

September 17, 2014

Dear Market Participants and Other Interested Parties,

Re: **Need for the Carmon Creek Co-generation Connection in the Peace River Area**

The Alberta Electric System Operator (AESO) would like to advise you of its intention to file the *Carmon Creek Co-generation Connection Needs Identification Document* (NID) with the Alberta Utilities Commission in the fall of 2014. The NID arises from Shell Canada Ltd.'s (Shell) request for transmission system access for its proposed Carmon Creek Co-generation Facility in the Peace River area.

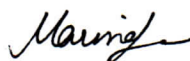
The purpose of this letter is to advise you that in preparation of the NID, the AESO has identified that future system conditions in the Northwest Region may affect facility operation in the area.

The AESO conducted a connection assessment to ensure that reliable system operation will be maintained following the connection of the proposed Carmon Creek Co-generation Facility to the Alberta Interconnected Electric System. This connection assessment indicates that, depending on system conditions, transmission constraints may arise under normal operating conditions or existing constraints may be exacerbated under abnormal operating conditions on the transmission system following connection of the Carmon Creek Co-generation Facility. The developments highlighted in the AESO's 2013 long-term plan and more specifically those detailed in the AESO Northwest Region Plan will remove these identified system constraints with an in service date currently expected by 2018. An overview of the AESO's Northwest Region Plan for the area is publicly available at: <http://www.aeso.ca/transmission/30375.html>.

Until the planned system developments are complete, the AESO will continue managing transmission constraints in the area using ISO Rule 302.1 Real Time Transmission Constraint Management (TCM Rule). The TCM Rule could result in dispatch adjustments to generators in the area that are effective in managing a constraint.

If you have any questions or concerns about the need to connect the Carmon Creek Co-generation Facility please contact the AESO at 1-888-866-2959 or [stakeholder.relations@aeso.ca](mailto:stakeholder.relations@aeso.ca)

Yours truly,



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Corporate Communication