



**Alberta Utilities Commission**  
**In the Matter of the Need for the**  
**Transmission Enhancements in the Municipal Districts of Provost**  
**and Wainwright**

**And in the matter of the *Electric Utilities Act*, S.A. 2003, c. E-5.1,  
the *Alberta Utilities Commission Act*, S.A. 2007, c. A-37.2, the  
*Hydro and Electric Energy Act*, R.S.A. 2000, c. H-16, the  
Regulations made thereunder, and  
Alberta Utilities Commission Rule 007**

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**Application of the Alberta Electric System Operator for**  
**Approval of the**  
**Transmission Enhancements in the**  
**Municipal Districts of Provost and Wainwright**  
**Needs Identification Document**

## **PART A - APPLICATION**

### **1 Introduction**

**1.1 Application** – Pursuant to Section 34(1)(c) of the *Electric Utilities Act* (Act), and in accordance with further provisions set out in legislation,<sup>1</sup> the Alberta Electric System Operator (AESO) applies to the Alberta Utilities Commission (Commission) for approval of the *Transmission Enhancements in the Municipal Districts of Provost and Wainwright Needs Identification Document* (Application).

**1.2 Application Overview** – FortisAlberta Inc. (FortisAlberta), as the legal owner of an electric distribution system (DFO), has requested system access service to improve the reliability of electric distribution services in the Municipal District of Provost and the Municipal District of Wainwright (AESO Planning Area 37, Provost). The DFO's request for system access service did not include any change to its existing Rate DTS, *Demand Transmission Service*, or Rate STS, *Supply Transmission Service*, contract capacities. FortisAlberta's request can be met by:

- i. adding a 138 kilovolt (kV) transmission line to connect the existing Hayter 277S substation and the existing Provost 545S substation;
- ii. modifying the Hayter 277S substation, including adding two 138 kV circuit breakers;
- iii. modifying the Provost 545S substation, including adding two 138 kV circuit breakers; and
- iv. modifying the existing Killarney Lake 267S substation, including adding one 138 kV circuit breaker;

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<sup>1</sup> The *Alberta Utilities Commission Act*, S.A. 2007, c. A-37.2, the *Hydro and Electric Energy Act*, R.S.A.2000, c. H-16, the Regulations made thereunder, and Alberta Utilities Commission Rule 007 (AUC Rule 007).

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- v. adding or modifying associated equipment as required for the above transmission developments, (collectively the “Proposed Transmission Development”, as further described in Section 2.2).

The scheduled in-service date for the Proposed Transmission Development is May 1, 2020.

This Application describes the AESO’s need to respond to the DFO’s request for system access service. Having followed the AESO Connection Process,<sup>2</sup> the AESO has determined that the Proposed Transmission Development provides a reasonable opportunity for the DFO to exchange electric energy and ancillary services. The AESO, in accordance with its responsibility to respond to requests for system access service, submits this Application to the Commission for approval.<sup>3,4</sup>

**1.3 AESO Directions to the TFO** – During the AESO Connection Process, the AESO issued various directions to the legal owner of transmission facilities (TFO), in this case AltaLink Management Ltd. in its capacity as general partner of AltaLink, L.P., including direction to assist the AESO in preparing this Application.<sup>5</sup>

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<sup>2</sup> For information purposes, refer to note iv of Part C of this Application for more information on the AESO Connection Process.

<sup>3</sup> For information purposes, some of the legislative provisions relating to the AESO’s planning duties and duty to provide system access service are referenced in notes i and ii of Part C of this Application.

<sup>4</sup> Note v of Part C of this Application describes the Application scope in more detail.

<sup>5</sup> The directions are described in more detail in the following sections of this Application and in Part C, note vi.

## **2 Need Overview and Proposed Transmission Development**

**2.1 Duty to Provide Transmission System Access Service** – The AESO, pursuant to its responsibilities under Section 29 of the Act, must provide system access service on the transmission system in a manner that gives all market participants (in this case the DFO), a reasonable opportunity to exchange electric energy and ancillary services.

The AESO, in consultation with the DFO and the TFO, has determined that the Proposed Transmission Development is the preferred option to meet the DFO’s request for system access service. The DFO, in executing its duties as defined under Section 105(1)(b) of the Act, has determined that the Proposed Transmission Development will meet its distribution planning criteria and improve the reliability of the electric distribution services in the Municipal District of Provost and the Municipal District of Wainwright. The DFO has made the appropriate applications to the AESO to obtain transmission system access service.<sup>6</sup>

Through the AESO Connection Process, the AESO, in consultation with the DFO and the TFO, has determined the characteristics of the Proposed Transmission Development and assessed the impacts that the Proposed Transmission Development and the associated load would have on the transmission system. The AESO has issued directions to the TFO to prepare a transmission facility proposal<sup>7</sup> (Facility Proposal) to meet the DFO’s request.

**2.2 Proposed Transmission Development** – The Proposed Transmission Development includes the following elements:

- i. Add one 138 kV transmission line to connect the existing Hayter 277S substation and the existing Provost 545S substation;
- ii. Modify the Hayter 277S substation, including adding two 138 kV circuit breakers and adding one 25 kV circuit breaker;

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<sup>6</sup> For information purposes, some of the duties of the DFO are described in note vii of Part C of this Application.

<sup>7</sup> Also referred to as facility application, or FA, under AUC Rule 007.

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- iii. Modify the Provost 545S substation, including adding two 138 kV circuit breakers;
- iv. Modify the existing Killarney Lake 267S substation, including adding one 138 kV circuit breaker; and
- v. Modify, alter, add or remove equipment, including switchgear, and any operational, protection, control and telecommunication devices required to undertake the work as planned and ensure proper integration with the transmission system.<sup>8</sup>

**2.3 Proposed Transmission Development Cost Estimate** – The AESO directed the TFO to prepare a cost estimate for the Proposed Transmission Development. The TFO estimated the in-service cost of the Proposed Transmission Development, described in Section 2.2, to be approximately \$42 million.<sup>9</sup> In accordance with the ISO tariff, the AESO has determined that all costs associated with the Proposed Transmission Development will be classified as participant-related.

**2.4 Transmission Development Alternatives** – In addition to the Proposed Transmission Development, the AESO, in consultation with the DFO and TFO, examined two other transmission alternatives to respond to the DFO’s request for system access service:

1. **Upgrade the Provost 545S and Edgerton 899S substations** – This alternative involves upgrading the existing Provost 545S substation, including adding one 138/25 kV transformer, three 25 kV circuit breakers and associated equipment. This alternative also involves upgrading the existing

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<sup>8</sup> Details and configuration of equipment required for the Proposed Transmission Development, including substation single-line diagrams, are more specifically described in the AESO’s Functional Specification included in the TFO’s Facility Proposal. Also, further details will be determined as detailed engineering progresses and DFO operating requirements are finalized. Routing and/or siting of transmission facilities do not form part of this Application and are addressed in the TFO’s Facility Proposal. Distribution facilities that may subsequently be connected to the Proposed Transmission Development are the responsibility of the DFO and are not included in the Application.

<sup>9</sup> The cost is in nominal dollars using a base year of 2017 with escalation considered. Further details of this cost estimate, which has an accuracy level of +20%/-10%. See, can be found in Appendix B.

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Edgerton 899S substation, including replacing the existing 138/25 kV transformer with a 138/25 kV transformer of higher capacity and adding one 25 kV circuit breaker and associated equipment.

- 2. Convert the existing Killarney Lake 267S substation T-tap connection to an in-and-out connection** – This alternative involves converting the existing Killarney Lake 267S substation T-tap connection to an in-and-out connection. This would require the addition of a new 138 kV transmission line, approximately 20 km in length, between the Killarney Lake 267S substation and the 138 kV transmission line 749L (Metiskow 649S – Edgerton 899S). Additionally, this alternative involves upgrading the Killarney Lake 267S substation including adding one 138/25 kV transformer and associated equipment.

Both of these alternatives were ruled out as the DFO determined that these alternatives were not technically acceptable from a distribution system perspective.

The Proposed Transmission Development was selected as the preferred transmission alternative and forms the basis of the cost estimates and connection assessment described herein.<sup>10</sup>

**2.5 Connection Assessment** – Power flow, voltage stability and short-circuit studies were conducted to assess the impact that the Proposed Transmission Development and the associated load would have on the transmission system. Power flow and short-circuit studies were conducted prior to and following connection of the Proposed Transmission Development, and voltage stability studies were performed following connection of the Proposed Transmission Development.<sup>11</sup>

The pre-connection assessment identified system performance issues. Under certain Category B conditions, a voltage criteria violation and several thermal criteria violations

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<sup>10</sup> The DFO also examined and ruled out load shifting and distribution system upgrades, as detailed in Sections 4 and 5 of the DFO's Need for Development report, which is included as Appendix E.

<sup>11</sup> The connection assessment is included as Appendix A.

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were observed. Existing mitigation measures, including real-time operational practices and a planned remedial action scheme (RAS), can be used to mitigate the pre-connection system performance issues. The planned RAS includes modifications to the existing RAS 138, which were identified as part of the *Sharp Hills Wind Farm Connection Needs Identification Document* (NID) application<sup>12</sup> and the *Paintearth Wind Project Connection NID* application;<sup>13</sup> and is hereafter referred to as “planned RAS 138”.

The post-connection assessment also identified system performance issues under certain Category B conditions. The voltage criteria violation that was observed in the pre-connection assessment was not observed in the post-connection assessment. Some thermal criteria violations were resolved or reduced in the post-connection assessment compared to the pre-connection assessment, while others were marginally increased or unchanged. Planned RAS 138 and real-time operational practices can continue to be used to mitigate the post-connection system performance issues. With continued implementation of these existing mitigation measures, the Proposed Transmission Development will not adversely affect the performance of the transmission system.

**2.6 AESO Forecast and Transmission System Plans** – The AESO’s corporate forecasts are used by the AESO to assess the adequacy of the regional transmission system and as a basis for identifying the need for transmission system expansion or enhancement.<sup>14</sup>

The Proposed Transmission Development described in this Application is substantially the same as, and replaces, a component of the approved Central East Region

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<sup>12</sup> The *Sharp Hills Wind Farm Connection* NID, as filed with the AUC on October 27, 2017 in Proceeding 23066.

<sup>13</sup> The *Paintearth Wind Project Connection* NID, as filed with the AUC on December 15, 2017 in Proceeding 23206.

<sup>14</sup> The *AESO 2017 Long-term Outlook* provides forecasting information for the Central Planning Region, which includes the Proposed Transmission Development area.

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Transmission Development (CETD).<sup>15</sup> The CETD was approved on the basis of a need identified by the AESO to meet transmission reliability criteria and serve projected load growth and generation development in the Central East sub-region.<sup>16</sup> The CETD NID Approval includes the following transmission development in the Provost area (the Provost Development):

- Build a new single-circuit 138-kV transmission line from Provost 545S substation (13-7-39-2-W4) to Hayter 277S substation (1-17-41-1-W4) using one 795 kcmil ACSR conductor per phase.<sup>17</sup>

The only difference between the Proposed Transmission Development and the already approved Provost Development is the capacity of the proposed 138 kV transmission line between the Provost 545S and Hayter 277S substations. In the CETD NID, the AESO explained that the 138 kV transmission line between Provost 545S and Hayter 277S substations would be built using 1X795 kcmil conductors per phase.<sup>18</sup> By contrast, the 138 kV transmission line between Provost 545S and Hayter 277S substations contemplated as part of the Proposed Transmission Development will require a minimum thermal rating that is equal to the thermal rating of the existing 138 kV transmission line 748L.<sup>19</sup>

Despite the CETD NID Approval, construction of the Provost Development has not commenced because the AESO subsequently determined that the Provost Development is no longer required.

On December 16, 2016, the AESO applied to the Commission for an amendment to the CETD NID Approval that included cancellation of the Provost Development, as part of

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<sup>15</sup> The *Central East Region Transmission Development NID*, as originally approved by AUC Decision 2011-048 and Approval No. U2011-57 (February 10, 2011) and amended in Decision 2013-123 and NID Approval No. U2013-130 (March 27, 2013) (CETD NID Approval).

<sup>16</sup> AUC Proceeding 645, Exhibit 0001.00.AESO-645 (the CETD NID) at PDF pp 37-38, Section 3.3.

<sup>17</sup> NID Approval No. U2013-130 at paragraph 3(a).

<sup>18</sup> CETD NID at PDF p 99, Section 8.

<sup>19</sup> The thermal rating of the existing 138 kV transmission line 748L is 119/146 MVA (summer/winter), as indicated in the AESO Engineering Connection Assessment Scope, which is included in Appendix A.

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the Provost to Edgerton and Nilrem to Vermilion Transmission System Reinforcement Needs Identification Document (PENV NID).<sup>20</sup> The PENV NID was recently referred back to the AESO.<sup>21</sup>

The AESO is currently preparing an amended PENV NID, and will continue to request, as part of the amended PENV NID, that the CETD NID Approval be amended so as to cancel the Provost Development. The AESO currently anticipates filing an amended PENV NID with the Commission in early 2018.

As a result of the foregoing, the AESO advised the DFO that a single circuit 138 kV transmission line between Provost 545S and Hayter 277S substations is not needed as part of the CETD, and would not be proceeding. In light of this fact, the DFO submitted the request for system access service, as described in Section 1.2, to improve distribution system reliability in the Municipal Districts of Provost and Wainwright.

**2.7 Transmission Dependencies** –The Proposed Transmission Development does not require the completion of any other AESO plans to expand or enhance the transmission system prior to connection.

**2.8 AESO Participant Involvement Program** – The AESO directed the TFO to assist the AESO in conducting a participant involvement program (PIP). Between December 2016 and September 2017, the TFO and the AESO used various methods to notify stakeholders about the need for development and the AESO’s preferred option to respond to the system access service request. In January 2018, the AESO notified stakeholders of its intention to file this Application with the Commission. There are no outstanding concerns or objections regarding the need for the Proposed Transmission Development or the AESO’s preferred option to respond to the system access service request.<sup>22</sup>

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<sup>20</sup> The PENV NID, as filed with the AUC on December 16, 2016 in Proceeding 22274.

<sup>21</sup> AUC Decision 22274-D01-2018.

<sup>22</sup> Further information regarding the AESO’s PIP for this Application is included in Appendix C.

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**2.9 Information Regarding AUC Rule 007, Section 6.2.1, NID15(2)** – The AESO has been advised that the TFO’s Facility Proposal addresses the requirements of AUC Rule 007, Section 6.2.1, NID15(2).<sup>23</sup> In consideration of that fact, and as the filing of the Application is combined with the TFO’s Facility Proposal, the AESO has not undertaken a separate assessment of the sort contemplated in AUC Rule 007, Section 6.2.1, NID15(2).

**2.10 Confirmation Date** – In the event that the proposed facilities are not in service by November 1, 2020, which is six months following the scheduled in-service date of May 1, 2020, the AESO will inform the Commission in writing if the need to expand or enhance the transmission system described in this Application continues, and if the technical solution described in this Application approval continues to be the AESO’s preferred technical solution.<sup>24</sup>

**2.11 Approval is in the Public Interest** – Having regard to the following:

- the transmission planning duties of the AESO as described in Sections 29, 33 and 34 of the Act;
- the DFO’s request for system access service;
- the DFO’s Need for Development report;
- the connection assessment;
- the TFO’s cost estimate for the Proposed Transmission Development;
- information obtained from AESO PIP activities;
- the AESO’s long-term transmission system plans; and

it is the conclusion of the AESO that the Proposed Transmission Development provides a reasonable opportunity for the market participant to exchange electric energy and

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<sup>23</sup> Please refer to the letter included as Appendix D of this Application.

<sup>24</sup> A detailed project schedule, which includes potential limitations or constraints as contemplated in AUC Rule 007, NID17(2), can be found in the TFO’s Facility Proposal.

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ancillary services. In consideration of these factors, the AESO submits that approval of this Application is in the public interest.

### **3 Request to Combine this Application with the Facility Proposal for Consideration in a Single Process**

3.1 Pursuant to Subsection 35(1) of the Act, the AESO has directed the TFO to prepare a Facility Proposal to meet the need identified. The AESO understands that the TFO's Facility Proposal will be filed shortly.<sup>25</sup> The AESO requests, and expects the TFO will request, that this Application be combined with the Facility Proposal for consideration by the Commission in a single process. This request is consistent with Section 15.4 of the *Hydro and Electric Energy Act* and Section 6 of AUC Rule 007.

3.2 While it is believed that this Application and the Facility Proposal will be materially consistent, the AESO respectfully requests that in its consideration of both, the Commission be mindful of the fact that the documents have been prepared separately and for different purposes. The purpose of this Application is to obtain approval of the need to respond to the DFO's request for system access service and provide a preliminary description of the manner proposed to meet that need. In contrast, the Facility Proposal will contain more detailed engineering and designs for the Proposed Transmission Development and seek approval for the construction and operation of specific facilities.

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<sup>25</sup> The AESO understands that the TFO intends to file a Facility Proposal relating to this Application to be titled *Fortis Provost Reliability Upgrade Project*.

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### **4 Relief Requested**

4.1 The AESO submits that its assessment of the need to meet the market participant's request for transmission system access service is technically complete and that approval is in the public interest.

4.2 In the event that the proposed facilities are not in service by November 1, 2020, which is six months following the scheduled in-service date of May 1, 2020, the AESO will inform the Commission in writing if the need to expand or enhance the transmission system described in this Application continues, and if the technical solution described in this Application approval continues to be the AESO's preferred technical solution.

4.3 For the reasons set out herein, and pursuant to Section 34 of the Act, the AESO requests that the Commission approve this Application, including issuing an approval of the need to respond to the market participant's request for system access service, and for transmission developments as follows:

- i. Add one 138 kV transmission line to connect the existing Hayter 277S substation and the existing Provost 545S substation;
- ii. Modify the Hayter 277S substation, including adding two 138 kV circuit breakers and one 25 kV circuit breaker;
- iii. Modify the Provost 545S substation, including adding two 138 kV circuit breakers;
- iv. Modify the existing Killarney Lake 267S substation, including adding one 138 kV circuit breaker; and
- v. Modify, alter, add or remove equipment, including switchgear, and any operational, protection, control and telecommunication devices required to undertake the work as planned and ensure proper integration with the transmission system.

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All of which is respectfully submitted this 13<sup>th</sup> day of February 2018.

Alberta Electric System Operator

*<Electronically Submitted>*

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Kelly Yagelniski  
Director, Transmission Program Support

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## **PART B – APPLICATION APPENDICES**

The following appended documents support the Application (Part A).

**APPENDIX A**      **Connection Assessment** – Appendix A contains the *AESO Engineering Connection Assessment – Fortis Provost Reliability* that assesses the transmission system performance prior to and following the connection of the Proposed Transmission Development. As part of the AESO Connection Process, FortisAlberta engaged a consultant to conduct the connection assessment studies. The AESO defined the study scope, and provided the system models and study assumptions. The AESO also reviewed the Connection Assessment Results report prepared by the consultant, and finds the Connection Assessment Results report acceptable for the purposes of assessing the impacts of the Proposed Transmission Development on the transmission system.

**APPENDIX B**      **TFO Capital Cost Estimate** – Appendix B contains a detailed cost estimate corresponding to the Proposed Transmission Development. This estimate has been prepared by the TFO at the direction of the AESO, to an accuracy level of +20%/-10%, which exceeds the accuracy required by AUC Rule 007, NID16.

**APPENDIX C**      **AESO PIP** – Appendix C contains a summary of the PIP activities conducted, in accordance with requirement NID19 and Appendix A2 of AUC Rule 007, regarding the need to respond to the market participant's request for system access service. Copies of the relevant materials distributed during the PIP are attached for reference.

**APPENDIX D**      **TFO Information Regarding AUC Rule 007, Section 6.2.1, NID15(2)** – Appendix D contains a letter provided by the TFO confirming that the requirements of AUC Rule 007, NID15(2) will be addressed within the TFO's Facility Proposal.

**APPENDIX E**      **DFO Need for Development Report** – Appendix E contains the DFO's *Need for Development Transmission Facility Upgrades Provost Area* report that

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provides information in support of the DFO's request for system access service, including describing the need for development.

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## PART C – REFERENCES

- i. **AESO Planning Duties and Responsibilities** – Certain aspects of the AESO’s duties and responsibilities with respect to planning the transmission system are described in the Act. For example, Section 17, Subsections (g), (h), (i), and (j), describe the general planning duties of the AESO.<sup>26</sup> Section 33 of the Act states that the AESO “must forecast the needs of Alberta and develop plans for the transmission system to provide efficient, reliable, and non-discriminatory system access service and the timely implementation of required transmission system expansions and enhancements.” Where, as in this case, the market participant (refer to note ii below) is requesting system access service to meet its distribution planning needs, and the request requires or may require the expansion or enhancement of the capability of the transmission system, the AESO must prepare and submit for Commission approval, as per Section 34(1)(c), a needs identification document that describes the need to respond to requests for system access service, including the assessments undertaken by the AESO regarding the manner proposed to address that need. Other aspects of the AESO’s transmission planning duties and responsibilities are set out in Sections 8, 10, 11, and 15 of the *Transmission Regulation*.
- ii. **Duty to Provide Transmission System Access** – Section 29 of the Act states that the AESO “must provide system access service on the transmission system in a manner that gives all market participants [the DFO in this case] wishing to exchange electric energy and ancillary services a reasonable opportunity to do so.”
- iii. **AESO Planning Criteria** – In accordance with the Act, the AESO is required to plan a transmission system that satisfies applicable reliability standards. Transmission Planning (TPL) standards are included in the Alberta Reliability Standards, and are generally described at: <https://www.aeso.ca/rules-standards-and-tariff/alberta-reliability-standards/><sup>27</sup>
- iv. **AESO Connection Process** – For information purposes, the AESO Connection Process, which changes from time to time, is generally described at: <https://www.aeso.ca/grid/connecting-to-the-grid/connection-process/><sup>28</sup>
- v. **Application for Approval of the Need to Respond to a Request for System Access Service** – This Application is directed solely to the question of the need to respond to a request

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<sup>26</sup> The legislation and regulations refer to the Independent System Operator or ISO. "AESO" and "Alberta Electric System Operator" are the registered trade names of the Independent System Operator.

<sup>27</sup> This link is provided for ease of reference and does not form part of this Application.

<sup>28</sup> This link is provided for ease of reference and does not form part of this Application.

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for system access service, as more fully described in the Act and the *Transmission Regulation*. This Application does not seek approval of those aspects of transmission development that are managed and executed separately from the needs identification document approval process. Other aspects of the AESO's responsibilities regarding transmission development are managed under the appropriate processes, including the ISO rules, Alberta reliability standards and the ISO tariff, which are also subject to specific regulatory approvals. While the Application or its supporting appendices may refer to other processes or information from time to time, the inclusion of this information is for context and reference only.

Any reference within the Application to market participants or other parties and/or the facilities they may own and operate or may wish to own and operate, does not constitute an application for approval of such facilities. The responsibility for seeking such regulatory or other approval remains the responsibility of the market participants or other parties.

- vi. **Directions to the TFO** – Pursuant to Subsection 35(1) of the Act, the AESO has directed the TFO, in whose service territories the need is located, to prepare a Facility Proposal to meet the need identified. The Facility Proposal is also submitted to the Commission for approval. The AESO has also directed the TFO, pursuant to Section 39 of the Act and Section 14 of the *Transmission Regulation*, to assist in the preparation of the AESO's Application. The TFO has also been directed by the AESO under Section 39 of the Act to prepare a service proposal to address the need for the Proposed Transmission Development.
- vii. **Duties of DFOs** – The duties of DFOs to make decisions about building, upgrading and improving their electric distribution systems are described in Section 105(1)(b) of the Act. The DFO, being responsible for electric distribution system planning, determines its need for transmission system access service based on its own distribution planning guidelines and criteria. While the DFO's plans are considered during the AESO Connection Process, the AESO, in executing its duties to plan the transmission system, does not oversee electric distribution planning or the development of specific DFO planning criteria. The AESO does, however, review the DFO forecasts that are submitted to the AESO, which may be considered in the preparation of the AESO's corporate forecasts.
- viii. **Capital Cost Estimates** – The provision of capital costs estimates in the Application is for the purposes of relative comparison and context only. The requirements applicable to cost estimates that are used for transmission system planning purposes are set out in Section 25 of the *Transmission Regulation*, AUC Rule 007, and Section 504.5 of the ISO rules, *Service Proposals and Cost Estimating*.