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In addition, absent a decision by the pool participant to discontinue the operation of the source asset after receiving notice from the AESO, it is not clear how or if the duration of the mothball outage would be affected, and how the available capability of the source asset might be affected by the ending of the mothball outage.

The AUC noted that the AESO did not address compensation for mothballed units that receive a directive to return to service. Considering that payment of generating units that provide generation in response to an AESO directive has been consistently addressed in other AESO authoritative documents, this raised concerns about inconsistency in compensation treatment.

As a result, the AUC was not persuaded that the proposed amendments are not technically deficient. First, the AUC held that the initiating condition is insufficiently defined. Further, there was a lack of specificity in the proposed provisions because the steps for a pool participant who receives notice that the ISO has identified a transmission constraint caused by a new entrant in the area were not clearly described, especially regarding the potential reduction of the mothballed unit’s STS contract capacity to zero MW. Lastly, the AUC found the lack of reference to compensation for mothballed units that are directed back to service inconsistent with other AESO authoritative documents.

In summary, the AUC refused to approve the proposed amendments to s 306.7 of the ISO Rules, *Mothball Outage Reporting*, the consequential amendments to s 2.4 of the ISO tariff and the definitions of “mothball outage” and “supply transmission service” in the *Glossary*.

***AltaLink Management Ltd. 2024-2025 General Tariff Application Negotiated Settlement Agreement, AUC Decision 28174-D01-2024***  
*Power - Rates*

Application

AltaLink Management Ltd. (“AML”) applied for approval of a negotiated settlement agreement (“NSA”) with respect to its 2024 - 2025 general tariff application (“GTA”).

Decision

The AUC approved the NSA, as filed, with reasons to follow.

Pertinent Issues

As part of the GRA, AML requested, and the AUC granted, permission to pursue a negotiated settlement process (“NSP”). The AUC excluded two issues from the NSP and set a process schedule that included rebuttal evidence and an oral hearing.

The NSP process occurred between AML, the Alberta Direct Connect Customers (“DCA”), the Consumers’ Coalition of Alberta (“CCA”), the Alberta Federation of Rural Electrification Associations Ltd. (AFREA), the Industrial Power Consumers Association of Alberta (“IPCAA”) and the Office of the Utilities Consumer Advocate (“UCA”).

All parties agreed to and signed the NSA, and filed letters with the AUC confirming that negotiations were conducted in a fair and open manner with adequate notice.

Given the upcoming process schedule deadlines to deal with the two excluded issues, and to provide the parties with certainty regarding the NSA, the AUC decided to issue a decision approving the NSA, with reasons to follow.

***ATCO Electric Ltd. Kiwetinohk Opal Transmission Project, AUC Decision 28658-D01-2024***  
*Electricity – Facilities*

Application

ATCO Electric Ltd. (“AE”) applied for approval to construct and operate a new transmission line, a transmission line alteration and a connection to the approved Kiwetinohk Opal Gas Project.

Decision

The AUC approved the facility application, issuing the necessary permits and licences.

Pertinent Issues

Kiwetinohk Energy Corp. ("KEC") received approval from the AUC to construct and operate a 101.133-megawatt power plant designated as the Opal Power Plant, including an associated substation, located approximately 1.3 kilometres ("km") south of the town of Fox Creek.

The AESO issued a letter of approval for the need for transmission development to respond to the system access service request from KEC and directed AE to file a facility application with the AUC. This application was filed in response to the AESO direction.

The AUC found that AE's application complied with the information requirements prescribed in *Rule 007: Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines ("Rule 007")* and that the proposed development was consistent with meeting the approved need and the requirements of the AESO's functional specification.

The AUC found that the participant involvement program for the proposed project met the requirements of *Rule 007* and was satisfied that there were no outstanding concerns. The AUC accepted that project-related residual effects on the environment were anticipated to be minimal and with no significant adverse effects, provided that AE implemented the applicable standards and project-specific mitigation, including industry best practices.

Consequently, the AUC found the approval of the proposed development in the public interest having regard to the social, economic, and other effects of the proposed facilities, including their effect on the environment.

***Enforcement Staff of the Alberta Utilities Commission Settlement Agreement with Avex Energy Inc., AUC Decision 28765-D01-2024***  
*Enforcement - Facilities*

Application

Enforcement staff of the AUC Enforcement Division ("Enforcement Staff") applied for approval of a

negotiated settlement agreement ("NSA") between Enforcement Staff and Avex Energy Inc. ("Avex") in relation to the operation of the Red Willow Power Plant (the "Power Plant") without the required approval.

Decision

The AUC approved the NSA reached between Enforcement Staff and Avex and imposed on Avex a total penalty of \$241,477.

Pertinent Issues

In response to noise complaints received from residents near the Power Plant, Enforcement Staff investigated the operation of the Power Plant from December 2021 to September 2022. The investigation confirmed and Avex admitted that it operated the Power Plant without an approval, contrary to s 11 of the *Hydro and Electric Energy Act ("HEEA")* and *Rule 007: Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines ("Rule 007")*.

The penalty for the contravention was comprised of an administrative penalty of \$10,496 and disgorgement in the amount of \$230,981 to nullify, in part, the value of gains acquired from the sale of the electric energy produced from the unlawful operation of the Power Plant between April 2021, and December 2021.

The AUC noted that Avex was cooperative, engaging in discussions to resolve issues of fact and the penalty arising from the investigation. The imposed administrative penalty reflected a 30 percent reduction in recognition of Avex's cooperation and admission of the contravention, which avoided a hearing and facilitated a timely resolution of the matter.

When assessing whether a negotiated settlement agreement should be approved, the AUC must first be satisfied that the alleged contravention occurred. Second, the AUC applies the public interest test, which requires the AUC not to depart from a negotiated settlement unless the proposed settlement would bring the administration of justice into disrepute or is otherwise contrary to the public interest.

Based on information provided by the parties in the application and the NSA, the AUC accepted that the

contravention occurred and was satisfied that approval of the proposed settlement agreement was in the public interest.

***TransAlta Corporation Pinnacle 1 & 2 Peaking Thermal Electric Power Project, AUC Decision 28464-D01-2024***

***Thermal Peaking - Facilities***

Application

TransAlta Corporation (“TransAlta”) applied for approval to construct and operate a natural gas-fired thermal power plant (the “Power Plant”), including an associated substation, located within the fenceline of TransAlta’s existing Keephills Generating Station (the “KGS”) in Parkland County.

Decision

The AUC approved TransAlta’s application, finding the approval in the public interest.

Pertinent Issues

The Power Plant consisted of two generating units, Pinnacle 1 and 2, each having an 11-MW capacity. TransAlta described these as “peaker” units, which would operate on an as-needed basis during peak electricity demand periods. The units were expected to operate approximately 20 percent of the time on an annual average basis.

The AUC was satisfied that the application, including TransAlta’s participant involvement program, complied with the requirements set out in *Rule 007: Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines*

(“*Rule 007*”). The AUC was also satisfied that the requirements of *Rule 012: Noise Control* (“*Rule 012*”) were met.

Given that the Power Plant was situated within an existing gas plant on pre-disturbed land, the AUC was satisfied that there would be no incremental adverse effects on the environment. The AUC accepted that there was limited potential for adverse environmental effects, as the project will be constructed and operated on existing brownfield disturbance, and was satisfied that TransAlta’s existing environmental compliance requirements were appropriate to address the project’s limited potential for adverse environmental effects.

The AUC was satisfied with TransAlta’s submission that the project effects on agricultural land would be minimal, as it will be located within the fenceline of an existing power plant. The AUC was satisfied that TransAlta’s approach of reclaiming the project area as part of the overall decommissioning and reclamation of the KGS was sufficient to address its reclamation responsibilities at the project’s end of life.

The AUC found the project in the public interest in accordance with s 17 of the *Alberta Utilities Commission Act* and imposed the following condition of approval:

TransAlta shall submit confirmation of the substation name and electric facility ID once those have been assigned by the independent system operator. The permit and licence for the substation will be issued once written confirmation of the substation name and electric facility ID has been filed with the Commission.

## CANADA ENERGY REGULATOR

### ***Inuvialuit Energy Security Project Ltd. Application for a Well Approval in Relation to the TUK M-18 Well Pursuant to Subsection 10(1) of the Northwest Territories' Oil and Gas Drilling and Productions Regulations, CER Letter Decision A8W4J5 (C28481-1)***

#### *Oil and Gas - Facilities*

#### Application

Inuvialuit Energy Security Project Ltd. ("IESPL") filed with the Canadian Energy Regulator ("CER") a well approval application in relation to the TUK M-18 well (the "Well Application"). The Well Application is associated with the Inuvialuit Energy Security Project ("IESP"). The Commission of the CER, as the final decision maker for the Well Application, delegated the decision to the CER's Chief Conservation Officer ("CCO") pursuant to section 8 of the Northwest Territories' *Oil and Gas Operations Act* ("OGOA").

#### Decision

The CCO approved the Well Application and issued this letter decision for a three-year term ending on February 28, 2027, subject to two conditions.

#### Pertinent Issues

In the Well Application, IESPL provided a summary of the workover program for the TUK M-18 well (the "Well Activities"), as follows:

- extend the wellhead to the new ground level;
- displace diesel with kill weight NaCl (sodium chloride) brine;
- drill out the existing upper bridge plug and cement cap;
- confirm the condition of the existing casing;
- drill out the lower bridge plug and cement cap;
- extend the wellhead to the new ground level;
- displace diesel with kill weight NaCl (sodium chloride) brine;

- drill out the existing upper bridge plug and cement cap;
- confirm the condition of the existing casing;
- drill out the lower bridge plug and cement cap;
- set a permanent packer above the existing perforations;
- run production tubing with Subsurface Safety Valve and Vacuum Insulated Tubing;
- flow the well to clean up any kill fluid lost to the formation;
- perform flow test; and
- shut-in and secure the well.

#### *Environmental Matters*

The CCO found that the mitigation measures provided in the environmental protection plan ("EPP"), filed with the application, and the procedures identified in the spill contingency plan, filed with the CER previously, were appropriate for the Well Activities. The CCO found that with the implementation of the mitigation measures identified in the Well Application, the EPP and the spill contingency plan the Well Activities can be undertaken without waste or pollution, in a manner that protects the environment, and in compliance with the OGOA and the *Oil and Gas Drilling and Production Regulations* ("OGDPR").

#### *Engineering Matters*

The CCO was of the view that the Well Activities can be undertaken in a manner that prevents waste given IESPL's inclusion of a 'dual barrier' to provide redundant well control. Considering the predicted total ground level radiant heat intensity of the proposed 18 m flare stack, the CCO was also satisfied that the proposed mitigation measures, including those regarding permafrost degradation, were sufficient to protect the safety of workers.

The CCO was satisfied that IESPL's approach in designing the Well Activities was consistent with good engineering practices, including IESPL's

commitments to meet the requirements of applicable acts, regulations, codes, and standards.

The CCO imposed the following conditions:

7. IESPL must file with the CER, at least two days before commencing Well Activities, a letter notifying the CER that the Well Activities are set to commence; and
8. IESPL must file with the CER, within two days after completing Well Activities, a letter notifying the CER that the Well Activities are complete.

#### *Safety and Emergency Management Matters*

The CCO found the workover program for the well to be detailed, logically describing each step in chronological order. The CCO held that IESPL appropriately identified hazards and proposed safety mitigation measures to protect the safety of workers while milling out the upper bridge plug, including the confined space entry procedures for entering the well cellar. The CCO was satisfied with IESPL's contingency plans in the event IESPL discovers damage to the production casing, noting that implementation of contingency plans that involve abandonment of the TUK M-18 well will require an application for a new or amended well approval.

In summary, the CCO concluded that IESPL demonstrated that the Well Activities will be conducted safely, without waste and pollution, and in compliance with the *OGOA* and the *OGDPR*.