

December 13, 2017

Wade Vienneau
Executive Director - Facilities
Alberta Utilities Commission
Fifth Avenue Place
4th Floor, 425 – 1st Street SW
Calgary, AB T2P 3L8

Dear Mr. Vienneau:

**Re: Alberta Electric System Operator (“AESO”)
240-kV Transmission System Development in Area Northwest of Fort McMurray
Application to Cancel Unconstructed Components in Needs Identification Document
(“NID”) Approval U2012-271**

Introduction

1. Pursuant to Section 10 of the *Alberta Utilities Commission Act*, the AESO is applying to the Alberta Utilities Commission (“Commission” or “AUC”) for cancellation of the unconstructed components of NID Approval U2012-271 (“NID Approval”),¹ respecting the AESO’s NID for Northwest of Fort McMurray 240 kV Transmission System Development (“NW FMM NID”).

Background

2. On November 9, 2011, the AESO applied to the Commission for approval of the NW FMM NID.² The NW FMM NID described a need for transmission development as a result of new oilsands development that was then forecast by the AESO to create substantial electricity demand in the area northwest of the city of Fort McMurray.³ To meet the identified need, the AESO proposed a two-phased development of a new 240 kV transmission loop.⁴

¹ AUC Needs Identification Document Approval No. U2012-271, Alberta Electric System Operator, 240-kV Transmission System Development in the Area Northwest of Fort McMurray (June 18, 2012) (“NID Approval No. U2012-271”).

² Application No. 1607880; Exhibit 0001.00.AESO-1570.

³ *Ibid.* at PDF page 5-9.

⁴ *Ibid.* at PDF page 10.

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3. On June 18, 2012, the Commission approved the NW FMM NID by way of the NID Approval and Decision 2012-167.⁵ The NID Approval approved the need for 240 kV transmission loop, as follows:⁶

Phase one, to be completed by the third quarter of 2013, shall consist of the following activities:

- Construct a new 240-kV switching substation, designated as NW FMM South, located south of existing Dover 888S substation and near existing 240-kV transmission line 9L57, such that the proposed NW FMM South substation would be connected to the existing transmission line by an in/out configuration.
- Construct a new 240-kV switching substation, designated as NW FMM North, located west of existing 240-kV double-circuit transmission line 9L08/9L09.
- Construct approximately 50 kilometres of new double-circuit 240-kV transmission line to connect the proposed NW FMM North substation to the existing transmission line 9L08 by using an in/out configuration.
- Other associated facilities as more particularly described in the application.

Phase two, to be completed by the second quarter of 2015, shall consist of the following activities:

- Construct approximately 80 kilometres of new 240-kV transmission line using double-circuit structures, with a conductor on only one side, connecting the proposed NW FMM South substation with the proposed NW FMM North substation.
- Other associated facilities as more particularly described in the application.

4. On June 4, 2013, the AESO applied to the Commission to amend certain components of the transmission development approved by the NID Approval, as a result of the in-service requirements of two connecting market participants (“2013 Amendment Application”).⁷ The AESO subsequently applied to withdraw the 2013 Amendment Application following the AESO’s determination that the amendments were no longer required on account of changes to the market participants’ requirements.⁸ On September 19, 2013, the Commission granted the AESO’s request to withdraw the 2013 Amendment Application.⁹

⁵ AUC Decision 2012-167, *Alberta Electric System Operator 240-kV Transmission System Development in the Area Northwest of Fort McMurray Needs Identification Document* (June 18, 2012).

⁶ NID Approval No. U2012-271 at PDF page 1.

⁷ *Application to the Alberta Utilities Commission to Amend the Northwest of Fort McMurray 240 kV Transmission System Development Approval No. U2012-271*; Application No. 1609645; Exhibit 0001.00.AESO-2636.

⁸ Exhibit 0109.01.AESO-2636.

⁹ Exhibit 0111.01.AUC-2636.

Request for Cancellation of Unconstructed Components

5. The only constructed component of the transmission development approved in the NID Approval is the 240 kV switching substation, described in the NID Approval as follows and hereinafter referred to as the “Birchwood Component”:¹⁰

Construct a new 240-kV switching substation, designated as NW FMM South, located south of existing Dover 888S substation and near existing 240-kV transmission line 9L57, such that the proposed NW FMM South substation would be connected to the existing transmission line by an in/out configuration.

The NW FMM South substation is now referred to as the Birchwood Creek 960S Substation and is currently being used as a supply point for a radially served market participant (AOSC MacKay).

6. Since the NW FMM NID was filed, the AESO’s forecast has significantly reduced load¹¹ in the area for the near and medium term, such that there is no longer an immediate need for the remaining, unconstructed components of the NID Approval. The AESO is consequently requesting that, with the exception of the Birchwood Component, the Commission cancel the NID Approval.

Direction to ATCO Electric Ltd.

7. On October 23, 2013, pursuant to Section 35 of the *Electric Utilities Act*, the AESO directed ATCO Electric Ltd. (“ATCO Electric”) to submit a facility application for the unconstructed facilities identified in the NID Approval.¹² ATCO Electric originally filed a facility application¹³ that was dependent on the 2013 Amendment Application, but it was subsequently withdrawn concurrently with the 2013 Amendment Application. As a result, there are no facilities-related approvals to be considered in conjunction with this application.

Cost

8. ATCO Electric estimated the capital cost of the transmission development approved in the NID Approval to be \$370 Million (+/- 30%, \$2012). To date, ATCO Electric has incurred approximately \$10.2 Million in connection with the unconstructed components of the NID Approval.
9. As advised by ATCO Electric, the cost of constructing the Birchwood Component was \$29 Million.
10. The AESO estimates that cancellation of the unconstructed components of the NID Approval will avoid a ratepayer capital cost in the order of \$329 Million (\$2012).

¹⁰ NID Approval No. U2012-271 at PDF page 1.

¹¹ See the *AESO 2017 Long-term Outlook*, available here: <https://www.aeso.ca/grid/forecasting/>, at Sections 5.2.3 and 5.2.4.

¹² Exhibit 0002.00.AE-2891.

¹³ *Application to the AUC: North West Fort McMurray Transmission Development* (June 5, 2013); Application No. 1609649; Exhibits 0003.00.AESO-2636 to 0090.00.AE-2636.

Stakeholder Notification

11. Section 4(b) of Appendix A2 of AUC Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations and Hydro Developments* states that “[i]n the event that the [AESO] decides not to proceed with a needs identification document for which a stakeholder notification has been distributed, the [AESO] must notify stakeholders of this decision in writing.”
12. The AESO confirms that, in October 2017, the AESO notified the stakeholders previously notified in connection with the 2013 Amendment Application of the AESO’s intention to cancel the unconstructed components of the NID Approval. Specifically, the AESO notified (i) all occupants, residents and landowners within 800 metres of the transmission development proposed in the 2013 Amendment Application, by way of postal code mailout, and (ii) each of the additional stakeholders described in **Appendix A** to this application. A copy of the written notification that was delivered to stakeholders is provided in **Appendix B** to this application.
13. No objections or concerns were raised by stakeholders in respect of this application.

Relief Requested

14. The NID Approval states that the Commission “may review this approval, in whole or in part, upon its own motion or upon application by an interested party, in accordance with Section 10 of the Alberta Utilities Commission Act.” Accordingly, the AESO is applying to the Commission for cancellation of the NID Approval pursuant to Section 10 of the *Alberta Utilities Commission Act*. The AESO requests that the Commission, pursuant to Section 2.4 of AUC Rule 001: *Rules of Practice*, dispense with the requirements of AUC Rule 016: *Review of Commission Decisions*, given the nature of the application.
15. The AESO requests that, with the exception of the Birchwood Component (being the only constructed component of the NID Approval), the Commission cancel the NID Approval.

Correspondence regarding this application may be directed to:

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Sincerely,

<Electronically Submitted>

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