



ATCO Electric Ltd.

Approval of Sale Bids for Isolated Generating Units Located at the Palisades Power Plant

April 7, 2022

Alberta Utilities Commission

Decision 27248-D01-2022

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Proceeding 27248

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1 Decision summary

1. In this decision, the Alberta Utilities Commission considers whether to approve the sale bids that ATCO Electric Ltd. received in response to the sale offering for the Palisades Power Plant isolated generating units. Consistent with Proceeding 26078 (Revised Palisades Sale Offering)¹ and Decision 26078-D01-2021,² the isolated generating units were bundled and offered for sale by ATCO Electric in 11 separate asset packages.³ ATCO Electric only received bids for asset packages 2, 3, 4, 5 and 10. The Commission approves the sale bids received for all of these asset packages.

2 Introduction and background

2. ATCO Electric, pursuant to Approval 23721-D02-2018,⁴ 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-D01-2018,⁵ 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-D03-2019,⁶ 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 application⁷ 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,

¹ Proceeding 26078, Exhibit 26078-X0001, Palisades Application for Sale Offering Amendment, paragraphs 5, 25 and 26.

² Decision 26078-D01-2021: ATCO Electric Ltd., Approval of the Revised Palisades Sale Offering, Proceeding 26078, March 11, 2021, paragraphs 16, 19, 20, 25 and 26.

³ Exhibit 27248-X0001, application, paragraph 4.

⁴ 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.

⁵ Decision 22125-D01-2018: ATCO Electric Ltd., Jasper Interconnection Project, Proceeding 22125, May 4, 2018.

⁶ Decision 24183-D03-2019: ATCO Electric Ltd., Decommission and Salvage of Palisades Power Plant, Proceeding 24183, January 21, 2019.

⁷ Proceeding 24598, Exhibit 24598-X0001, Palisades Application for Sale Offering.

CUL 190, CUL 330, CUL 368, CUL 464, CUL 406 (mobile) and CUL 407 (mobile), (collectively, the Palisades isolated generating units⁸) located at the Palisades Power Plant.

6. On September 18, 2019, the Commission approved the Palisades Power Plant sale offering as filed in Decision 24598-D01-2019,⁹ and directed¹⁰ 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-A001¹¹ 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 letter¹² 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 Application 26078-A001¹³ 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. In that application, ATCO Electric proposed two alternative sales processes (designated as “Sales Process A” and “Sales Process B”) for the Commission’s consideration.¹⁴

9. Under Sales Process A, ATCO Electric proposed to offer all Palisades isolated generating units for sale in a single asset package, where bidders would submit a single quote to purchase, dismantle and remove all isolated generating units from the Palisades Power Plant.¹⁵ Alternatively, under Sales Process B, ATCO Electric proposed to dismantle and bundle the Palisades isolated generating units into 11 asset packages, where each asset package would be sold separately and bidders would be permitted to submit separate bids on one or more of the 11 asset packages.¹⁶

10. On March 11, 2021, the Commission approved ATCO Electric’s request to amend the sale offering for the Palisades Power Plant in Decision 26078-D01-2021, and directed¹⁷ ATCO Electric to proceed with the sale offering for the Palisades isolated generating units in accordance with the proposal outlined in Sales Process B.

11. On March 18, 2022, ATCO Electric filed the application that is the subject of this decision under Section 21 of the *Isolated Generating Units and Customer Choice Regulation*, requesting approval of the sale bids that it received for asset packages 2, 3 4, 5 and 10. ATCO Electric also notified the Commission, pursuant to Section 20(1)(b) of the *Isolated Generating*

⁸ 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.

⁹ Decision 24598-D01-2019: ATCO Electric Ltd., Approval of Sale Offering for Palisades Power Plant, Proceeding 24598, September 18, 2019.

¹⁰ Decision 24598-D01-2019, paragraph 30.

¹¹ Proceeding 25223, Exhibit 25223-X0002, Palisades Bid Approval Application.

¹² Proceeding 25223, Exhibit 25223-X0015, Application Withdrawal Letter.

¹³ Proceeding 26078, Exhibit 26078-X0001, Palisades Application for Sale Offering Amendment.

¹⁴ Proceeding 26078, Exhibit 26078-X0001, Palisades Application for Sale Offering Amendment, paragraph 5.

¹⁵ Proceeding 26078, Exhibit 26078-X0001, application, paragraphs 5 and 22.

¹⁶ Proceeding 26078, Exhibit 26078-X0001, application, paragraphs 5, 25 and 26.

¹⁷ Decision 26078-D01-2021, paragraph 26.

Units and Customer Choice Regulation, that it received no bids for asset packages 1, 6, 7, 8, 9 and 11.¹⁸

12. The Commission issued notice of the application on March 22, 2022, which required interested parties to submit a statement of intent to participate (SIP) by March 29, 2022. No SIPs were received.

13. In a letter dated April 1, 2022, the Commission advised that, based on its review of the record, no additional process was required and that a decision would be issued in due course.

14. The Commission considers the close of record for this proceeding to be March 29, 2022. 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.

3 Commission findings

15. In its application, ATCO Electric explained that it used the following process to offer the Palisades Power Plant asset packages for sale:¹⁹

- ATCO Electric initiated the competitive bidding process on January 28, 2022, and followed the process as outlined in Proceeding 26078.
- Advertisements were placed in the Edmonton Journal, the Calgary Herald, the Jasper Fitzhugh and the social media sites LinkedIn and Twitter.
- In addition to these advertisements, ATCO Electric supplied a copy of the bid package directly to an additional 54 parties.
- The bidding process closed on February 18, 2022.

16. ATCO Electric indicated that all the bids submitted were compliant with no exceptions.

17. ATCO Electric received multiple bids for the following asset packages:²⁰

- Bids in the amount of \$50,000 and \$11,200 from Don Markowski and Surplus Diesel Generators Ltd., respectively, for asset package 2.
- Bids in the amount of \$101,000 and \$100,000 from Cogent Turbine Solutions Ltd. and Don Markowski, respectively, for asset package 3.

18. Section 21(1)(b) of the *Isolated Generating Units and Customer Choice Regulation* states that if, in respect of an isolated generating unit referred to in the sale offering, more than one bid

¹⁸ Exhibit 27248-X0001, application, paragraph 6.

¹⁹ Exhibit 27248-X0001, application, PDF pages 1-4.

²⁰ Exhibit 27248-X0001, application, PDF page 4.

is received, the Commission must accept the highest bid, and by order, approve the sale of that isolated generating unit. Accordingly, the Commission accepts the highest bids from Don Markowski and Cogent Turbine Solutions Ltd. for asset packages 2 and 3, respectively, and approves as filed the sale of the isolated generating units associated with each of those asset packages.

19. ATCO Electric received single bids for the following asset packages:²¹

- A bid in the amount of \$27,320 from Surplus Diesel Generators Ltd. for asset package 4.
- A bid in the amount of \$100,000 from Don Markowski for asset package 5.
- A bid in the amount of \$5,000 from Don Markowski for asset package 10.

20. Section 21(1)(a) of the *Isolated Generating Units and Customer Choice Regulation* states that if, in respect of an isolated generating unit referred to in the sale offering, only one bid is received, the Commission must accept the bid, and by order, approve the sale of that isolated generating unit. Accordingly, the Commission accepts the bid from Surplus Diesel Generators Ltd. for asset package 4, and the bids from Don Markowski for asset packages 5 and 10, and approves as filed the sale of the isolated generating units associated with each of these three asset packages.

21. ATCO Electric is directed to complete the sale of Palisades Power Plant asset packages 2, 3, 4, 5 and 10 as expeditiously as possible.

22. Lastly, as noted, ATCO Electric notified the Commission, pursuant to Section 20(1)(b) of the *Isolated Generating Units and Customer Choice Regulation*, that it received no bids for asset packages 1, 6, 7, 8, 9 and 11. The Commission acknowledges this notification.

23. Pursuant to the *Isolated Generating Units and Customer Choice Regulation*, ATCO Electric is directed, as soon as reasonably practicable, to file any further necessary applications for approval of the amounts or costs to be paid to or by the Balancing Pool with respect to the assets contemplated in this decision.

²¹ Exhibit 27248-X0001, application, PDF page 4.

4 Order

24. It is hereby ordered that:

- (1) ATCO Electric Ltd.'s application for approval of the sale bids received for asset packages 2, 3, 4, 5 and 10, which comprise isolated generating units that are located at the Palisades Power Plant, is approved.

Dated on April 7, 2022.

Alberta Utilities Commission

(original signed by)

Neil Jamieson
Commission Member

Appendix 1 – Proceeding participants

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

Alberta Utilities Commission
Commission panel N. Jamieson, Commission Member
Commission staff A. Culos (Commission counsel) R. Watson (Commission counsel) A. Starkov

Appendix 2 – 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. ATCO Electric is directed to complete the sale of Palisades Power Plant asset packages 2, 3, 4, 5 and 10 as expeditiously as possible. paragraph 21
2. Pursuant to the Isolated Generating Units and Customer Choice Regulation, ATCO Electric is directed, as soon as reasonably practicable, to file any further necessary applications for approval of the amounts or costs to be paid to or by the Balancing Pool with respect to the assets contemplated in this decision. paragraph 23