



Premier of Alberta

Office of the Premier
Legislature Building
Edmonton, Alberta
Canada T5K 2B6
Telephone 780 427 2251
Fax 780 427 1349

June 2, 2010

Mr. Baynish Bassett
General Manager
South Alta Rural Electrification
Association Limited
PO Box 1657
Claresholm AB T0L 0T0

Dear Mr. Bassett:

Thank you for your e-mail following up on the concerns you have regarding Advanced Metering Infrastructure (AMI). I appreciate the opportunity to respond.

In your e-mail, you suggest that Alberta Energy has not provided any documented costs or advantages to AMI metering. Advanced meters are a key part of staying on top of technology and the Alberta government is considering the best way to use these meters to meet our needs. However, an analysis of the costs and benefits of a meter system will not proceed until a preliminary design for meters in Alberta has been established.

As part of this process we have started two studies. For the first, a random selection of households in Edmonton and Calgary will be given an electronic monitor that displays information about the amount of electricity they are using. This study is expected to be completed in 2011 and will answer the question of how or if electricity consumption behaviour may be affected when Albertans are given real-time information about their electricity use.

The second study will be conducted by the Alberta Utilities Commission within the next year. The Alberta Utilities Commission has been asked to determine how smart grid technology can be used to modernize the electricity system. Because smart grid technology includes AMI, this study will help inform any decisions the government may make.

Shifting energy use to off-peak hours is only part of the picture when it comes to AMI. Alberta Energy is using the following principles to guide its meter policy development:

- maximize opportunities and effectiveness for energy management and decision making;
- expedite and improve the accuracy of the electricity load settlement among market participants, functions and the customer switching process;
- enable a more efficient and effective distribution system; and
- enable wise energy use by all Albertans.

The role of AMI is not to load shift but to empower Albertans to use energy wisely, set the stage for further development of retail markets and provide one of the key foundations necessary to move to smart grid technologies.

.../2

Alberta

Freedom To Create. Spirit To Achieve.

Specific to costs, a meter is estimated to cost from \$100 to \$700, depending on its features. Additional charges for data storage and software will increase these costs. There is also potential for information technology costs. Discussions with stakeholders are ongoing to assess this concern. It is important to note that concerns about these costs have not prevented AMI implementation in Ontario or Texas without subsidies. In these two jurisdictions, investments in metering are recovered through the rate base.

On the subject of Automated Meter Reading, this technology is only capable of providing a monthly read of electricity consumption. It cannot help with improving the operation of distribution systems. It cannot detect service disruption or tampering with the meter and it does not support smart grid operation. It also does not provide additional feedback to consumers encouraging decision making on energy consumption.

As you know, a technical discussion paper of proposed AMI standards and preliminary concepts was released to stakeholders in February 2010. I understand that the South Alta Rural Electrification Association took part in the consultation process and comments from your organization have been forwarded to Alberta Energy. A report summarizing that process will be released, along with the stakeholder submissions, in the near future.

Thank you again for taking the time to write.

Sincerely yours,



Ed Stelmach

ES/hp

cc: Honourable Ron Liepert
Minister of Energy

Evan Berger
M.L.A., Livingstone-Macleod

George Groeneveld
M.L.A., Highwood

Broyce Jacobs
M.L.A., Cardston-Taber-Warner

Leonard Mitzell
M.L.A., Cypress-Medicine Hat

*Raymond,
I enjoyed
at the
see what
conference!
hp*