



ATCO Electric Ltd.

Narrows Point Power Plant Decommission and Salvage

June 30, 2021

Alberta Utilities Commission

Decision 26479-D01-2021

ATCO Electric Ltd.

Narrows Point Power Plant Decommission and Salvage
Proceeding 26479

Application 26479-A001

June 30, 2021

Published by the:

Alberta Utilities Commission
Eau Claire Tower
1400, 600 Third Avenue S.W.
Calgary, Alberta T2P 0G5

Telephone: 310-4AUC (310-4282) in Alberta
1-833-511-4AUC (1-833-511-4282) outside Alberta

Email: info@auc.ab.ca

Website: www.auc.ab.ca

The Commission may, within 30 days of the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

1 Decision summary

1. In this decision, the Alberta Utilities Commission must decide whether to approve an application from ATCO Electric Ltd. to discontinue operation and to decommission and salvage a power plant designated as the Narrows Point Power Plant. After consideration of the record of the proceeding, and for the reasons outlined in this decision, the Commission finds that the discontinuance of operation, decommissioning and salvage of the power plant is in the public interest.

2. The Commission must also decide whether to strike the isolated generating units comprising the Narrows Point Power Plant from Part A to the schedule of the *Isolated Generating Units and Customer Choice Regulation* under Section 27 of that regulation. The Commission declines to do so. Section 27 of the *Isolated Generating Units and Customer Choice Regulation* does not apply to the circumstances described in the application, where ATCO Electric, as an owner of isolated generating units, has indicated an intention to sell the isolated generating units.

2 Introduction and background

3. ATCO Electric, pursuant to Approval U2014-61,¹ is the owner of a power plant designated as the Narrows Point Power Plant, located on the Kapawe'no Indian Reserve #231, in the Slave Lake area, specifically in the northwest quarter of Section 7, Township 75, Range 9, west of the Fifth Meridian.

4. The total capability of the power plant is 201 kilowatts and it contains the following generating units:

Generating unit	Generating capability (kilowatts)	Fuel type
CUL 483	56	Diesel
CUL 429	35	Diesel
CUL 430	50	Diesel
CUL 280	60	Diesel

5. The power plant serves the isolated community of Narrows Point, pursuant to the *Isolated Generating Units and Customer Choice Regulation*.

¹ Power Plant Approval U2014-61, Proceeding 3060, Application 1610296, February 18, 2014.

6. ATCO Electric filed an application with the AUC, pursuant to Section 21 of the *Hydro and Electric Energy Act*, for approval to discontinue operation and to decommission and salvage the power plant. The application was registered on April 21, 2021, as Application 26479-A001.

7. ATCO Electric also sought approval under Section 27 of the *Isolated Generating Units and Customer Choice Regulation* to have generating units CUL 483, CUL 429, CUL 430 and CUL 280 “struck from Subpart B of the schedule” of generating units in the *Isolated Generating Units and Customer Choice Regulation*.

8. The Commission issued a notice of application and received one submission in response to the notice. The Balancing Pool raised a concern about ATCO Electric’s intention to seek payment from the Balancing Pool for the decommissioning costs of the Narrows Point generating units, under Part 2 of the *Isolated Generating Units and Customer Choice Regulation*.

3 Discussion

9. ATCO Electric stated that the Narrows Point Power Plant supplied power to the isolated community of Narrows Point, however, increasing capital maintenance costs necessitated a need to connect this isolated community to the Alberta Interconnected Electric System. ATCO Electric added that in July 2020, the community was connected to the Alberta Interconnected Electric System through the construction of a new distribution line and the power plant is no longer required.

10. ATCO Electric further stated that in addition to the removal of the generating units, a switchgear and control room building, an auxiliary/maintenance building, a fuel offloading building, two fuel tanks and other equipment and buildings associated with the power plant would be removed.

11. On September 15, 2020, ATCO Electric provided project information packages to three stakeholders, occupants, agencies and Indigenous communities within 100 metres of the power plant. ATCO Electric also consulted with the Kapawe’no First Nation because the power plant is located on the Kapawe’no Indian Reserve #231 and did not receive any concerns regarding the project from the Kapawe’no First Nation or any other parties.

12. ATCO Electric indicated that decommissioning of the power plant was scheduled to start as early as January 2022, with a targeted completion date of March 2023. ATCO Electric indicated that it would abide by applicable provincial and federal environmental legislation in carrying out the project.

13. ATCO Electric’s application indicated that the Narrows Point generating units were listed in “subpart B” of the *Isolated Generating Units and Customer Choice Regulation* schedule. The Commission notes that the most recent update to the *Isolated Generating Units and Customer Choice Regulation* schedule of generating units was confirmed by the Commission as up-to-date in a disposition letter² in Proceeding 26177. In that update, CUL 483, CUL 429, CUL 430 and

² Disposition Letter 26177-D01-2020: ATCO Electric Ltd. – Update to the Isolated Generating Units and Customer Choice Regulation, Proceeding 26177, Application 26177-A001, December 23, 2020.

CUL 280 generating units were listed in Part A of the schedule. This decision will therefore consider that the units are listed in Part A, not Part B of the schedule.

4 Findings

(i) Application for approval to discontinue operation and to decommission and salvage a power plant

14. The Commission has reviewed the application and has determined that it meets the requirements of Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations and Hydro Developments*.

15. The Commission finds the decommissioning and salvage of the power plant to be warranted because the community that it served is now connected to the Alberta Interconnected Electric System.

16. The Commission accepts ATCO Electric's statement that the power plant site will be remediated and reclaimed to a state deemed acceptable to Indigenous Services Canada, Alberta Environment and Parks and the Canadian Council of Ministers of the Environment guidelines.

17. Based on the foregoing, the Commission has determined that the discontinuance of operation and dismantling the power plant is in the public interest under Section 21 of the *Hydro and Electric Energy Act*.

18. With respect to the Balancing Pool's submission, ATCO Electric has not yet applied to sell the units or seek payment from the Balancing Pool for decommissioning costs under the *Isolated Generating Units and Customer Choice Regulation*. In approving the application, the Commission makes no determination regarding the regulatory treatment of the costs of the assets to be removed, retired or abandoned pursuant to the application, the costs incurred in carrying out these activities, or the associated rate implications.

(ii) Application to strike the generating units from Part A of the schedule to the Isolated Generating Units and Customer Choice Regulation

19. The Commission has determined that it cannot issue an approval to have CUL 483, CUL 429, CUL 430, and CUL 280 struck from Part A of the schedule to the *Isolated Generating Units and Customer Choice Regulation*, as requested by ATCO Electric.

20. ATCO Electric made its request under Section 27 of the *Isolated Generating Units and Customer Choice Regulation*.

21. Section 27 does not apply to the circumstances described in ATCO Electric's application. Section 27 applies where an isolated generating unit is to be replaced, or an additional isolated generating unit is required, to maintain a reliable supply of electric energy or to provide more electric energy to an isolated community or industrial area.

22. The application indicates that the community of Narrows Point is now connected to the Alberta Interconnected Electric System and the power plant is no longer required.

ATCO Electric further indicated that its intention is to sell the units comprising the power plant. Accordingly, under the circumstances described in the application, the units would be struck from Part A of the schedule under Section 20 or Section 22 of the *Isolated Generating Units and Customer Choice Regulation* when the requirements of either of those sections is met.

5 Decision

23. Pursuant to Section 21 of the *Hydro and Electric Energy Act*, the Commission approves the application and grants ATCO Electric the approval set out in Appendix 1 – Decommission and Salvage Approval 26479-D02-2021, to decommission and salvage the Narrows Point Power Plant (Appendix 1 will be distributed separately).

Dated on June 30, 2021.

Alberta Utilities Commission

(original signed by)

Neil Jamieson
Commission Member