

December 8, 2016

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

Dear Mr. Vienneau:

Re: Application to the Alberta Utilities Commission (AUC) for approval of the Anthony Henday 309S Substation Needs Identification Document

Please find enclosed the Alberta Electric System Operator (AESO) application for approval of the Needs Identification Document (NID) for the proposed Anthony Henday 309S Substation pursuant to Section 34 of the *Electric Utilities Act*.

The AESO understands that AltaLink Management Ltd. will file the related facilities application shortly. The AESO requests that the Commission combine the NID and the facilities application and consider them together pursuant to Section 15.4 of the Hydro and Electric Energy Act.

Please do not hesitate to contact the below if you have questions or concerns regarding the foregoing:

Melissa Mitchell-Moisson
Regulatory Coordinator
need.applications@aeso.ca
403-539-2948

Sincerely,



Warren Clendinning
Manager, Transmission Regulations Projects

Public



Alberta Utilities Commission

In the Matter of the Need for the Anthony Henday 309S Substation

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

**Application of the Alberta Electric System Operator for
Approval of the
Anthony Henday 309S Substation
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,¹ the Alberta Electric System Operator (AESO) applies to the Alberta Utilities Commission (Commission) for approval of the *Anthony Henday 309S Substation Needs Identification Document (Application)*.

1.2 Application Overview – FortisAlberta Inc. (FortisAlberta), as the legal owner of the electric distribution system (DFO) in the Sherwood Park area (AESO Planning Area 60, Edmonton), has requested system access service to reliably serve a new industrial load in the Sherwood Park area. FortisAlberta’s request includes a Rate DTS, *Demand Transmission Service*, contract capacity of 21 MW in the Sherwood Park area. FortisAlberta’s request can be met by adding a new 138/25 kV point of delivery (POD) substation, to be designated the Anthony Henday 309S substation, and one 138 kV circuit to connect the Anthony Henday 309S substation and the existing 138 kV transmission line 215L using a T-tap configuration (the “Proposed Transmission Development”, as further described in Section 2.2). The scheduled in-service date for the Proposed Transmission Development is February 1, 2019.

This Application describes the need to respond to the DFO’s request for system access service. Having followed the AESO Connection Process,² the AESO has determined that the Proposed Transmission Development provides a reasonable opportunity for the DFO to exchange electricity. The Proposed Transmission Development is consistent with the AESO’s long-term plans for the Edmonton Planning Region, which includes Sherwood Park and the surrounding area. The AESO, in accordance with its

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 AUC Rule 007.

² For information purposes, refer to note iv of Part C of this Application for more information on the AESO’s Connection Process.

**Anthony Henday 309S Substation
Needs Identification Document**

responsibility to respond to requests for system access service, submits this Application to the Commission for approval.^{3,4}

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.⁵

³ 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.

⁴ Note v of Part C of this Application describes the Application scope in more detail.

⁵ 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 collaboration 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 will reliably serve a new industrial load in the Sherwood Park area. The DFO has made the appropriate applications to the AESO to obtain transmission system access service.⁶

Through the AESO Connection Process, the AESO, the DFO, and the TFO have collaborated to determine the characteristics of the Proposed Transmission Development and to assess 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 proposal⁷ (Facility Proposal) to meet the DFO’s request.

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

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

⁷ Also referred to as facility application, or FA, under AUC Rule 007.

Anthony Henday 309S Substation Needs Identification Document

1. Add a 138/25 kV POD substation, designated as Anthony Henday 309S, including two 138/25 kV transformers rated at approximately 25 MVA, and two 138 kV circuit breakers;⁸
2. Add one 138 kV circuit to connect the Anthony Henday 309S substation and the existing 138 kV transmission line 215L using a T-tap configuration; and
3. 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.⁹

2.3 Transmission Development Alternatives – In addition to the Proposed Transmission Development, the following transmission development alternatives were examined:

1. Upgrades at the Broadmoor 420S substation – This entails upgrading the existing Broadmoor 420S substation by adding two 138/25 kV transformers, at least one 138 kV breaker, three 25 kV circuit breakers, and associated equipment. This alternative would also require the addition of two 25 kV distribution circuits, each approximately 2.6 km in length. This alternative was selected for further consideration.
2. New POD substation in the Sherwood Park area connected to the 138 kV transmission line 865L – This entails adding a new POD substation in the

⁸ A transformer size of 25 MVA would be recommended based on good electric industry practice and under advisement from the TFO regarding its asset management and inventory practices.

⁹ 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. The 138 kV circuit is currently estimated to have a length of approximately 50 m. This is subject to change as routing and/or siting is finalized by the TFO. Line numbering and substation names provided here are for ease of reference and are subject to change as engineering and design progresses. 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.

Anthony Henday 309S Substation Needs Identification Document

Sherwood Park area, including two 138/25 kV transformers, two 138 kV circuit breakers, and associated equipment. The new POD substation would be connected to the existing 138 kV transmission line 865L using a T-tap configuration, which includes adding one 138 kV circuit. The length of the 138 kV circuit required to connect the new POD substation is approximately 25 m longer than the 50 m circuit that is required to connect the Proposed Transmission Development. This alternative would also require rebuilding approximately 420 m of 25 kV distribution circuit. Therefore, this alternative was ruled out due to the increased transmission and distribution developments and hence, increased costs compared to the Proposed Transmission Development.

3. Modifications at the East Edmonton 38S substation – This entails adding two 25 circuit breakers and associated equipment at the East Edmonton 38S substation and approximately 0.5 km of 25 kV distribution circuit. This alternative was ruled out as the DFO determined that this alternative could not provide the customer with the requested level of reliability, and; therefore, it was not technically acceptable.
4. Upgrades at the Knightsbridge 216S substation – This entails adding two 138/25 kV transformers, at least one 138 kV circuit breaker, two 25 kV circuit breakers and associated equipment at the Knightsbridge 216S substation. This alternative also involves the addition two 25 kV distribution circuits, each approximately 0.8 km in length. This alternative was ruled out as the TFO determined that there is not adequate space to expand the Knightsbridge 216S substation to accommodate the required equipment additions.
5. Upgrades at the Baseline 317S substation – This entails adding two 138/25 kV transformers, at least one 138 kV circuit breaker, two 25 kV circuit breakers and associated equipment at the Baseline 317S substation. This alternative also involves the addition two 25 kV distribution circuits, each approximately 0.8 km in length. This alternative was ruled out as the TFO determined that there is not

Anthony Henday 309S Substation Needs Identification Document

adequate space to expand the Baseline 317S substation to accommodate the required equipment additions.

The Proposed Transmission Development and the upgrades at the Broadmoor 420S substation (the Considered Alternatives) were selected for further consideration, including the connection assessment described herein.¹⁰

2.4 Connection Assessment – Power flow and voltage stability analyses were conducted to assess the impact that the Considered Alternatives and the associated loads would have on the Alberta interconnection electric system (AIES).¹¹ Power flow analysis was conducted prior to and following connection of the Considered Alternatives. Voltage stability analysis was performed following connection of the Considered Alternatives. Power flow sensitivity analysis was also conducted following the connection of the Considered Alternatives.

The connection assessment did not identify any system performance issues before and after connection of the Proposed Transmission Development. The Proposed Transmission Development would not adversely affect the performance of the AIES.

The post-connection assessment of the upgrades at the Broadmoor 420S substation identified system performance issues. Under certain Category B conditions, thermal criteria violations were observed for the 2018 summer peak scenario. Therefore, the upgrades at the Broadmoor 420S substation were ruled out.

2.5 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 \$12 million.¹² There are no distribution costs associated with the Proposed Transmission Development. In accordance with the

¹⁰ 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.

¹¹ The connection assessment is included as Appendix A.

¹² The cost is in nominal dollars using a base year of 2016 with escalation considered, at an accuracy level of +20%/-10%. Further details of this cost estimate can be found in Appendix B.

Anthony Henday 309S Substation Needs Identification Document

ISO tariff, the AESO has determined that there are no system-related costs associated with the Proposed Transmission Development.

2.6 AESO Forecast and Transmission System Plans – The AESO’s corporate forecast for the region is consistent with the load associated with the Proposed Transmission Development.¹³ 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. Therefore, the need associated with the Proposed Transmission Development is consistent with the AESO’s long-term plans for the region.

2.7 Transmission Dependencies – The Proposed Transmission Development is not dependent on the AESO’s plans to expand or enhance the transmission system.

2.8 AESO Participant Involvement Program – The AESO directed the TFO to assist the AESO in conducting a participant involvement program (PIP). Between February 2016 and October 2016, 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 November 2016, the AESO notified stakeholders of its intention to file this Application with the Commission. The AESO is not aware of any concerns or objections that have been raised regarding the need for the Proposed Transmission Development or the AESO’s preferred option to respond to the system access service request.¹⁴

2.9 Information Regarding 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).¹⁵ 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

¹³ Section 5.0 of the *AESO 2016 Long-term Outlook* discusses the Edmonton Planning Region, which includes the Proposed Transmission Development area.

¹⁴ Further information regarding the AESO’s PIP for this Application is included in Appendix C.

¹⁵ Please refer to the letter included as Appendix D of this Application.

Anthony Henday 309S Substation Needs Identification Document

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 August 1, 2019, which is six months following the scheduled in-service date of February 1, 2019, 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.¹⁶

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 request for system access service;
- the DFO's Need for Development Report;
- the connection assessment;
- the cost estimate for the Proposed Transmission Development;
- information obtained from AESO PIP activities; and
- the AESO's long-term transmission system plans;

it is the conclusion of the AESO that the Proposed Transmission Development provides a reasonable opportunity for the market participant to exchange electricity. In consideration of these factors, the AESO submits that approval of this Application is in the public interest.

¹⁶ 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.

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.¹⁷ 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.

¹⁷ The AESO understands that the TFO intends to file a Facility Proposal relating to this Application to be titled *Anthony Henday 309S Substation*.

**Anthony Henday 309S Substation
Needs Identification Document**

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 August 1, 2019, which is six months following the scheduled in-service date of February 1, 2019, 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:

- A. Add a 138/25 kV POD substation, designated as Anthony Henday 309S, including two 138/25 kV transformers, and two 138 kV circuit breakers;
- B. Add one 138 kV circuit to connect the proposed Anthony Henday 309S substation and the existing 138 kV transmission line 215L using a T-tap configuration; and
- C. 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.

**Anthony Henday 309S Substation
Needs Identification Document**

All of which is respectfully submitted this 8th day of December 2016.

Alberta Electric System Operator



Warren Clending
Manager, Transmission Regulation Projects

PART B – APPLICATION APPENDICES

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

APPENDIX A **Connection Assessment** – Appendix A contains the *Engineering Study Report Anthony Henday 309S Substation* that assesses the transmission system performance prior to and following the connection of the Considered Alternatives. As part of the AESO Connection Process, the DFO engaged a consultant to conduct the connection assessment (Study). The AESO defined the Study scope, and provided the system models and Study assumptions. The AESO also reviewed this report and its conclusions, and finds the Study acceptable for the purposes of assessing the impacts of the Considered Alternatives on the AIES.

APPENDIX B **TFO Capital Cost Estimates** – Appendix B contains detailed cost estimates corresponding to the Proposed Transmission Development. These estimates have 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 **Information Regarding 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 New East Edmonton Area Transmission Facility Upgrades* report that provides information in support of the DFO's request for system access service, including describing the need for development.

APPENDIX F **AESO Transmission Planning Criteria – Basis and Assumptions** – Appendix F contains the *Transmission Reliability Criteria, Version 1,*

**Anthony Henday 309S Substation
Needs Identification Document**

which includes the applicable thermal and voltage limits in support of the Transmission Planning (TPL) standards.¹⁸ Planning studies that are included in this Application meet the relevant performance requirements of the specified TPL standards (TPL-001-AB-0 and TPL-002-AB-0).

¹⁸ TPL Standards are included in the current Alberta Reliability Standards.

Anthony Henday 309S Substation Needs Identification Document

PART C – REFERENCES

- i. **AESO Planning Duties and Responsibilities** – Certain aspects of AESO 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.¹⁹ 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** – 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:
<http://www.aeso.ca/rulesprocedures/17006.html>.²⁰
In addition, the AESO’s *Transmission Planning Criteria – Basis and Assumptions* is included in Appendix F.
- iv. **AESO Connection Process** – For information purposes, the AESO Connection Process, which changes from time to time, is generally described at: <http://www.aeso.ca/connect>.²¹

¹⁹ 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.

²⁰ This link is provided for ease of reference and does not form part of this Application.

²¹ This link is provided for ease of reference and does not form part of this Application.

Anthony Henday 309S Substation Needs Identification Document

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 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 TFO has also been directed by the AESO under Section 39 of the Act to prepare a proposal to provide services to address the need for the Proposed Transmission Development. 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.

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 AESO’s responsibilities in respect of project cost reporting are described in the *Transmission Regulation*, including Section 25, and Section 9.1 of the ISO rules.