



News Release

Alberta's Transmission Plan Not Affordable: Leaked Letter from Stelmach's Inner Circle

(Edmonton) December 23, 2010. Responsible Electricity Transmission for Albertans (RETA) has received a letter addressed to members of the Alberta Progressive Conservative Caucus which was leaked to RETA by a senior government official – a member of Premier Stelmach's Inner Circle. The letter clearly indicates that the Alberta Government's electricity transmission plan is unrealistic and not affordable.

The seven-page letter dated October 26, 2010 was originally sent to all members of the P.C. Caucus by the Executive Directors of the Alberta Direct Connect (ADC) and Industrial Power Consumer's Association of Alberta (IPCAA) and warns P.C. MLAs that Alberta's competitiveness is at risk if the province's current transmission plan is implemented.

The ADC and IPCAA indicate that there was a lack of objective, independent analysis to justify government and transmission industry statements about insufficient transmission infrastructure, brownout risks, growth in electricity demand and the necessity to bypass the needs approval process.

The hard-hitting letter presents very convincing updated data and facts to show that the Alberta Government and AESO (Alberta Electric System Operator) transmission plan:

- Is not affordable.
- Is based on an unrealistic electricity demand forecast.
- Will result in increased costs to declining number of customers.
- Incorporates constant and significant transmission project cost escalation.
- Incorporates High Voltage Direct Current projects that are the wrong choice for Alberta.
- Removes any accountability for the transmission project investment decisions.

Regarding costs, the letter suggests that if all proposed project costs escalate at the same rate the Heartland Line and Southern Alberta transmission reinforcement costs have over the past year, the total transmission project costs could easily inflate to \$20 billion or more.

The letter ends with the following plea from the ADC and IPCAA to P.C. Caucus members:

"We simply cannot afford this transmission development plan and it is unnecessary. We ask that you take steps to stop this irresponsible spending program and conduct a prudent level of assessment before it is too late. As representatives of Alberta's citizens, please seek a lower cost solution to our transmission needs or find a different way to pay for it. Alberta competitiveness is at risk."

“What’s particularly significant here is that we received this letter from a member of Stelmach’s Inner Circle,” said RETA President, Bruce Johnson. “To protect our sources RETA will not disclose the identity of the senior government official in question but it is clear that even the people closest to Stelmach aren’t buying the rhetoric.”

The proposed Heartland line is one of five high voltage power line projects listed as “critical transmission infrastructure” within the *Electric Statutes Amendment Act, 2009* (Bill 50), passed late last year by the Alberta Government in spite of province-wide opposition to the legislation. The legislation excludes public consultation on the need for any transmission lines deemed as “critical transmission infrastructure” at the sole discretion of the Alberta Government. The AESO and Alberta Energy have suggested that there will be many more new high voltage power lines required in Alberta in addition to these five projects.

Once the Alberta Government’s full electricity transmission plan is implemented, high voltage towers and lines will crisscross Alberta running through hundreds of communities whether needed or not. “The 240 foot (73m) tall towers, about the height of a twenty storey building, are designed to last for as much as 60 years – a rather unfortunate monument to this government’s complete disregard for its responsibility to look after the interests of Albertans instead of special interests like the transmission companies,” said Johnson. “And, as an added benefit, Albertans get to pay for these lines without even having the benefit of a competitive bidding process.”

RETA also decided to release the October 26 letter to the public because it contains some brand new information that was not available last year when Bill 50 was rushed through the Legislative Assembly by the P.C. MLAs.

The views of the ADC and the IPCAA are in stark contrast to those of the Alberta Chambers of Commerce released by Chamber President and CEO Ken Kobly last month, who sent letters out to all major newspapers suggesting that Alberta’s transmission infrastructure requires major upgrades. Johnson said, “I wonder whether the businesses who are members of the Chambers of Commerce are aware of just how much all of these new transmission lines will cost rate payers. And, did the Alberta Chamber actually conduct any research like the ADC and IPCAA did, or did they simply believe the Alberta Government and the AESO who indicate these lines are needed but provide no data or proof to back that up?”

RETA is a not-for-profit society with over 8,000 registered members that encourages responsible electricity transmission in Alberta which includes: questioning the need for overhead high voltage towers and lines to crisscross the province; if these lines are built, burying them whenever they run close to homes, schools, daycares, hospitals and environmentally sensitive areas; fairly compensating landowners if lines run near them and are not buried; and developing more efficient and environmentally-friendly ways of generating and transmitting electricity.

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For more information or if you have any questions, see www.RETA.ca or contact:

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Attachment: October 26, 2010 letter from the ADC and IPCAA to Members of the P.C. Caucus