



## Alberta Electric System Operator

North West Upgrading Inc.  
Facility Connection – NID Application

July 21, 2010



**ALBERTA UTILITIES COMMISSION**

Decision 2010-226: Alberta Electric System Operator  
North West Upgrading Inc. - Facility Connection - NID Application  
Application No. 1575479  
Proceeding ID. 272

July 21, 2010

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## **1 INTRODUCTION**

1. On June 9, 2008, the Alberta Utilities Commission (AUC or Commission) received a Needs Identification Document (NID) Application No. 1575479 (Application), from the Alberta Electric System Operator (AESO) pursuant to section 34 of the *Hydro and Electric Energy Act*, for the approval of the need to connect the North West Upgrading Inc. (NW Upgrading) bitumen upgrading facility to the Alberta Integrated Electric System (Project). The Project is located north of Highway 643 generally within the west half and NE quarter of Section 18, Township 56, Range 21, and West of the 4th Meridian and NE quarter of Section 13, Township 56, Range 22, and West of the 4th Meridian.

2. The AESO submitted the Application, based on an application from FortisAlberta Inc. to the AESO, to provide an initial 115-Megawatt (MW) of Demand Transmission Service at the NW Upgrading facility. Future phases of the upgrader development will create demand that will approach 340 MW. In the Application, the AESO proposed to meet this request by installing a new single-circuit 240-kilovolt (kV) transmission line.

3. NW Upgrading indicated to FortisAlberta Inc. its desire to enhance the supply security above the standard interconnection configuration, which normally consists of a single in-feed line and single step-down transformer. NW Upgrading also requested a connection date of July, 2011. FortisAlberta Inc. relayed this request in its application to the AESO.

4. Based on the above-mentioned request, on April 27, 2009, the AESO amended the Application (Amended Application) and proposed to provide service to NW Upgrading by means of a two-line and two-transformer configuration. The proposed line would be a double-circuit 240-kV transmission line originating from a point on the existing 240-kV transmission line 942L to the NW Upgrading facility where the AESO proposed a new connecting substation, designated as Bannerman 681S substation. The alteration increased the estimated cost of the project from \$33,160,000 (+30/-20%) to \$57,240,000 (+/- 50%), all of which is customer contribution. The proposed Bannerman 681S substation would contain:

- four (4) 240-kV circuit breakers;
- two (2) 240/34.5-kV, 150/200-MVA transformers; and
- associated substation equipment.

5. The AESO stated that until the first stage of the Heartland project is completed, the transmission capability in the region may not be able to handle the connection outlined in the Amended Application. Hence, system access service for NW Upgrading could be subject to transmission constraints until system reinforcement in the region is completed. The AESO indicated it may make arrangements with local generation to alleviate transmission constraints.

As well, voluntary demand response may also be required. The AESO provided a letter from NW Upgrading communicating its understanding of possible service interruptions and its acceptance of the risks associated with interruptible system access service.

6. The cost of the Project is forecast at \$57,240,000 (+/- 50%). The cost is deemed to be customer related. A more accurate estimate (+20%/-10%) will be provided when AltaLink files the associated facility application.

7. The Commission issued a Notice of Application (Notice) for the Project on April 23, 2010, requesting parties to file statements of intent to participate (SIPs) by May 14, 2010. The Notice was published Sherwood Park News, Morinville Free Press, Fort Saskatchewan Record, Lamont Farm 'n' Friend, and the Redwater Review. The Notice was also sent out via a direct unaddressed mail using postal codes provided by the AESO to residences located on land where the proposed transmission development may occur. The Commission did not receive any SIPs by the May 14, 2010, deadline.

## 2 BACKGROUND

8. Section 34 of the *Electric Utilities Act* provides the Commission with three different options for making a decision on a NID application. The Commission may approve, deny, or refer the NID back to the AESO with suggestions or directions for changes or additions.

9. Section 38 of the *Transmission Regulation* provides guidance to the Commission in the exercise of its jurisdiction when considering whether to approve a NID under section 34(3) of the *Electric Utilities Act*. Section 38 provides that the Commission must:

- (a) have regard for the principle that it is in the public interest to foster
  - (i) an efficient and competitive generation market,
  - (ii) a transmission system that is flexible, reliable and efficient and preserves options for future growth; and
  - (iii) geographic separation for the purposes of ensuring reliability of the transmission system and efficient use of land, including the use of rights of way, corridors or other routes that already contain or provide for utility or energy infrastructure or the use of new rights of way, corridors or other routes, notwithstanding that geographic separation for the purposes of ensuring reliability of the transmission system or efficient use of land may result in additional costs;
- (b) have regard for the following matters when it considers an application for a transmission facility upgrade or expansion, or operations preparatory to the construction of a transmission facility, namely, the contribution of the proposed transmission facility:
  - (i) to improving transmission system reliability;
  - (ii) to a robust competitive market;
  - (iii) to improvements in transmission system efficiency;
  - (iv) to improvements in operational flexibility;
  - (v) to maintaining options for long term development of the transmission system;

- (c) take into account the long term transmission system outlook document and the transmission system plan filed with the Commission;
- (d) take into account the ISO's responsibilities under the Act and regulations; and
- (e) consider the ISO's assessment of the need to be correct unless an interested person satisfies the Commission that:
  - (i) the ISO's assessment of the need is technically deficient; or
  - (ii) to approve the needs identification document would not be in the public interest.

### 3 DISCUSSION

10. The Commission has reviewed the Application in light of the principles and matters it is required to consider pursuant to section 38 of the *Transmission Regulation*. In arriving at this decision the Commission had specific regard for the direction provided in subsections 38(a) through (e) of the *Transmission Regulation* reproduced above and discussed in the following paragraphs.

11. The Commission is satisfied that the public interest criteria set out in section 38(a) of the *Transmission Regulation* are met. The Application will provide service to NW Upgrading without any recorded direct and adverse impacts to local stakeholders.

12. The Commission is satisfied that the criteria set out in section 38(b) of the *Transmission Regulation* have been met. The Amended Application will enhance the reliability of the power system to NW Upgrading.

13. The Commission finds that the need identified by the AESO in the NID is consistent with that identified in the AESO's 2009 long-term transmission system plan which the AESO has filed with the Commission. The Commission also finds that this Application is reflective of the AESO's responsibilities; in particular, its responsibility to direct the safe, reliable, and economic operation of Alberta's interconnected transmission system and its responsibility to plan the transmission system. This satisfies the requirement of subsections 38(c) and 38(d) of the *Transmission Regulation*.

14. As noted above, the Commission did not receive any SIPs from any interested parties for this proceeding. The Application stated that a participant involvement program has been conducted and finds that there are no outstanding public or industry objections or concerns. A submission was received from Mr. David Speer in response to the Notice of Application. Mr. Speer indicated that the map did not provide adequate markings to clearly indicate the location of the project. The Commission replied to Mr. Speer indicating the approximate location as provided by the AESO and indicated that a future facility application, if required, would more clearly indicate the location of the transmission lines. No additional comment was received by the Commission.

15. Hence, the Commission finds that no interested person has satisfied the Commission that the AESO's assessment of the need for the new transmission facilities is technically deficient, or that approval of the needs identification document would not be in the public interest. Accordingly, the Commission considers the AESO's assessment of need to be correct, in accordance with subsection 38(e) of the *Transmission Regulation*.

#### **4 DECISION**

16. Pursuant to section 34 of the *Electric Utilities Act*, the Commission approves the Application and grants the AESO the approval set out in Appendix 1 – Need Identification Document – Approval No. U2010-236 – July 21, 2010 (Appendix 1 will be distributed separately).

Dated on July 21, 2010.

#### **ALBERTA UTILITIES COMMISSION**

*(original signed by)*

Carolyn Dahl Rees  
Vice-Chair

*(original signed by)*

Thomas McGee  
Commissioner