

December 15, 2017

Wade Vienneau
Executive Director, Facilities
Alberta Utilities Commission
400, 425 – 1st Street SW
Calgary, AB, T2P 3L8

Dear Mr. Vienneau:

**Re: Alberta Electric System Operator (“AESO”)
Alberta Utilities Commission (“Commission”) Proceeding 171; Application No. 1600682;
Needs Identification Document (“NID”) for the Southern Alberta Transmission
Reinforcement (“SATR”);
SATR Milestones and Monitoring Process (“MMP”) Status Report for Q4 2017**

The AESO writes in connection with the SATR NID Application,¹ the most recent SATR NID approval issued by the Commission, being *Needs Identification Document Approval 21190-D04-2016*, dated June 9, 2016,² and the SATR MMP approved by the Commission in *Decision 2010-343* dated July 19, 2010.³

Enclosed with this letter is an update to the AESO’s SATR Construction Milestones report as of Q4 2017 (“Status Report”). The Status Report summarizes the status of the different SATR construction milestone measures used to confirm the need for the transmission developments approved as part of SATR.

Contemporaneous with the filing of this letter, the AESO is posting a copy of the Status Report on its website, and will be including a link to the Status Report in its next stakeholder newsletter.

In the original SATR NID, approved by the Commission on September 8, 2009, the AESO indicated that, if an identified trigger for the different components of SATR did not occur by the end of 2017, then the approval of the need related to such trigger would cease to be of any effect, and would have to be

¹ Proceeding 171, Exhibit 0001.00.AESO-171.

² Commission Needs Identification Document Approval 21190-D04-2016, *Alberta Electric System Operator Amendment to Southern Alberta Transmission Reinforcement* (June 9, 2016).

³ Commission Decision 2010-343, Alberta Electric System Operator, *Finalized SATR Milestone Identification and Monitoring Process Filing* (July 19, 2010).

revisited by the AESO having regard to the circumstances then prevailing.⁴ This was summarized by the Commission at paragraph 99 of *Decision 2009-126*, in which the Commission approved the SATR NID:⁵

AESO also noted that to the extent a milestone has not been met by the end of 2017 (the southern Alberta transmission system project period), the underlying NID approval and basis for any facility application related to that milestone would no longer be valid. AESO acknowledged that it would therefore be required to revisit the Application which would help to mitigate the risk of stranded costs.

To that end, the AESO is providing the Commission with the following updates regarding the remaining, unconstructed components of the approved SATR development, including the status of applicable milestones.

1. **Castle Rock Ridge 205S to Chapel Rock 491S 240 kV line**

As indicated in the Status Report, the milestone for the Castle Rock Ridge 205S to Chapel Rock 491S component of SATR (the “CRRCR project”) has been, and continues to be, met.

However, the AESO wishes to advise the Commission that it has continued to monitor changing circumstances that could affect the timing and need for the CRRCR project and has determined that the CRRCR project needs to be re-visited by way of a future application to the Commission concerning the need and required technical solution to meet that need, as well as a revision to the milestone for the project. The AESO anticipates filing this application with the Commission no later than June 30, 2019.

2. **Picture Butte 120S to Etzikom Coulee, Goose Lake 103S to Etzikom Coulee, and Etzikom Coulee to Whitla 251S 240 kV lines**

The AESO advised stakeholders on January 18, 2017 that the AESO would not proceed to construction with the following three components of SATR:

- **Picture Butte to Etzikom Coulee Transmission Project (“PBEC”)**: A new substation, to be named Journault, in the Etzikom Coulee area, and a 240 kV transmission line between the existing Picture Butte and the proposed Journault substations.
- **Goose Lake to Etzikom Coulee Transmission Project (“GLEC”)**: A new 240 kV transmission line between the Journault and existing Goose Lake substations.
- **Etzikom Coulee to Whitla Transmission Project (“ECW”)**: A new 240 kV transmission line between the Journault and existing Whitla substation.

The AESO confirms that the milestones for the PBEC, GLEC and ECW components of SATR are not met, that the AESO will not be proceeding with these components and, consequently, that the SATR NID approval in respect of each of these components should be allowed to expire on December 31, 2017.

⁴ Proceeding 171, Exhibit 0001.00.AESO-171 at PDF page 6, paragraph 19.

⁵ Commission Decision 2009-126, Alberta Electric System Operator, *Needs Identification Document Application Southern Alberta Transmission Reinforcement* (September 8, 2009).

3. Cypress 562S Substation Modifications

The Cypress 562S Static Var Compensator (“SVC”) project was originally planned as part of Stage II of SATR. In the Commission’s *Needs Identification Document Approval 21190-D04-2016*, at paragraph 3, the Commission approved the need for the following facilities:

- New SVCs at “Sub C” and the Cypress 562S substations.

The AESO previously communicated to stakeholders on March 27, 2015 that the SVC at the Cypress 562S substation was not needed at the time and that the project would be delayed until such time that new electricity demand in the south-central area would require additional reinforcements. The AESO has subsequently determined that, based on the *AESO 2017 Long-term Outlook* and studies conducted by the AESO, there is no longer an immediate need (within the next 5 years) for reactive power support at the Cypress 562S substation. Accordingly, the NID approval in respect of this component of the SATR NID approval should be allowed to expire on December 31, 2017.

Correspondence relating to this letter may be directed to:

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Sincerely,



Sami Abdulsalam, Ph. D., P. Eng
Director, Transmission Planning

Southern Alberta Transmission Reinforcement (SATR) Construction Milestones Final Status Report – Q4 2017		
Project & Area	Construction Milestones Measure	Final Status
Stage I SW		
Windy Flats 138 S – Foothills 237 S 240 kV line	500 MW of generation forecast in Pincher Creek / Peigan region	In service, reporting complete
Stage I SE		
Casils 324S to Bowmanton 244S to Whilta 251S 240 kV line (previously referred to as “West Brooks to Bowmanton to Sub D”)	Any wind forecast in the Burdett / Medicine Hat area	In service, reporting complete
Stage II –SW		
Chapel Rock 491S to Goose Lake 103S 240 kV line (previously referred to as “Crownsnest interconnection from Goose Lake”)	600 MW of generation forecast in the Pincher Creek area	Milestone met, application to be revisited in 2018.
Goose Lake 103S to Sub C 240 kV line	Any wind forecast in the Goose Lake – Sub C area	Milestone not met
Sub C to Picture Butte 120S 240 kV line (previously referred to as “Sub C to MATL”)	Any wind forecast in the Sub C – Picture Butte area	Milestone not met
Sub C to Whilta 251S 240 kV line (previously referred to as “Sub C to Sub D”)	Any wind forecast in the Sub C – Whilta area	Milestone not met
Stage II – SE		
System modifications in Blackie, Ware Junction and Empress Areas	400 MW of generation forecast in the Burdett, Medicine Hate and Empress areas combined or studies indicating overloading or voltage problems in the SE	In service, reporting complete. New: Cypress Reactive Power Support not needed.
Stage III		
Ware Junction to Langdon 240 kV line	Studies indicating overloading in the SE Alberta’s 240 kV network	Cancelled, reporting complete.
Information as of December 15, 2017		
Studies Update: Planning evaluations regarding Reactive Power Support at Cypress 562S indicate it is not needed within the next 5 years. A copy has been provided with this update.		
Changes from Previous SATR Milestones Status Report:		
<ul style="list-style-type: none"> • Reactive Power Support at Cypress 562S no longer needed. • AESO to revisit Chapel Rock 491S to Goose Lake 103S 240 kV transmission development by way of a new application on or before June 30, 2019. 		