



ATCO Electric Ltd.

Approval of the Revised Palisades Sale Offering

March 11, 2021

Alberta Utilities Commission

Decision 26078-D01-2021

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Proceeding 26078

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Contents

1	Decision summary.....	1
2	Introduction and background.....	1
3	Commission findings.....	3
4	Order.....	6
	Appendix 1 – Proceeding participants	7
	Appendix 2 – Sale offering advertisement	8
	Appendix 3 – Summary of Commission directions.....	9

1 Decision summary

1. In this decision, the Alberta Utilities Commission considers whether to approve an application from ATCO Electric Ltd. for a revised sales offering for isolated generating units located at the Palisades Power Plant. In the present application, ATCO Electric proposed two alternative sales processes (designated as “Sales Process A” and “Sales Process B”) for the Commission’s consideration.¹ The Commission approves Sales Process B as filed, subject to the Commission’s direction in paragraph 21 of this decision.

2 Introduction and background

2. ATCO Electric, pursuant to Approval 23721-D02-2018,² is the owner and operator of the Palisades Power Plant, located in Jasper National Park, in the northwest quarter of Section 2, Township 46, Range 1, west of the Sixth Meridian. The Palisades Power Plant served the Jasper area, pursuant to the *Isolated Generating Units and Customer Choice Regulation*.

3. On May 4, 2018, the Commission issued Decision 22125-D01-2018,³ approving ATCO Electric’s application to construct and operate a transmission line to connect the Jasper area to the Alberta Interconnected Electric System (the Jasper interconnection).

4. On January 21, 2019, the Commission issued Decision 24183-D03-2019,⁴ authorizing ATCO Electric to discontinue operations and to decommission and salvage the Palisades Power Plant. ATCO Electric is currently in the process of decommissioning the power plant.

5. On May 24, 2019, ATCO Electric filed an application⁵ with the Commission under sections 18 and 26(1) of the *Isolated Generating Units and Customer Choice Regulation*, requesting approval of a sale offering for isolated generating units CUL 47, CUL 183, CUL 189, CUL 190, CUL 330, CUL 368, CUL 464, CUL 406 (mobile) and CUL 407 (mobile), (collectively, the Palisades isolated generating units⁶) located at the Palisades Power Plant.

¹ Exhibit 26078-X0001, Palisades Application for Sale Offering-Amendment, paragraph 5.

² Power Plant Approval 23721-D02-2018, Appendix 1 to Decision 23721-D01-2018, ATCO Electric Ltd., Palisades Power Plant Equipment Alternations, Proceeding 23721, Application 23721-A001, August 2, 2018.

³ Decision 22125-D01-2018: ATCO Electric Ltd., Jasper Interconnection Project, Proceeding 22125, May 4, 2018.

⁴ Decision 24183-D03-2019: ATCO Electric Ltd., Decommission and Salvage of Palisades Power Plant, Proceeding 24183, January 21, 2019.

⁵ Proceeding 24598, Exhibit 24598-X0001, Palisades Application for Sale Offering.

⁶ In Application 26078-A001, ATCO Electric removed two freight containers previously designated as “Sea Can 3” (S/N ZESU5200155) and “Sea Can 4” (No S/N) from the assets being sold.

6. On September 18, 2019, the Commission approved the Palisades Power Plant sale offering as filed in Decision 24598-D01-2019,⁷ and directed⁸ ATCO Electric to proceed with the sale offering in accordance with the approved sale proposal.

7. On December 19, 2019, in accordance with the *Isolated Generating Units and Customer Choice Regulation*, ATCO Electric filed Application 25223-A001⁹ requesting approval of a sale bid for the removal and purchase of the Palisades isolated generating units. On February 28, 2020, ATCO Electric filed a letter¹⁰ requesting that the application be withdrawn. In that letter, ATCO Electric stated that it would undertake a further review of the Palisades sale offering and the resulting bids for the Palisades isolated generating units.

8. On November 12, 2020, ATCO Electric filed an application under Section 8 of the *Alberta Utilities Commission Act*, and Section 18 of the *Isolated Generating Units and Customer Choice Regulation*, requesting approval to amend the sale offering approved in Decision 24598-D01-2019.

9. The Commission issued a notice of application on November 13, 2020, which required interested parties to submit a statement of intent to participate (SIP) by November 27, 2020. No SIPs were received.

10. In a letter dated December 4, 2020, the Commission determined that the application would be considered by way of a basic written process, as described in Bulletin 2015-09,¹¹ and established the following process schedule for the application:

Process step	Deadline date
Information requests (IRs) to ATCO Electric	December 18, 2020
IR responses from ATCO Electric	January 8, 2021

11. On December 21, 2020, the Commission approved a request from ATCO Electric to extend the IR deadline to January 15, 2021.¹²

12. The Commission considers the close of record for this proceeding to be January 15, 2021. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

⁷ Decision 24598-D01-2019: ATCO Electric Ltd., Approval of Sale Offering for Palisades Power Plant, Proceeding 24598, September 18, 2019.

⁸ Decision 24598-D01-2019, paragraph 30.

⁹ Proceeding 25223, Exhibit 25223-X0002, Palisades Bid Approval Application.

¹⁰ Proceeding 25223, Exhibit 25223-X0015, Application Withdrawal Letter.

¹¹ Bulletin 2015-09, Performance standards for processing rate-related applications, March 26, 2015.

¹² Exhibit 26078-X0018, AUC letter - ATCO Electric request for extension to submit IR responses.

3 Commission findings

13. Section 26 of the *Isolated Generating Units and Customer Choice Regulation* states that where an isolated generating unit is no longer required to provide electric energy as a result of an isolated community or industrial area requiring less electric energy or being connected to the interconnected electric system, the owner of the generating unit must decide whether to sell the generating unit. In cases where the owner decides to sell the generating unit, the sale must be conducted in accordance with Part 2 of the *Isolated Generating Units and Customer Choice Regulation*.

14. Under Part 2 of the *Isolated Generating Units and Customer Choice Regulation*, the Commission must be satisfied that the sale offering complies with the criteria set out in Section 17 of the regulation. Specifically, the sale offering is to be widely publicized and conducted in a manner that does not make the offering less attractive or discourage or restrict potential bids that could be made in response to the offering.

15. Further, Section 18(1) of the *Isolated Generating Units and Customer Choice Regulation* requires that before advertising a sale offering, the owner of the generating unit must submit to the Commission the sale offering and a proposal as to how the sale offering complies with Section 17 of the regulation. Section 18(2) also requires that, if on reviewing the proposal the Commission is satisfied that Section 17 will be complied with, the owner must proceed with the sale offering in accordance with the proposal.

16. In its application, ATCO Electric requested the following amendments to the Palisades Power Plant sale offering approved in Decision 24598-D01-2019:

(a) Modifications to the sale process:

- (i) “Approval of an integrated package sales process (Sales Process A) whereby all of the IG [isolated generating] Assets are offered for sale as a single asset package.”¹³ Under Sales Process A, “the bidders must submit a single quote to purchase, dismantle and remove all of the IG Assets from the Palisades Power Plant site,” and will be “required to undertake dismantling and removal activities.”¹⁴
- (ii) “In the alternative, approval of a bundled sales process (Sales Process B), whereby the IG Assets are bundled and sold in 10 (sic) separate asset packages.”¹⁵ Under Sales Process B, “bidders will be permitted to submit separate bids on one or more of the 11 assets package(s),”¹⁶ and ATCO Electric “will dismantle the IG Assets and bundle the IG Assets into 11 groupings of equipment associated with individual generating units as well as groupings of other related IG Asset facilities equipment.”¹⁷

¹³ Exhibit 26078-X0001, application, paragraph 5.

¹⁴ Exhibit 26078-X0001, application, paragraph 22.

¹⁵ Exhibit 26078-X0001, application, paragraph 5.

¹⁶ Exhibit 26078-X0001, application, paragraph 25.

¹⁷ Exhibit 26078-X0001, application, paragraph 26.

- (b) Removal of two freight containers, which ATCO Electric will use to provide storage for the Jasper Interconnection facilities at the Sheridan substation site, from the listing of plant and equipment identified in its application in Proceeding 24598.¹⁸ ATCO Electric is notifying the Commission of its decision not to sell these two freight containers under Section 26(3) of the *Isolated Generating Units and Customer Choice Regulation*.¹⁹

17. ATCO Electric stated that both sales processes A and B are fully compliant with Section 17 of the *Isolated Generating Units and Customer Choice Regulation*.²⁰ However, ATCO Electric advised that Sales Process A should be approved because it would “ensure all assets are removed in the most efficient manner based on whether the assets are being salvaged or scrapped by the successful purchaser.”²¹

18. While the Commission appreciates that ATCO Electric has stated that it expects Sales Process A to be more cost-efficient than Sales Process B, the Commission is concerned that Sales Process A has the potential to discourage certain parties from participating in the sale offering. In particular, with respect to Sales Process A, ATCO Electric acknowledged²² that potential buyers who are only interested in some of the equipment may be less likely to participate in Sale Process A. ATCO Electric also stated that Sale Process A would require the purchaser to be responsible for the removal of the “IG Assets”, which may discourage smaller potential buyers or interested parties from participating. ATCO Electric further noted that more stringent Parks Canada guidelines must be followed for the removal of the “IG Assets”, which may also discourage potential buyers from participating in Sales Process A.

19. The Commission’s role in approving a sale offering and proposal is narrowly circumscribed by Section 18 of the *Isolated Generating Units and Customer Choice Regulation*, which requires the Commission to determine whether the sales offering complies with the provisions of Section 17. As previously noted, this section requires that the widely publicized sales offering does not (a) make the sale offering less attractive; or (b) discourage or restrict any potential bid that could be made in response to the sale offering. Given the potential of Sales Process A to discourage potential buyers from participating in the bidding process, the Commission considers Sales Process B to be more aligned with the requirements set out in Section 17 of the *Isolated Generating Units and Customer Choice Regulation*. With Sales Process B, the Commission is satisfied that the sale offering will be widely publicized and conducted in a manner that does not make the sale offering less attractive or discourage or restrict potential bids that could be made in response to the sale offering.

20. While the Commission finds that the sale offering and proposal outlined by ATCO Electric in Sales Process B complies with the provisions of Section 17 of the *Isolated Generating Units and Customer Choice Regulation*, the Commission wishes to address two issues explored in the Commission’s IRs concerning the request for quotations (RFQ) documentation that ATCO Electric filed for Sales Process B.

¹⁸ Proceeding 24598, Exhibit 24598-X0001, application.

¹⁹ Exhibit 26078-X0001, application, paragraph 29.

²⁰ Exhibit 26078-X0001, application, paragraph 6.

²¹ Exhibit 26078-X0001, application, paragraph 31, and Exhibit 26078-X0019, AE-AUC-2020DEC17-009(h) and AE-AUC-2020DEC17-012.

²² Exhibit 26078-X0001, application, PDF pages 6-7.

21. First, in Attachment 3, RFQ Sales Process B, Part F, Section 2.0, ATCO Electric stated that “the Owner may, in its sole discretion ... choose to short list some but not all Bidders onto a preferred candidates list.”²³ While the Commission understands that it may be commercially reasonable to shortlist bids, for transparency, the Commission directs ATCO Electric, in a future application made under Section 20 or 21 of the *Isolated Generating Units and Customer Choice Regulation* with respect to this sale offering, to provide details showing all parties that submitted a bid for any of the asset packages, the associated bid amounts and supporting information and reasons for why any party or bid was shortlisted (or not shortlisted).

22. Second, in Attachment 3, RFQ Sales Process B, Part F, Section 3.0, ATCO Electric stated that “the Owner may, in its sole discretion, amend the RFQ at any time prior to the RFQ Closing Date and Time...”²⁴ In response to a Commission IR, ATCO Electric clarified that this clause would allow it to make amendments to the RFQ in response to unforeseen circumstances (with prior approval from the Commission) without having to collapse the RFQ.²⁵ In the same IR response, ATCO Electric also requested approval to extend the Palisades RFQ closing date by up to two weeks, if two or more bidders request an extension.

23. The Commission agrees that a certain amount of flexibility in the RFQ would be beneficial, to avoid any inefficient amendments and delays to the Palisades sale process. Accordingly, the Commission approves ATCO Electric’s request to extend the Palisades RFQ closing date by up to two weeks, if two or more bidders request an extension to the RFQ’s closing date.

24. The Commission also acknowledges ATCO Electric’s decision, under Section 26(3) of the *Isolated Generating Units and Customer Choice Regulation*, not to sell the two freight containers previously designated as “Sea Can 3” (S/N ZESU5200155) and “Sea Can 4” (No S/N).

25. The Commission approves the sale offering and proposal outlined in Sales Process B for the sale of the Palisades isolated generating units CUL 47, CUL 183, CUL 189, CUL 190, CUL 330, CUL 368, CUL 464, CUL 406 (mobile) and CUL 407 (mobile), as filed, and rescinds Decision 24598-D01-2019.

26. ATCO Electric is directed to proceed with the sale offering for the Palisades isolated generating units in accordance with the proposal outlined in Sales Process B and the draft sale offering advertisement set out in [Appendix 2](#).

²³ Exhibit 26078-X0007, Attachment 3 - RFQ JPPP Sales Process B - 0.1 and 1.1, PDF page 4.

²⁴ Exhibit 26078-X0007, Attachment 3 - RFQ JPPP Sales Process B - 0.1 and 1.1, PDF page 4.

²⁵ Exhibit 26078-X0019, AE-AUC-2020DEC17-013(b), PDF pages 54-55.

4 Order

27. It is hereby ordered that:

- (1) ATCO Electric Ltd.'s application for approval of the sale offering for isolated generating units CUL 47, CUL 183, CUL 189, CUL 190, CUL 330, CUL 368, CUL 464, CUL 406 (mobile) and CUL 407 (mobile) located at the Palisades Power Plant is approved.

Dated on March 11, 2021.

Alberta Utilities Commission

(original signed by)

Vera Slawinski
Commission Member

Appendix 1 – Proceeding participants

Name of organization (abbreviation) Company name of counsel or representative
ATCO Electric Ltd. (ATCO Electric)

Alberta Utilities Commission
Commission panel V. Slawinski, Commission Member
Commission staff D. Reese (Commission counsel) A. Starkov P. Baker W. MacKenzie

Appendix 2 – Sale offering advertisement

[\(return to text\)](#)

TENDER

In accordance with Alberta Utilities Commission Decision____, ATCO Electric is accepting bids for the sale of decommissioned generating units and associated equipment.

The decommissioned generating units and associated equipment currently located in Jasper, Alberta will be sold on an “as is, where is” basis.

For detailed information about the configuration of the equipment, sale offering process and other relevant details, please consult ATCO Electric’s website at www.atco.com/en-ca/projects/electric-jasper-interconnect.html

To participate in the Request for Quote (RFQ) process and submit a bid to purchase the decommissioned equipment please contact EGBUProcurement@atco.com by 4pm,____, 2021.

All bids to purchase the equipment are to be submitted electronically by 2pm,____, 2021 as per the RFQ instructions.



Appendix 3 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. First, in Attachment 3, RFQ Sales Process B, Part F, Section 2.0, ATCO Electric stated that “the Owner may, in its sole discretion ... choose to short list some but not all Bidders onto a preferred candidates list.” While the Commission understands that it may be commercially reasonable to shortlist bids, for transparency, the Commission directs ATCO Electric, in a future application made under Section 20 or 21 of the Isolated Generating Units and Customer Choice Regulation with respect to this sale offering, to provide details showing all parties that submitted a bid for any of the asset packages, the associated bid amounts and supporting information and reasons for why any party or bid was shortlisted (or not shortlisted)..... paragraph 21
2. ATCO Electric is directed to proceed with the sale offering for the Palisades isolated generating units in accordance with the proposal outlined in Sales Process B and the draft sale offering advertisement set out in Appendix 2..... paragraph 26