



Project No.2845

Delivered by Email
AETDirectionLetters@atco.com

ATCO Electric Ltd.
10035 – 105 Street
Edmonton, Alberta T5J 2V6

Attention: Gurb Hari – Vice President, Projects & Construction

Dear Mr. Hari,

Re: Approval by the Independent System Operator, operating as the Alberta Electric System Operator (the “AESO”) under Section 501.3 of the ISO Rules, *Abbreviated Needs Approval Process*, (the “ANAP Rule”) for Marguerite Lake Compressed Air Energy Storage Project Connection – Project No. 2845 (the “Project”)

1. On August 31, 2023, Cache Power Corp. (“Market Participant”), submitted a system access service request (“SASR”) to the AESO to connect its approved Marguerite Lake Compressed Air Energy Storage Project (Facility) in the Bonnyville area (AESO Planning Area 28, Cold Lake).
2. For the reasons set out below, the AESO has approved the transmission facility project required to respond to the SASR under the AESO’s abbreviated needs approval process (“ANAP”).
3. The transmission facility project includes:
 - (a) Add one 240 kilovolt (kV) circuit with a minimum capacity of 356 MVA to connect the Facility to the existing Marguerite Lake 826S substation in a radial configuration;¹
 - (b) Modify the existing Marguerite Lake 826S substation, including adding one 240 kV circuit breaker; and
 - (c) modify, alter, add or remove equipment, including switchgear, and any operational protections, control and telecommunication devices required to undertake the work as planned and ensure proper integration with the transmission system.
4. Supporting materials are available on the AESO website at <https://www.aeso.ca/grid/transmission-projects/marguerite-lake-compressed-air-energy-storage-project-connection/> and include:
 - (a) *Project Connection Assessment* titled, “P2845 Marguerite Lake Compressed Air Energy Storage Project” dated August 26, 2026, Version 2;
 - (b) *Central Cluster Region Detailed Assessment Report* titled, “Detailed Assessment Report Central Cluster” dated May 26, 2025, Version 3;
 - (c) *Capital Cost Estimate*, prepared by the TFO; and
 - (d) a summary of the AESO’s participant involvement program.

¹ The 240 kV circuit shall be strung on double circuit structures to accommodate the connection of the second phase of the Facility (AESO Project P3046 Marguerite Lake Compressed Air Phase 2).



5. In accordance with subsection 3 of the ANAP Rule, the AESO has determined that the transmission facility project is eligible for approval under the ANAP by confirming:
 - (a) the AESO has identified a need consistent with the criteria set out in subsection 34(1) of the *Electric Utilities Act*;
 - (b) the AESO has determined that the transmission facility project is an appropriate option to meet the need; and
 - (c) the AESO reasonably expects the costs of the transmission facility project to be less than \$25,000,000, of which system costs are not expected to exceed \$15,000,000.
6. In accordance with subsection 4 of the ANAP Rule, the AESO confirms that the transmission facility project meets the conditions for approval as follows:
 - (a) the AESO's participant involvement program complies with the ISO participant involvement program guidelines in Alberta Utilities Commission Rule 007, *Facility Applications*;
 - (b) the transmission facility project is not anticipated to result in significant environmental effects;
 - (c) the AESO provided at least 14 days notice, by way of a posting to the AESO website, of the AESO's intention to consider a transmission facility project for approval under the abbreviated needs approval process, including supporting documentation; and
 - (d) any stakeholder concerns or objections with the need for a transmission facility have been addressed.
7. The AESO has further determined that:
 - (a) the Market Participant has made all appropriate applications to the AESO to obtain the system access service requested in the SASR;
 - (b) the transmission facility project will provide the Market Participant with a reasonable opportunity to exchange electricity and ancillary services;
 - (c) the transmission facility project will properly respond to the Market Participant's SASR; and
 - (d) approval is in accordance with the AESO's responsibility to respond to requests for system access service, having determined that the transmission facility project is required and is in the public interest.
8. Pursuant to the ANAP Rule, the AESO approves the transmission facility project.

Should you have any questions regarding this approval letter, please contact Donald Terway at Donald.Terway@aeso.ca.



Sincerely,

Signed by:

Gillian Barnett

10/2/2026

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Gillian Barnett

Date

Vice President, Law and Customer Projects

Cc: Jordan Costley, President, Cache Power Corp., jordanc@federationengineering.com

Trevor Richards, Director, Electric Transmission, Facilities Division, Alberta Utilities Commission
trevor.richards@auc.ab.ca