

March 20, 2023

Re: **Update regarding the Bowmanton 244S Substation Voltage Support Project**

The purpose of this letter is to provide you with an update regarding the Bowmanton 244S Substation Voltage Support Project.

Recent studies have shown the existing transmission system in the Medicine Hat area needs to be modified to reliably connect new generation in the area. The AESO has also identified that, under credible forecast conditions, there is potential for congestion with the operation of new generation in the Medicine Hat & Brooking Planning Areas.

On Wednesday, February 8th, the AESO held a meeting with potentially impacted market participants in the above-noted planning areas and provided information regarding the AESO's proposed near-term transmission system development to address potential congestion in the area by adding three 100 MVAR shunt capacitor banks on the 240 kV bus at Bowmanton 244S substation.¹ The AESO indicated at the meeting that it intended to file a needs identification document ("NID") with the Alberta Utilities Commission seeking approval of this proposal and, in response to questions regarding a possible 15(2) application, the AESO indicated that this NID would likely be filed together with a section 15(2) exception application to subsection 15(1)(f) of the *Transmission Regulation* by the end of Q1 2023.

On March 7, 2023, the AESO received a service proposal estimate from the transmission facility owner in the service area that confirmed costs would be well below \$15M. As a result, the proposed transmission system development is eligible for consideration and approval under Section 501.3, *Abbreviated Needs Approval Process*, of the ISO Rules ("Section 501.3").

The AESO is committed to optimizing the transmission system to connect generation in the area in an efficient and reliable manner and thus will pursue approval of the Bowmanton 244S Substation Voltage Support Project through the *Abbreviated Needs Approval Process*. This will likely expedite a critical element of the regulatory approval process and supports the AESO's efforts to manage the risk of congestion in the above-noted planning areas. The AESO will no longer file a NID and has instead posted a notification of its intention to consider the transmission system development under Section 501.3 on the AESO website.

¹ For reference the presentation slides, *Cassils – Bowmanton – Whitla (CBW) Path Congestion Presentation, February 2023*, are available on the AESO's website at: <https://www.aeso.ca/assets/Uploads/projects/7083/P7083-15.2-Stakeholder-Session-for-CBW-Path-with-zoom-instructions.pdf>

The AESO recognizes the potential for congestion in the above noted planning areas is of significant interest to its stakeholders, and this letter is being provided in the spirit of transparency and increased information sharing. The AESO continues to consider the need for longer term transmission system developments in the above-noted planning areas and is actively performing more detailed studies, including congestion assessments, to advance this work. The AESO is committed to keeping you informed on next steps, including with respect to a section 15(2) exception to subsection 15(1)(f) of the *Transmission Regulation*.

Yours truly,

Ata Rehman  Digitally signed by Ata
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