders' consultation. EPCOR appreciates the AESO effort to provide information on the load and generation forecasting principles and continues to encourage the AESO to consider our unresolved suggestions during the forthcoming 20 year transmission planning session. EPCOR continues to have concerns with respect to the lack of explicit price assumptions in the load and generation scenario forecasting and believes that incorporating those assumptions is crucial as generation investors primarily respond to different types of price signals. Electricity, gas and coal price sensitivity analyses should be undertaken in coordinated effort to harmonize load and generation forecasts for the benefit of arriving with wholesome and comprehensive long-term transmission plan.

The last 10 Year Plan was accepted by the industry as a methodical and credible document that addresses major transmission progress in the near future; however EPCOR is not recommending that the 20 year development plan be divided into two separate, ten years plans. Without an appropriate, continuous and predictable growth forecast over the long term and appropriate incentives for entering an energy market, the new investment in the generation might not materialize even with a presence of the favorable economic conditions. For that reason, EPCOR wishes to discuss how the AESO envisions seamless transition from the moderate 10 year plan to the new and more aggressive, post-2016 plan. In particular, the threshold between 2016 and 2017 seems assuming significant changes in the investors' behavior and priorities. The plan is suggesting a fundamental shift from the traditional to more advanced technology with only one explicit reason, the Greenhouse Gases ("GHG") regulation implementation by 2018. This profound hypothesis should be widely discussed during the approaching consultation.



In summary, EPCOR recognizes challenges facing the AESO in preparing the next major transmission system overview and continues to believe it is essential that the AESO makes explicit assumptions with respect to the energy prices, compatibility of load and generation forecast analyses and transition from the 10 year to the longer term plan as effortlessly as possible. EPCOR appreciates the opportunity to provide comments on the November 16 presentation and is looking forward to participate in the 2008 stakeholders' consultation. Should you have any questions, please contact me at (780) 412-4019.

Sincerely,

<original sent by e-mail>

Ewa Kultys
Advisor, Regulatory Affairs
EPCOR Utilities Inc.

