



## **PGI Processing ULC**

**Power Plant Application for Kaybob #3 South Gas Plant**

**January 22, 2024**

**Alberta Utilities Commission**

Decision 28337-D01-2024

PGI Processing ULC

Power Plant Application for Kaybob #3 South Gas Plant

Proceeding 28337

Application 28337-A002

January 22, 2024

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The Commission may, no later than 60 days from 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 approves an application from PGI Processing ULC to construct and operate a new 33-megawatt (MW) cogeneration power plant (the project).

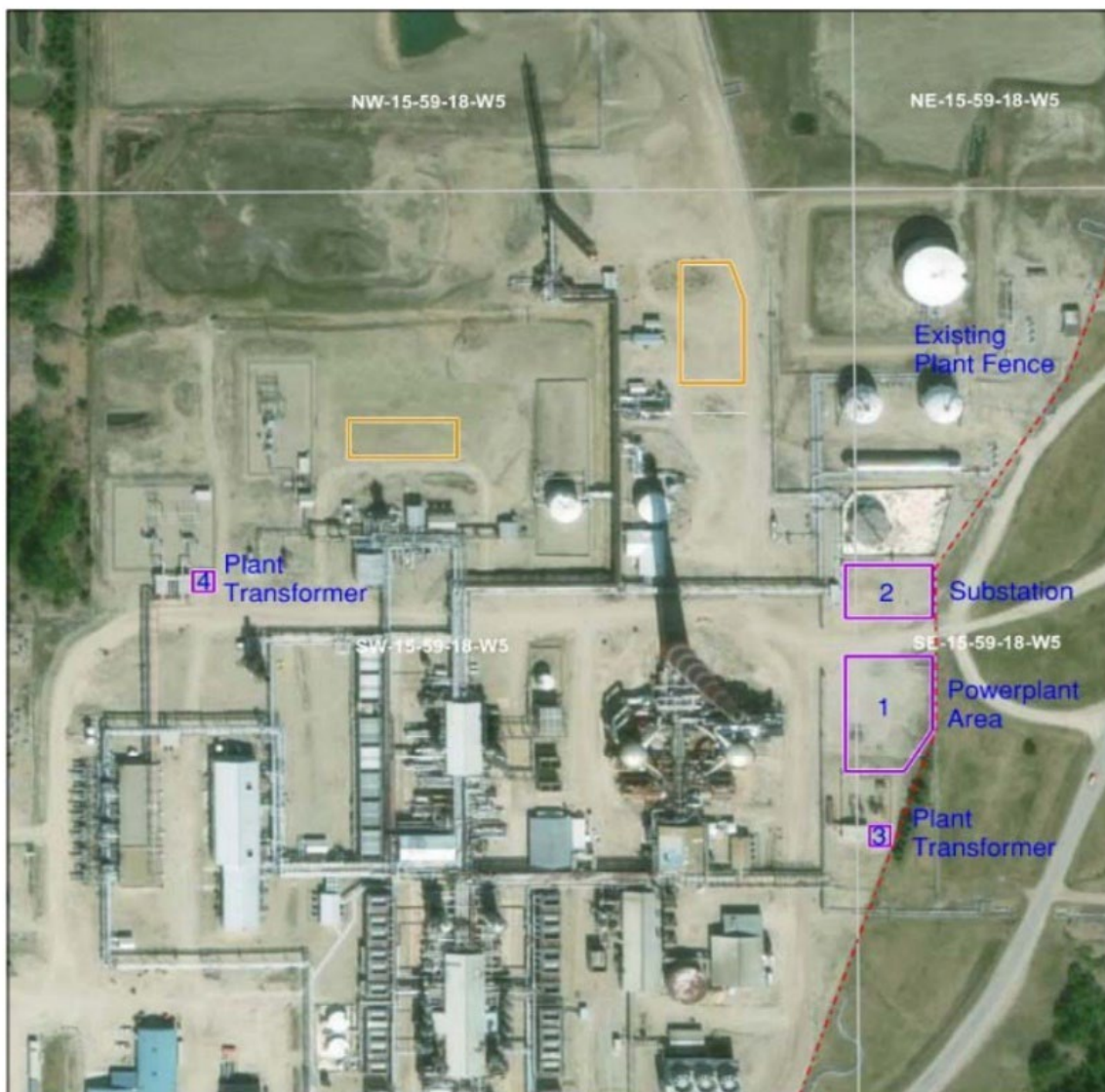
## **2 Introduction**

### **2.1 Application**

2. PGI filed Application 28337-A002 with the Commission on July 18, 2023, for approval to construct and operate a new 33-MW cogeneration power plant, located within the existing fenceline of the existing Kaybob #3 South Gas Plant (K3 Plant) near Fox Creek, in Woodlands County. More specifically, the site is located in the southeast quarter of Section 15, Township 59, Range 18, west of the Fifth Meridian. The layout of the proposed project within the existing fenceline of the K3 Plant is shown in Figure 1.<sup>1</sup>

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<sup>1</sup> The area marked as number one on the map indicates the location of the new cogeneration power plant.

Figure 1. Layout of proposed project<sup>2</sup>

3. PGI stated that the cogeneration power plant would replace existing boilers at the K3 Plant that are nearing their end of life. The power plant would consist of two 16.5-MW combustion turbine generators and two heat recovery steam generators, with a total generating capability of 33 MW. PGI stated that the combustion turbine generators, with the addition of the heat recovery steam generators would allow the facility to operate more efficiently by capturing the exhaust heat from the turbine to produce steam, thereby offsetting the need for natural gas to be burned within the existing boilers.

<sup>2</sup> Exhibit 28337-X0009, PGI Kaybob 3 Plant ISD & Power App Final, PDF page 6.

4. PGI indicated that after the cogeneration plant is reliably operating, the following changes would be noted:

- The 16-1601 steam generator would be decommissioned.
- One of either the 16-1602 or 16-1603 steam generators would be available in an active standby mode, while the other would be in an offline standby mode and may be used during an extended cogeneration outage.

5. PGI stated that the proposed development is on an Alberta Energy Regulator-regulated industrial site and does not require a federal impact assessment or an environmental evaluation. All environmental requirements are listed in the *Environmental Protection and Enhancement Act* Approval 1508-003-002.

6. PGI stated that a *Historical Resources Act* approval is not required as this project is located on previously disturbed brownfield space within the existing boundary of the K3 Plant.

7. PGI's application and supplemental information included:

- The details of its participant involvement program.<sup>3</sup>
- A noise impact assessment,<sup>4</sup> which concluded that the project would be in compliance with Rule 012: *Noise Control*.
- The Aboriginal Consultation Office (ACO) adequacy assessment decisions, which determined that no consultation was required.<sup>5</sup>
- An air quality modelling report,<sup>6</sup> which concluded that carbon monoxide (CO), nitrogen dioxide (NO<sub>2</sub>), total suspended particulate matter (TPM), and fine particulate matter (PM<sub>2.5</sub>) resulting from the project would be less than the *Alberta Ambient Air Quality Objectives and Guidelines* limits.
- An environmental protection plan,<sup>7</sup> which concluded that any potential adverse effects of the project can be effectively mitigated.

8. PGI proposed that the project's in-service date would be March 1, 2025.

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<sup>3</sup> Exhibit 28337-X0009, PGI Kaybob 3 Plant ISD & Power App Final; Exhibit 28337-X0004, Attachment 01 - Stakeholder Information Package.

<sup>4</sup> Exhibit 28337-X0008, Attachment 05 - Noise Impact Assessment.

<sup>5</sup> Exhibit 28337-X0010, Attachment 06 - Adequacy Assessment Decision 2018-09-04; Exhibit 28337-X0011, Attachment 07 - Adequacy Assessment Decision 2019-11-14.

<sup>6</sup> Exhibit 28337-X0007, Attachment 04 - Air Quality Modeling Report.

<sup>7</sup> Exhibit 28337-X0038, Environmental Protection Plan\_kaybob\_20231004.

## 2.2 Interveners

9. The Commission issued a notice of application to local stakeholders and the following Indigenous groups: Sturgeon Lake Cree Nation, Alexis Nakota Sioux Nation, Paul First Nation, Kehewin Cree Nation, Whitefish (Goodfish) Lake First Nation, Driftpile Cree Nation, Swan River First Nation, Sucker Creek First Nation, O'Chiese First Nation, Alexander First Nation, Enoch Cree Nation 440, and East Prairie Metis Settlement.

10. The Commission received one statement of intent to participate (SIP) from Lac Ste. Anne Métis Community Association (LSAMCA). The Commission granted LSAMCA standing for the reasons set out in its ruling issued on October 23, 2023. However, following additional discussions between PGI and LSAMCA, LSAMCA withdrew its SIP on December 20, 2023.<sup>8</sup>

## 3 Findings

11. For the reasons that follow, the Commission finds that approval of the proposed project is in the public interest having regard to the social, economic, and other effects of the proposed project, including its effect on the environment.

12. The Commission has reviewed the application and has determined that the information requirements specified in Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines* have been met.

13. PGI conducted a participant involvement program and engaged with local landowners and residents within 800 metres of the proposed power plant and notified stakeholders within 2,000 metres of the power plant. PGI noted that there are no dwellings or residences within two kilometres of the cogeneration power plant. PGI stated that no persons, landowners, or disposition holders within the notification zone identified any concerns during the notification period. The Commission finds that the participant involvement program for the proposed project meets the requirements of Rule 007 and is satisfied there are no outstanding concerns.

14. The Commission finds that the noise impact assessment (NIA) submitted by PGI meets the requirements of Rule 012. The NIA did not identify any receptors within 1.5 kilometres of the project fence line. The NIA identified five locations at a distance of 1.5 kilometres from the proposed facilities and the predicted cumulative noise levels show that the facilities are expected to meet the permissible sound level during daytime and nighttime hours.

15. In regard to environmental impacts, the Commission accepts the conclusions of the air quality assessment report that air emissions will comply with *Alberta Ambient Air Quality Objectives Guidelines*. The environmental protection plan concluded that environmental effects of the project due to pre-construction, construction, and post-construction activities will be limited if PGI adheres to applicable guidelines and implements the mitigation measures identified in the report. In addition, the project is located entirely within the previously developed and fenced K3 Plant and is managed as per *Environmental Protection and Enhancement Act* approval. Given its location within the developed plant site, it is not anticipated that wildlife and vegetation

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<sup>8</sup> Exhibit 28337-X0060, 2023 12 20 Letter from LSAM to AUC - withdrawing SIP.

species of management concern, including species at risk, will be found in the vicinity of the project. As a result, the Commission considers that there will not be significant adverse effects from the cogeneration power plant.

16. Based on the foregoing, the Commission considers the project to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

#### **4 Decision**

17. Pursuant to Section 11 of the *Hydro and Electric Energy Act*, the Commission approves Application 28337-A002 and grants PGI Processing ULC the approval set out in Appendix 1 – Power Plant Approval 28337-D02-2024 to construct and operate the 33-megawatt cogeneration power plant. (Appendix 1 will be distributed separately).

Dated on January 22, 2024.

#### **Alberta Utilities Commission**

*(original signed by)*

Matthew Oliver, CD  
Commission Member