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Alberta Utilities Commission
1400, 600 3rd Avenue SW
Calgary, AB T2P 0G5

Re: Changes Proposed to Rule 007: Facility Applications – Versorium Energy Feedback

Dear Alberta Utilities Commission,

Versorium Energy Ltd. (Versorium) appreciates the opportunity to provide feedback on the draft blackline version of *Rule 007: Facility Applications*, as outlined in Bulletin 2025-02.

Please find enclosed Versorium's comments and suggestions intended to support greater clarity and effectiveness in the proposed changes.

Sincerely,

VERSORIUM ENERGY LTD.

A handwritten signature in blue ink, appearing to read "Jeffery Trynchy".

Jeffery Trynchy
Manager, Stakeholder and Community Engagement

Section 4 – Power Plants

4.2 – Checklist applications for new power plants equal to or greater than one megawatt and less than 10 megawatts that are not proposed as micro-generation units under the Micro-generation Regulation

1. Will the requirements of the checklist application change as part of the Rule 007 update, or should applicants continue using the current form Checklist Application Form? Clarification on whether a revised checklist will be issued would help ensure application completeness under the new Rule.
2. Versorium Energy supports the inclusion of end-of-life considerations in the checklist application form but encourages the AUC to further define and standardize these requirements. Our recommendations are designed to strike a practical balance between environmental accountability and project viability. By proposing a clear, standardized approach to end-of-life financial requirements, we aim to ensure that developers remain financially responsible for decommissioning and reclamation, while avoiding unnecessary upfront burdens. These measures also promote regulatory consistency and provide a more predictable framework for compliance. Specifically, we recommend the following:

We propose the following standardized approach for calculating decommissioning and reclamation security:

- **Security Establishment Timeline:** The security amount should be established within 90 days of the 15th anniversary of the project's lease commencement date and reviewed every five years thereafter. This timeline aligns with the operational lifespan of many energy projects and allows for more accurate cost assessments based on actual site conditions and regulatory requirements at that time.
- **Forms of Financial Assurance:** Reclamation security should be provided in the form of a secured letter of credit, cash escrow, surety bond, or other financial assurance acceptable to the AUC. This flexibility accommodates varying financial capabilities and ensures that adequate funds are available for reclamation activities.

To balance the need for financial assurance with the practical considerations of project development, we recommend the following:

- **Internal Estimates at Application Stage:** Developers should be permitted to submit internal decommissioning and reclamation cost estimates at the time of application. This approach reduces upfront costs and administrative burdens, particularly for small to mid-sized projects, while still providing a basis for future planning.
- **Third-Party Estimates at Year 15:** A third-party cost estimate should be required at the 15-year mark, coinciding with the establishment of the financial security. This timing ensures that the estimate reflects actual site conditions and regulatory expectations, leading to more accurate and reliable financial planning.

We also recommend a standardized approach to accounting for salvage value in decommissioning cost calculations:

- **Standard Salvage Value Deduction:** Net decommissioning costs should be calculated using 75 percent of the estimated salvage value. This standardized deduction provides a balanced approach, recognizing the potential value of recoverable materials while ensuring that sufficient funds are allocated for reclamation.

3. Will the AUC be updating the Checklist Application Form to include a dedicated field confirming whether a Municipal Engagement Form has been completed and submitted with the application, in accordance with Appendix A1 - Section 6.3? Or is it the AUC's intent that this requirement be documented within the developer's Participant Involvement Program (PIP) summary?

Section 4.5 - Thermal Power Plant Applications

TP10) Describe any public benefits that will be generated by the proposed project.

The term "public benefits" is not clearly defined in Rule 007, leaving developers uncertain about what types of benefits should be included. Public benefits could encompass a wide range of outcomes, including:

- Job creation (temporary or permanent)
- Local infrastructure improvements
- Tax revenue contributions
- Environmental benefits (e.g., GHG reductions)
- Community sponsorships or contributions
- Educational or training programs

It is unclear how the AUC will evaluate the responses to this item. For instance:

- Are developers expected to quantify the public benefits?
- Will the AUC compare the level of public benefit between projects?
- Does the presence or absence of public benefits influence the approval decision?

This lack of evaluative criteria creates uncertainty for developers about how much detail is needed or how the information will be used in the decision-making process.

Without clearer guidance, developers may struggle to understand the scope of what the AUC expects.

TP26) If the project is located within a buffer zone or a visual impact assessment zone, as defined in Schedule 2 and Schedule 3 of the Electric Energy Land Use and Visual Assessment Regulation, submit a visual impact assessment. The visual impact assessment must include...

Versorium requests further clarification on the threshold criteria for when a visual impact assessment (VIA) will be required.

Specifically, we ask the AUC to define parameters such as the height, scale, or proximity to stakeholders that would trigger the need for a VIA. In Versorium's case, our generation facilities are:

- Low profile in nature and are below the height of the existing distribution infrastructure to which we connect.
- Painted and finished in non-reflective, non-obtrusive color that poses minimal visual impacts to area stakeholders.
- Typically located in areas where there is minimal visual disruption to surrounding land uses.

Given these characteristics, we believe the visual impact of facilities similar in nature to Versorium's are minimal, and therefore a formal VIA would not provide meaningful additional value to the public or regulatory review process.

We recommend the AUC consider exempting smaller-scale facilities that fall under a defined height threshold or meet certain best-practice criteria (such as non-obtrusive color treatment and siting below existing infrastructure) from the VIA requirement under TP26.

This approach would allow the AUC to focus VIA resources on projects with a higher potential for visual impact, while reducing unnecessary regulatory burden for smaller, low-visibility developments like ours.

TP27) - Describe the reclamation security plan for the proposed power plant. The plan should include...

See response to Section 4.2 regarding end-of-life management above.

Section 5 – Time Extension Applications for Power Plants

5.1 – Initial period to construct

From the power plant's initial approval date, applicants will have five years to finish construction. After the five-year period to construct has passed, if a power plant has not been completed, applicants must file a new power plant application. Time extension requests of short duration will only be available in limited and exceptional circumstances (e.g., a short extension request for projects that have already substantially completed construction and are facing a minor delay)."

Versorium Energy supports the AUC's proposed change to a five-year initial approval for power plant. We believe this amendment will benefit responsible developers and improve regulatory efficiency across the province. For Versorium this change offers several advantages:

Regulatory Certainty: A clearly defined five-year construction window provides confidence in project timelines and helps our team plan engineering, procurement, and construction activities with certainty.

Efficient Resource Planning: By encouraging timely project advancement, the rule reduces grid congestion from inactive projects and supports more effective system and transmission planning—important for our projects that depend on reliable interconnection availability.

Investment Confidence: The change reassures investors that approved projects are expected to proceed promptly, minimizing exposure to regulatory shifts or market uncertainty.

Level Playing Field: It deters speculative applications and ensures that only viable projects proceed.

Practical Flexibility: We appreciate the AUC's allowance for short extensions in exceptional cases, particularly for projects like ours that may face brief, unforeseen construction delays due to economic uncertainties, equipment manufacturing lead times, supply chain disruptions, or workforce availability.

Overall, the proposed amendment aligns with Versorium's business model and our broader objective of delivering reliable, responsibly built energy infrastructure in Alberta.