



Market Research CS Calgary

Fort McMurray West Transmission Project

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PROJECT OVERVIEW

- TransAlta and MidAmerican Transmission formed the TAMA Transmission strategic partnership in 2013. Their positions will help serve Albertans with competitive, low-cost and reliable transmission infrastructure. The companies will take-on equal parts of projects in order to combine the expertise of TransAlta in the Canadian market with MidAmerican's strong financial success.

SIZE AND SCOPE

- In 2013, TransAlta and MidAmerican Energy Co., a subsidiary of MidAmerican, jointly bid to own and operate the Fort McMurray West Transmission Project, for 35 years. A \$1.6 Billion, project, which will supply electricity to the Canadian oil-sands.
- MidAmerican Energy Holdings Co. agreed to fund half the cost of natural gas-fueled power plants. They believe almost \$200 billion in new investment is needed during the next 20 years.
- TAMA is one of five bidders who have been shortlisted. The Alberta Electric System Operator (AESO) is to select the successful company and execute the Project Development Agreement by December 2014.
- The development will consist of 100 kilometers, 500 kV, of transmission line and associated facilities between the Edmonton and Fort McMurray regions and is expected to be in service by 2019.

MARKET DEMAND

- The AESO reported that an estimated \$180 billion investment in oil-sands development will help drive an annual 3.2 percent increase in power demand in the province for the next 20 years.
- According to the AESO, the highest demand for power in the Fort McMurray area has more than doubled over the last 10 years from 855 megawatts (MW). Further, it is expected that these trends will continue, leading to an anticipated load of 4, 665 MW by 2032.

COMPETITIVE PROCESS

- The AESO introduced a new competition into Alberta's electricity transmission industry with a new procurement process to select organizations to develop, design, build finance, own, operate, and maintain new major transmission infrastructure.
- The Fort McMurray West 500 kV Transmission Project is the first transmission project to follow the Competitive Process which started in 2011.
- It has been realized under the Competitive Process that the earliest the Fort McMurray West 500 kV Line (Stage 1) can be completed is by the 2019/20 timeframe. The in-service date of Stage 2 is determined to be sometime after 2020.

BEST PROSPECTS

- Canada is the third largest gas producer in the world.
- It is estimated that electricity demand will grow by 1.5 to 2% annually in the near future.
- According to the National Energy Board (NEB) there is an anticipated retirement rate of 20% of energy production facilities by 2020, which will need to be compensated for by that time
- The Conference Board of Canada estimates that Canada will require \$294 billion in electricity investment by 2030.
- There is a clear opportunity for market entry in the coming years in the energy production sector. It is also clear, however, that companies like MidAmerican and TransAlta are already posturing themselves to take advantage of the coming need for electricity generation. Expert companies that are familiar with their regional markets and regulations could make entry to the electricity generation market difficult for new companies.
- AESO has projected 37 transmission projects proposed out to 2017. This is an opportunity for USA firms to submit bids.
- Transmission reinforcement into the Fort McMurray area is driven by oilsands development. The Fort McMurray area is unique from a planning perspective as it has a significant number of large industrial customers. These customers will be contracting both demand transmission service (DTS) and supply transmission service (STS) with varying degrees of usage to supply process requirements and for electric supply reliability.



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FOR MORE INFORMATION

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