

## **Appendix J**

### **Capital Power's Regulatory Submission Approach "August Letter" to the Alberta Utilities Commission**

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August 13, 2013

Mr. Robert Heggie  
Chief Executive  
Alberta Utilities Commission  
Fifth Avenue Place  
425 First Street SW  
Calgary

Dear Mr. Heggie:

Re: Capital Power Energy Centre (“CPEC”)

The purpose of this letter is to provide you with an overview of the Capital Power Energy Centre Project (“CPEC Project”), a natural gas fired combined cycle facility being developed by Capital Power, and to advise the Alberta Utilities Commission (“AUC” or “the Commission”) of Capital Power’s plan to file the requisite applications for approval with the AUC by December 31, 2013.

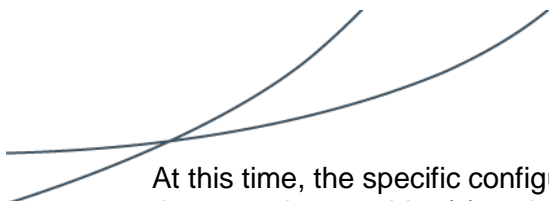
### **CPEC Project Overview**

In December 2012, Capital Power announced the development of the CPEC Project. Capital Power, together with potential partner(s), plans to construct and operate CPEC, which will be located in close proximity to the existing Genesee site. The in-service date is currently expected to be in 2017. The capacity of the CPEC Project will be approximately 1000 MW, and construction could be in 2 phases with an initial capacity of approximately 500 MW. The expected life for the facility is 35 years.

The CPEC Project is being developed to meet expected increases in Alberta’s power requirements, arising both from continued economic growth in the Province and from the expected retirements of existing coal generating units in the 2020 timeframe. The CPEC Project’s design and configuration will also address requirements for flexible and dispatchable generation in Alberta that are expected to accompany increased levels of wind and intermittent types of generation.

### **Project Configuration and Technology**

The CPEC Project will use natural gas combined-cycle (“NGCC”) technology. Capital Power is currently examining two potential configurations. The first is a “2-on-1” configuration, with two natural gas turbines and one steam turbine. The second would involve two “1-on-1” units, and which could be constructed in phases. Capital Power’s decision regarding the final configuration for the CPEC Project will be driven by market and economic considerations.



At this time, the specific configuration for the CPEC Project, and the specific model and design of the natural gas turbine(s) and other key project components, have not been confirmed. Capital Power is in ongoing discussions with several potential vendors of natural gas turbines for use in the CPEC Project. The equipment vendors continue to make significant advancements in efficiency, output, emissions performance and operating characteristics, and the operating flexibility relating to fast startup times and ramping have and continue to improve. The final determination of the specific equipment will be driven by the equipment characteristics, environmental performance attributes, cost, and operating parameters that would best suit the Alberta market.

Given these considerations, it is advantageous to not select specific equipment to best utilize potential state-of-the-art offerings that are expected and that could be more suited to the Alberta market in terms of operating flexibility and environmental performance. In this respect, and as discussed further below, Capital Power intends to file the application for the CPEC Project, and prepare the accompanying emissions and environmental studies, on the basis of “generic” equipment. The equipment ultimately selected would meet or exceed the environmental performance associated with the generic equipment.

### **Permits and Approvals**

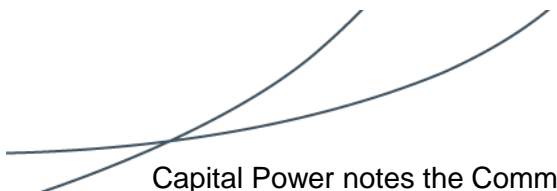
In parallel with the ongoing technology and commercial assessment, Capital Power has initiated activities to prepare the various environmental, regulatory and other applications that will be required to obtain the requisite approvals for the CPEC Project. Key approvals will include those from the Commission, from Environment and Sustainable Resource Development (“ESRD”). Approval from various federal agencies is not expected, but is a potential requirement. Capital Power has also submitted a System Access Service Request (“SASR”) with the Alberta Electric System Operator (“AESO”) to initiate the interconnection process for the CPEC Project, and is currently in Stage 1 of the process.

Public consultation activities with landowners and the public will be formally initiated in Q32013. These activities will be undertaken in accordance with the requirements of the Participant Involvement Program Requirements (“PIRP”), established in AUC Rule 007: *Applications for Power Plants, Substations, Transmission Lines, and Industrial Systems Designations*, and other applicable requirements.

### **AUC Application Pursuant to Rule 007**

Capital Power expects to file its application for approval of the CPEC Project by December 31, 2013. As noted above, Capital Power’s technology selection is not expected to be completed prior to filing the application. However, the key parameters for CPEC project in terms of size, configuration, site design, and environmental attributes will be known at the time of the application.

To best utilize advances in technology, Capital Power intends to prepare and submit its application on the basis of “generic” equipment for the CPEC facility. Information required under Rule 007 regarding air, water and noise emissions, and other considerations, the modeling and analysis will be undertaken and presented on the basis of best available and economic technologies, on the understanding that the actual plant equipment would achieve the same or better performance. Capital Power will request that the Commission initiate its process for considering the application on this basis, and that it be viewed as complete in this regard.



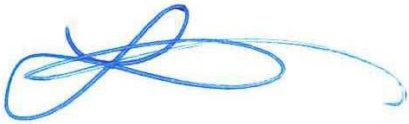
Capital Power notes the Commission is separately considering revisions to Rule 007 that would provide some flexibility to applicants of wind power projects to modify their turbine selections and project layouts following the filing of an initial application. Capital Power supports these revisions as reasonable and appropriate measures that allow proponents to consider and implement changes to optimize their project design without disrupting or introducing delays to the regulatory approval process, but in a manner that ensures continued awareness and scrutiny by the Commission. While the Commission's current initiative appears intended to apply only to wind projects, Capital Power submits the same flexibility and approach is warranted for other types of projects, including the CPEC Project.

On this basis, Capital Power intends to proceed with preparing and filing the CPEC Project application as described above, and will respectfully request that the Commission's process provide similar flexibility to accommodate continued technical design and optimization efforts by Capital Power as is currently being considered in the Rule 007 consultations for wind power developers.

Capital Power looks forward to filing its application and the Commission's review of the CPEC Project. Capital Power would also welcome the opportunity to have a meeting to review the scope and contents of the draft application for the CPEC Project with Commission staff at the appropriate time prior to filing.

Please contact me at (780) 392-5955, if you have any questions or wish to discuss further.

Regards,



Allan Danroth (Lori Nickifor)  
Vice President  
Health, Safety, and Environment  
Capital Power

Cc:

Tom Chan – AUC, Manager, Facilities Division  
Kelly Lail – Capital Power, Vice President, Commercial Services, Western Canada  
Lynn Meyer – Capital Power, Vice President, Regulatory and Environmental Policy