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Project No. 2382

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 Freer 2043S Substation – Project No. 2382 (the “Project”)

1. On September 14, 2020, ATCO Electric Ltd. in its capacity as the legal owner of an electric distribution system (“Market Participant”), submitted a system access service request (“SASR”) to the AESO to serve a new demand for electricity in the Fort McMurray area (AESO Planning Area 25, Fort McMurray).
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 the Freer 2043S substation, including one 144 kilovolt (kV) circuit breaker and one 144/25 kV transformer;
 - (b) Add one 144 kV transmission line to connect the Freer 2043S substation to the existing 144 kV transmission line 7L121 in a T-tap configuration; 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/projects/freer-2043s-substation-2382/> and include:
 - (a) *Engineering Connection Assessment* titled, “P2382 Freer 2043S Substation” dated February 22, 2022, Version V1;
 - (b) *Capital Cost Estimate*, prepared by the TFO;
 - (c) a summary of the AESO’s participant involvement program; and
 - (d) *Distribution Deficiency Report* titled, “Mariana Lake Load Addition” dated February 18, 2022, Version R3.
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, *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines*;
 - (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 Karen Yan at 403-539-2483.

Sincerely,

Rob Davidson, P.Eng.
Vice President, Grid Reliability – Projects and Planning

Cc: Brian Desjarlais, Key Account Manager, ATCO Electric Ltd, brian.desjarlais@atco.com

Wayne MacKenzie, Executive Director, Facilities Division, Alberta Utilities Commission, wayne.mackenzie@auc.ab.ca