



ALBERTA
ENERGY

*Office of the Minister
MLA, Dunvegan-Central Peace-Notley*

AR 30042

March 27, 2018

Mr. David Erickson
President and Chief Executive Officer
Alberta Electric System Operator
david.erickson@aeso.ca

Dear Mr. Erickson:

I would like to take this opportunity to thank you and your team for the extraordinary work to date on the Renewable Electricity Program (REP) 2 and 3.

As per section 5(3) of the *Renewable Electricity Act*, this letter serves as confirmation of my approval for the program designs for REP 2 and 3 contained in the February 28, 2018, proposal.

For REP 2, this approval specifically includes:

- the outlined competitive process;
- the use of an Indexed Renewable Energy Credit payment mechanism;
- the delivery of up to 300 megawatts of new renewable generation capacity;
- the minimum Indigenous ownership equity participation of 25 per cent;
- the requirement that the minimum Indigenous equity position be maintained for a minimum of three years following the facility commercial operation date;
- the forecast cost ceilings for program proposal development, the implementation of REP 2 and average annual administration costs;
- the amount of the proposed fees to be levied on participants and generators of REP 2;
- the proposed in service date of June 2021; and
- the draft Renewable Electricity Support Agreement Term Sheet.

For REP 3, this approval specifically includes:

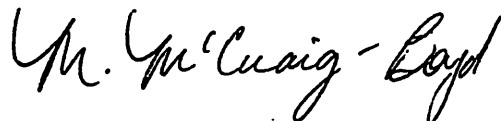
- the outlined competitive process;
- the use of an Indexed Renewable Energy Credit payment mechanism;
- the delivery of up to 400 megawatts of new renewable generation capacity;

- the forecast cost ceilings for program proposal development, implementation of REP 3 and average annual administration costs;
- the amount of the proposed fees to be levied on participants and generators of REP 3;
- the proposed in service date of June 2021; and
- the draft Renewable Electricity Support Agreement Term Sheet.

Please proceed to launch the Request for Expressions of Interest stage for REP 2 and 3 on March 29, 2018.

I appreciate all the work the AESO has done to date for the REP and I look forward to continuing to work together in 2018.

Sincerely,



Margaret McCuaig-Boyd
Minister

cc: Honourable Shannon Phillips
Minister Responsible for the Climate Change Office

Honourable Richard Feehan
Minister of Indigenous Relations

Coleen Volk
Deputy Minister, Alberta Energy

David James
Alberta Energy