

Letter to the Editor

Re: St. Albert Gazette

“AESO ignoring growing costs”

“Heartland rationale doesn’t stand up”

Wednesday December 2

The Alberta Electric System Operator (AESO) wants to respond to recent letters that appeared in your publication.

As the organization responsible for ensuring a robust and reliable transmission system is in place in advance of need, the AESO is mandated under the Government of Alberta’s *Transmission Regulation* to ensure that the transmission system is built to effectively operate congestion-free. An unconstrained grid provides certainty to those who invest in new generation projects that they will have the ability to move their electricity to Alberta households and businesses. It also gives those in other industries the confidence to do business in the province, secure in the knowledge that power will be there when they need it.

To meet this mandate, the AESO’s team of engineers, economists and planners analyze electricity consumption patterns in every area of the province and integrate data from multiple sources including the Conference Board of Canada, Canadian Energy Research Institute and Canadian Association of Petroleum Producers to determine where the demand for electricity will grow, where and how much generation is required to meet that demand, and what additional transmission infrastructure is required.

Current forecasts show the system requires both expansion and reinforcement. Our provincial grid has not seen a major investment in the last 20 years. Yet, over this same time period, Alberta’s annual GDP has risen from \$64 billion to nearly \$292 billion, population has increased 45 per cent from about 2.5 million to 3.6 million, and our peak demand of electricity nearly doubled from 5,600 MW to 10,200 MW. Demand is forecasted to nearly double over the next 20 years, increasing by over three per cent a year until 2028. That’s a rate equal to adding two cities the size of Red Deer to the power system each year.

Approximately 11,500 MW of new generation is needed over the next 20 years to ensure we have enough power to meet the needs of Albertans. As part of our mandate, the AESO connects any and all generation approved by the Alberta Utilities Commission, regardless of the type or location of the generation. While the AESO supports the development of local generation, we still need to connect it to a strong transmission grid in order for the market to work in a fair and efficient manner and for competitively priced electricity to be available to consumers everywhere in Alberta.

It is important to point out that cost estimates for transmission projects identified in the AESO’s Long-term Transmission System Plan are refined as projects move forward and technical scoping, engineering studies, stakeholder consultation and additional in-depth analysis are completed. Reasons for the increase to the original estimated cost of the Heartland project include expansion in size and scope and additional costs incurred by the Transmission Facility Owner. Ultimately, it is the Alberta Utilities Commission’s role to ensure the costs remain prudent.

Transmission infrastructure is a public good that must be available in advance of need; Alberta's quality of life and economic well being depends on it. The AESO encourages you to visit our public engagement website for more information about the need for transmission upgrades in our province. Please go to www.powerinalberta.com to learn more.

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