

December 8, 2016

To: Market Participants and Interested Parties

Re: Southern Alberta Transmission Reinforcement (SATR) Milestones and Monitoring Process (MMP) – Status Report for Q4 2016

Attached is an update to the SATR Construction Milestones Report as of Q4 2016 (Status Report). The information provided in the Status Report is consistent with the SATR MMP approved by the Alberta Utilities Commission (Commission) in *Decision 2010-343* dated July 19, 2010 and with the most recent SATR needs identification document approval issued by the Commission, being *Needs Identification Document Approval 21190-D04-2016*, dated June 9, 2016.

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.

Significant changes in the construction milestones, noted in the last row of the report, include:

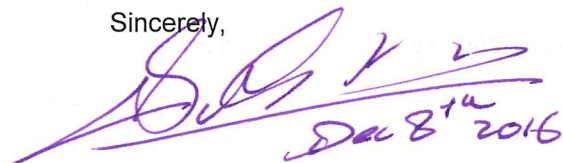
- Goose Lake 103S to Sub C 240 kV line – milestone is no longer met
- Sub C to Picture Butte 120S 240 kV line – milestone is no longer met

Further, the AESO will not proceed with these two developments along with the “Sub C to Whitley 251S 240 kV line” for which the construction milestone remains unmet from previous reporting. The AESO will therefore direct AltaLink Management Ltd., as the legal owner of transmission facilities in the area (TFO), to permanently stop all related work. The AESO will provide information related to the foregoing to stakeholders in early 2017.

The AESO notes that while these three components of SATR will not proceed to construction, there remains a potential for renewable generation development in the area, which could necessitate future transmission development. The AESO will continue to monitor the potential for renewable generation development in the area and will seek approval of appropriate transmission developments, as needed.

Should you have any questions about the information provided, please contact AESO Stakeholder Relations at 1-888-866-2959 or stakeholder.relations@aeso.ca.

Sincerely,

A handwritten signature in purple ink, appearing to read "Sami Abdulsalam". Below the signature, the date "Dec 8th 2016" is written in the same ink.

Sami Abdulsalam

Director, Transmission System Projects

Southern Alberta Transmission Reinforcement (SATR) Construction Milestones Status Report – Q4 2016		
Project & Area	Construction Milestone Measure	Status
Stage I - SW		
Windy Flats 138S – Foothills 237S 240 kV line	500 MW of generation forecast in Pincher Creek/ Peigan region	In service, reporting complete
Stage I – SE		
Cassils 324S to Bowmanton 244S to Whittla 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 ¹
Goose Lake 103S to Sub C 240 kV line	Any wind forecast in the Goose Lake – Sub C area	New: 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	New: Milestone not met
Sub C to Whittla 251S 240 kV line (previously referred to as “Sub C to Sub D”)	Any wind forecast in the Sub C – Whittla 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 Hat and Empress areas combined or studies indicating overloading or voltage problems in the SE	In service, reporting complete
Stage III		
Ware Junction to Langdon 240 kV line	Studies indicating overloading in the SE Alberta’s 240 kV network	Cancelled, reporting complete ²
Information as of December 8, 2016		
Studies Update: Detailed planning evaluations of the southern Alberta transmission system are included in the AESO 2015 Long-term Transmission Plan.		
Changes from Previous SATR Milestones Report:		
<ul style="list-style-type: none"> • Stage II - Goose Lake 103S to Sub C 240 kV line, Sub C to Picture Butte 120S 240 kV line, 		

¹ The AESO has yet to direct the TFO to file its Facility Application while it reviews the implications of the Government’s Climate Leadership Plan on the need, timing, and design of the Chapel Rock 491S to Castle Rock Ridge 205S component of this transmission line. The Goose Lake 103S to Castle Rock Ridge 205S component is already in service. Further updates will be issued in 2017.

² Cancellation of Stage III was approved by the Commission in Decision 2014-091 dated April 9, 2014.

and Sub C to Whitla 251S 240 kV line – These milestones have no longer been met. The AESO will not proceed with these three projects and will direct the TFO accordingly.