

Alberta's Renewable Electricity Program continues to attract competitive interest – Alberta announces results of Rounds 2 and 3

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Authors: [Paula Olexiuk](#), Cassandra Richards

On December 17, 2018, the Government of Alberta announced the results of Rounds 2 and 3 of the Alberta Renewable Electricity Program (REP) competition. The REP is intended to encourage the development of 5,000 megawatts (MW) of renewable electricity generation capacity to support Alberta's goal of producing 30% of the total electricity generated annually in Alberta from renewable energy resources by 2030. For a general overview of the REP Round 1 and the Round 2 and 3 processes please refer to our [April 5, 2017 Osler Update](#) and [April 6, 2018 Osler Update](#), respectively.

REP Rounds 2 and 3 results

While Rounds 2 and 3 did not achieve the same record-low prices as the first REP auction, the results can still be described as a huge success, resulting in the selection of five wind projects to deliver 763 MW of renewable generation in the province at competitive prices. These new developments represent approximately \$1.2 billion of investment in renewable energy projects.

Five wind projects developed by five companies, three of which include partnerships with Indigenous communities, were selected. These projects will add 763 MW of wind power — 63 MW more than the government planned to procure, which is enough to power approximately 300,000 homes.

Selected projects

For Round 2, three bidders were selected from a pool of nine bidders and 18 projects, representing 2,202 MW of energy. For Round 3, two bidders were selected from a pool of eight bidders and 15 projects, representing 1,686 MW of capacity. A list of all qualified bidders and information regarding the successful bidders and their projects can be found on the [AESO website](#).

The five successful bidders and their projects are:

1. **Capstone Infrastructure Corporation in partnership with Sawridge First Nation** – The 48-MW Buffalo Atlee Wind Farm near Brooks.
2. **EDF Renewables Canada Inc. in partnership with the Blood-Kainai First Nation** – The

202-MW Cypress Wind Power Project near Medicine Hat.

3. **Potentia Renewables Inc.** – The two-phase, 193-MW Jenner Wind Power Project near Brooks.
 4. **Potentia Renewables Inc. in partnership with Paul First Nation and Greengate Power Corporation** – The 113-MW Stirling Wind Project near Lethbridge.
 5. **TransAlta Corporation** – The 207-MW Windrise Wind project southwest of Fort MacLeod.
- As part of the bid requirements for Round 2, projects were required to have a minimum of 25% Indigenous equity ownership maintained for a minimum of three years following commercial operation of the facility. The Round 2 and 3 projects must achieve commercial operation by June 30, 2021. The successful companies have each entered into a 20-year Renewable Electricity Support Agreement, which will not be posted by the AESO until January 2019.

Pricing

Round 3, which was solely a cost-based competition and did not include the Indigenous partnership requirements that applied to Round 2, resulted in a slightly higher weighted average price than Round 2.

The weighted average price of the power was \$38 per MWh for Round 2 and \$40 per MWh for Round 3. The range of the winning prices varied between \$36.99 and \$38.97 per MWh for Round 2 and \$38.60 and \$41.49 per MWh for Round 3. In contrast, Round 1 achieved historically low prices of \$37 per MWh and the range of winning prices varied between \$30.90 and \$43.30 per MWh.

Impact on Albertans and future REP Rounds

REP Round 2 has resulted in unique Indigenous partnerships in Alberta, creating new economic opportunities for Indigenous communities. The five projects from Rounds 2 and 3 are expected to bring an estimated \$175 million in rural benefits over the life of the projects, such as landowner payments and municipal revenues. The results from Rounds 1, 2 and 3 put Alberta at the quarter-way mark of achieving its goal of adding 5,000 MW of renewable electricity generation and indicate that the REP continues to attract competitive interest in Alberta. The results from Rounds 1, 2, and 3 further suggest that price-based qualification favours wind projects at this time.

The AESO has yet to release information regarding future rounds of the REP, but has been directed by the Government of Alberta to evaluate the REP and provide recommendations by March 29, 2019 on how the REP can continue to secure lowest cost outcomes. To assist in its evaluation of the REP, the AESO is requesting feedback through an evaluation questionnaire which is due by January 18, 2019. More information regarding the REP evaluation can be found [here](#).