

Chamber of Commerce
October 8, 2009
Steve Snyder speaking notes - Final

Good afternoon everyone. Thank you for the invitation to join you today. We are going to talk about a timely and critical issue. It's one that has gotten a lot of attention. Unfortunately, much of that has become emotional and distorted. I feel that many of the real issues that need discussion are being lost in all that noise.

Here's what I would like to accomplish in the short time I have today.

First, I believe there is misused information, out of context information, and some just plain wrong information out in the public domain on this issue. So, I would like to be as factual as I can and separate the facts from opinions and innuendos.

Second, we should all recognize that the debate over transmission needs is not unique to Alberta. It's occurring in numerous North American jurisdictions. That's because the electricity world is dramatically more complex today than it was in the past. Emerging technologies and rapidly changing climate change initiatives are the root cause. They are creating uncertainty for the industry, and when faced with that, the proper course of action is to normally wait until more data and more clarity is possible. Unfortunately the growing demand for power over the last 20 years combined with the lack of any material expansions, or upgrades to the grid system, have left many jurisdictions starting to face critical reliability problems.

That's certainly true here in Alberta where demand for power has increased faster than in any other province over the last 10 years. The bottom line is whether we like it or not, decisions are required despite the uncertainty.

Reliability of supply still remains the number ONE priority of any electrical system. It cannot be compromised. And in my view, we are at that decision point.

Third, the debate in Alberta seems to have been framed into an 'either/or' debate. You can have a strong centralized system or a distributed system. Actually you can have and probably need both. I do believe though that when it comes to transmission, there is no 'chicken-and-egg' dilemma. The core backbone system, in our case the north/south system, must be strengthened first. Then you can tack on whatever add-ons you need as you go forward.

And fourth, the debate in Alberta seems to have gotten severely side-tracked. In my view, Bill 50 is not the issue. And as a result, it's more non-productive than productive.

The issue is we, the industry, and all other stakeholders, need a process by which these decisions will be made.

And that process of necessity must now be made as efficient as possible, as we've unfortunately used up most of the slack in the system. The debate, in hindsight, about how we got to this point, may make for interesting coffee room chat, but it won't help solve today's problems. 'We are where we are' as they say.

It's my strong belief that the role of our policymakers, our elected officials, is to now establish the process by which transmission decisions will be made in the province. It's their right, and obligation, as elected officials, to do that and I trust them to do so. I will say, as a clearly interested observer in this process for over 10 years now, the system that was in place was not working and needs to be changed. It's the key reason I support Bill 50.

Let's get back to my first point. The facts. They are straight-forward:

- The last major transmission build in Alberta was in the 1970s. It should not be a surprise then that Alberta's system is starting to fall behind North American reliability standards.
- The system is becoming inefficient. Line losses are costing Albertans approximately \$235 million/year.
- The intermittent nature of many of the emerging renewable generation resources stress the current grid systems. A strong centralized system enables more renewables expansion.
- The current system is becoming congested. That increases costs. Both an upgraded central system and new distributed systems can help. The problem with distributed systems is that they can end up with a generator having an effective monopoly situation over certain customers.

- A ring road around Calgary with no exits other than into the city makes no sense. Neither does a solitary electricity plant that can't be connected to an effective grid system.

The Alberta Electric System Operator, which is an independent and expert body with a mandate to ensure Albertans have the most efficient and reliable electricity system possible, estimates this congestion is costing Albertans as much as \$300 million per year currently:

- Emerging smart grid technologies will probably require powerful centralized grid systems to get the maximum benefit from their technology.
- Interconnects between jurisdictions are one of the best ways to improve system reliability and ensure competitive prices. They require a strong centralized system and work effectively.

Finally, initially what we need in Alberta is to spend about \$2 billion and then perhaps another \$3-\$4 billion on transmission to deal first with these immediate problems and then start the critical process needed to ensure a long-term reliable grid backbone system.

This additional cost is a few dollars per month and not some of the exaggerated numbers thrown around based on projections for projects not even yet recommended, and which may never be needed.

My perspective is quite simple. I do believe we need a strong central grid system in Alberta. It's the conclusion almost all jurisdictions are coming to. But, we need certainty around the process. Bill 50 accomplishes that. Would other processes work? I imagine they could. But I truly believe we don't have the time to go back and reinvent this wheel one more time.

On that note, I'll turn the podium over to my colleague
Scott Thon.