



31 January 2008

Dear Stakeholder:

Re: Potential transmission reinforcement in southern Alberta

In November, 2007 the Alberta Electric System Operator (AESO) held nine (9) Open Houses throughout southern Alberta to discuss our outlook for transmission reinforcement to interconnect potential new electric generation resources in the south (much of this is wind powered generation).

Approximately 170 people were able to attend our Open Houses; and we appreciate the feedback received. As well, the AESO has met with several municipal and First Nations representatives in the south.

Our transmission planning efforts will ensure that additional electricity generated from wind and other electric generation developments will reach the areas that need it. Along with technical studies designed to examine engineering aspects and costs, we rely on all stakeholders (including community members) to help guide our planning decisions.

This letter describes our consultation activities to date, including an overview of the feedback we've received from people so far. We are planning additional Open Houses later this Spring and will send you direct notification of those events at this address.

We are committed to a consultation process based on fairness and transparency; we look forward to your continuing participation in our process.

Yours truly,

A handwritten signature in black ink, appearing to read "Ata Rehman". The signature is fluid and cursive, with a prominent horizontal stroke across the middle.

Ata Rehman, P. Eng.
Manager, South System Planning



Background

Interest in generating electricity from wind resources in southern Alberta is growing. As the planner of Alberta's Interconnected Electric System (AIES) we face two main challenges: connecting each new wind development to the transmission system and adding capacity to the main section(s) of the transmission system that will move additional electricity generated from wind to places where power is needed.

We base our recommendations to the Alberta Utilities Commission (AUC) for transmission planning on three general criteria:

- Social impacts
- Technical studies
- Cost evaluations

The AESO hosted Open Houses in nine (9) southern Alberta communities between November 14 and November 28, 2007

Date	Town	Number of people registered
Wednesday, November 14	Claresholm	21
Thursday, November 15	Nanton	9
Monday, November 19	Lethbridge	16
Tuesday, November 20	Taber	15
Wednesday, November 21	Medicine Hat	52
Thursday, November 22	Brooks	14
Monday, November 26	Pincher Creek	22
Tuesday, November 27	Cardston	5
Wednesday, November 28	Fort Macleod	16

Open House Participant Surveys – RESULTS

Open House attendees were asked to complete surveys upon exiting at each event. A summary of responses to each question follows.

Did the Open House Provide you with enough information?	Yes	No	Somewhat	No Answer
Was the Open House helpful?	56	0	6	4
Was the amount of information sufficient?	51	2	9	4
Were your questions fully answered?	45	0	16	5
Did you comment on the areas of great interest to you?	55	2	3	6
Did AESO team members listen and record your comments?	46	1	10	9
Was the need for additional transmission development explained to your satisfaction?	52	2	6	6
Was the AESO's role in transmission development explained to your satisfaction?	54	2	4	6
Was it demonstrated that your interests are being considered in the AESO's development?	42	3	15	6

How did you hear about the Open House?	
AESO invitation	5
AESO website	3
Newspaper Advertisement	39
Newspaper or TV story	4
Radio Advertisement	2
Other	10

How would you like to learn about the AESO need identification applications preparation and review process?	
Newspaper advertisements	25
Radio	7
AESO website	24
Email Notification	21
Other	5
Did not check any of the above	11

What did we hear?

There is a good level of public interest in potential transmission reinforcement to interconnect wind power development. Public stakeholders have made it clear they feel they've been engaged in the process at the right time before transmission planning decisions have been made; and they want to be kept informed. We're committed to doing that. To provide further clarity to many of the questions we received we've provided a list of Frequently Asked Questions (with responses) on the following pages.

Frequently Asked Questions

The Regulatory Process for Transmission Development

1) How do electricity transmission lines get built in Alberta?

In Alberta, transmission lines must be approved by a provincial regulator before they are built. The provincial regulator that oversees this process is called the Alberta Utilities Commission (formerly known as the Alberta Energy and Utilities Board or 'EUB').

The Alberta Utilities Commission (AUC) oversees transmission development by using a two-part regulatory process. It first examines the need for transmission lines. Generally, the AUC investigates where a transmission line might be needed, the capacity of line required, and, at a high conceptual level, how the need might be adequately addressed (e.g., what kind of line will satisfy the need). After confirming the need for transmission development in a particular area, the AUC then examines in greater detail the best available means of building the transmission line; this is a process known as the Facilities Application process.

2) Who is the AESO?

The Alberta Electric System Operator (AESO) pursues the interests of all Albertans by leading the planning and operation of the provincial power system, facilitating competitive electricity markets and ensuring open access to the grid. It is a statutory, not-for-profit corporation, which means it has been created out of provincial legislation.

3) What is the AESO's role in transmission development?

The Alberta Electric System Operator (AESO) is the main player in the needs stage of the regulatory process. It leads the planning of the transmission system. As the planner, it studies transmission needs and crafts solutions to address these needs. After studying the need, which includes not only investigating what the need is but also determining how it can be addressed, the AESO applies to the Commission to have its assessment of what is needed approved.

4) What is a "need" in transmission planning?

In transmission planning, a "need" may range from a part of the system with too little capacity to move electricity to where it is required (i.e., a need to increase transmission capacity), to requests from electricity generators or consumers who wish to connect to the transmission system (i.e., a need to connect to the transmission system).

5) What is a transmission facility?

Transmission lines, towers and substations are known as “transmission facilities;” this infrastructure (similar to highways) is used to move (‘transmit’) electricity from where it is generated to where it is used.

6) What is a Transmission Facility Owner?

Transmission infrastructure is built and maintained by investor-owned companies; these companies are known in the regulatory process as Transmission Facility Owners (TFOs).

7) What is the role of transmission facility owners the regulatory process for transmission development?

When a need for transmission is approved by the AUC, the AESO directs the Transmission Facility Owner to apply for approval to have the transmission line built.

Transmission reinforcement in southern Alberta

1) Why is transmission development needed in southern Alberta?

Transmission development is needed in southern Alberta because interest in developing wind energy resources has grown considerably. The AESO has a mandate to connect all forms of electricity generation that meet regulatory standards. The AESO must plan to connect a number of wind developments proposed for southern Alberta. But that is not the whole story. The transmission system in the southern Alberta has no extra capacity to take on additional generation and move that electricity to where it will be used. The AESO must also create a plan to add capacity to the system in order to move additional electricity to areas that demand this power.

2) Why is there so much interest in developing wind energy in southern Alberta?

A variety of factors may account for the interest in developing wind energy. Developing this resource is an entrepreneurial activity and the AESO fully supports the electricity generation market by planning transmission where it is needed. The AESO connects all qualified electricity generators.

3) What kind of transmission development is required?

The kind of transmission development is not yet known. Potential areas where the system might be strengthened have been identified. AESO planners also know the locations of proposed wind developments that will have to be connected to the transmission system. That said, the planning study that is currently underway will draw on base case studies of electricity flow, supply and demand and also feedback from the first round of consultation to determine alternative solutions.

4) Will the AESO look at underground transmission development?

The AESO is investigating all possibilities including underground transmission development.

5) How much interest is there in developing wind energy?

The AESO currently has over fifty (50) proposals for wind energy developments totaling almost 9000 MW of wind energy.

6) When will the transmission be built?

The current need application under development by the AESO is scheduled to be filed at the end of May; the in-service date for the transmission development recommended in this application is likely 2012.

7) Where will the transmission be built?

The current planning study, which includes public consultation, will help the AESO determine the right areas of the transmission system to strengthen.

8) How will the AESO engage community members and stakeholders?

The AESO takes consultation very seriously. It is committed to a fair and transparent consultation process. The concerns of stakeholders must influence transmission development and the AESO designs its consultation process to achieve this end. The AESO uses a variety of activities and tools to share information about its planning activities and to gather questions and comments from stakeholders. Activities such as open houses and meetings, and tools such as the internet, print, communication via regular mail, email and telephone are critical to fostering meaningful relationships between the AESO and its stakeholders. Stakeholders are encouraged to sign up for project updates on the Southern Alberta System Reinforcement. Email requests to stakeholder.relations@aseo.ca.

9) How will the AESO address the concerns of stakeholders?

The AESO will document all comments and questions it receives from stakeholders. It will also respond to questions in a timely fashion. Correspondence between the AESO and its stakeholders forms a critical source of insight that AESO planners draw upon when developing solutions to transmission challenges.

10) When will the AESO return to southern Alberta communities to discuss transmission development for the South system?

The AESO plans to hold Open Houses later this Spring to present alternative technical solutions for the southern Alberta system.