

March 15, 2024

**Decision 28619-D01-2024**

Versorium Energy Ltd.  
Suite 310, 407 Second Street S.W.  
Calgary, Alta. T2P 2Y3

Attention: Chris Codd  
VP, Asset Development and Regulatory

**Rangeland 1 Distributed Energy Resource  
Proceeding 28619  
Applications 28619-A001 and 28619-A002**

**Power plant and interconnection**

1. Versorium Energy Ltd., by applications 28619-A001 and 28619-A002, registered on November 16, 2023, applied to the Alberta Utilities Commission to construct and operate a 5.044-megawatt (MW) natural gas-fired power plant and to connect the power plant to the FortisAlberta Inc. electric distribution system (the project). The applications were filed under sections 11 and 18 of the *Hydro and Electric Energy Act*.
2. The project consists of two gas-fired reciprocating engines, a switchgear building, a generator step-up transformer, a low-pressure natural gas pipeline and a distribution line. The project would be located approximately 3.5 kilometres southwest of the village of Warner, in the southeast quarter of Section 33, Township 3, Range 17, west of the Fourth Meridian. The project would be located on private, cultivated land.
3. Versorium planned to begin construction in August 2024, with equipment and utility connections completed in late 2025. The in-service date for the project would be November 30, 2025.
4. In its applications, Versorium indicated that it was aware of an unresolved stakeholder concern relating to bulk natural gas transportation system constraints. The Commission issued a notice of applications and did not receive any submissions in response to the notice.
5. On September 6, 2023, the Commission issued Bulletin 2023-05: *Interim Rule 007 information requirements*. As part of its applications, Versorium provided its responses to the interim Rule 007 information requirements on agricultural land, municipal land use, viewsapes, and reclamation security.
6. The Commission has reviewed the applications and has determined that the information requirements specified in Rule 007: *Applications for Power Plants, Substations, Transmission Lines, Industrial System Designations, Hydro Developments and Gas Utility Pipelines* have been met.

7. Versorium stated that the project will affect Class 3MH agricultural land, and that agricultural land used during construction will be returned to agricultural use during operations. The project would impact approximately 0.98 hectares of agricultural land during construction, and 0.25 hectares during operation. Versorium also stated that the proposed thermal power plant will meet applicable Alberta air quality standards or guidelines, specifically, Alberta's *Ambient Air Quality Objectives* for ground-level concentrations of pollutants.

8. The Commission accepts Versorium's submission that the project will not result in significant adverse effects to the environment. The project has a small footprint and is situated on private, cultivated land. No watercourses, water bodies, surface water drainages, wetlands or native vegetation species are within the project footprint.

9. Versorium reviewed municipal development plans, area structure plans and land use bylaws and other municipal bylaws, and has not identified any instances where the proposed power plant does not comply with these documents. Versorium has notified and engaged with the County of Warner during its participation involvement program, and stated that the project complies with all applicable municipal planning documents. The County of Warner does not have any outstanding concerns regarding the project. The Commission is satisfied that there are no outstanding stakeholder concerns at this time and finds that Versorium's participant involvement program has satisfied the requirements of Rule 007.

10. Versorium noted that there are no national parks, provincial parks, or culturally significant areas within 1.5 kilometres of the project and that most of the nearby land is used for agriculture. Versorium has demonstrated that the project will minimally impact views in the area, given the size and siting of the project.

11. With respect to noise impacts, the noise impact assessment concluded that the project is below the permissible sound levels for all surrounding residential and theoretical receptors. The Commission finds that the noise impact assessment meets the requirements of Rule 012: *Noise Control* and accepts the conclusion that cumulative sound levels will comply with the permissible sound levels established by Rule 012.

12. Versorium carried out an assessment of the cost to decommission the project and reclaim the site footprint based on current reclamation requirements. The project's modular design facilitates the removal of equipment and maintains the salvage value of that equipment at the end of life. After starting construction, Versorium will maintain an accounting provision (an asset retirement obligation (ARO)) on its balance sheet to cover the decommissioning and reclamation costs for the project. Versorium plans to review the ARO every five years as an embedded provision under its financial reporting and accounting practices.

13. On February 28, 2024, the Ministry of Affordability and Utilities provided a letter to the Commission<sup>1</sup> addressing anticipated policy changes to reclamation security, among others:

Government of Alberta will develop and implement the necessary policy and legislative tools to ensure developers are responsible for reclamation costs via bond or security, with appropriate security amounts and timing to be determined by Environment and Protected

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<sup>1</sup> Government of Alberta letter to the Alberta Utilities Commission regarding policy guidance, February 28, 2024. <https://www.alberta.ca/system/files/au-minister-neudorf-letter-to-auc-20240228.pdf>.

Areas in consultation with Affordability and Utilities. The reclamation costs will be provided directly to the Government of Alberta or could be negotiated with landowners as long as sufficient evidence is provide to the AUC. The new requirements will apply [to] all approvals issued on or after March 1, 2024.

14. Based on the information on the record of this specific proceeding, the Commission is satisfied that Versorium’s approach to reclamation is sufficient for the purposes of satisfying the Commission that approval of the project is in the public interest. The Commission continues to expect applicants to fully reclaim projects and bear the costs of doing so. In addition, this project may be subject to any new reclamation cost requirements, as referenced above, given its approval date.

15. The Commission finds that the proposed project has met all the requirements for a connection order. Versorium confirmed that FortisAlberta Inc. is willing to allow the interconnection of the power plant.

16. The Commission considers the applications to be in the public interest in accordance with Section 17 of the *Alberta Utilities Commission Act*.

17. Pursuant to Section 11 of the *Hydro and Electric Energy Act*, the Commission approves Application 28619-A001 and grants Versorium Energy Ltd. the approval set out in Appendix 1 –Power Plant Approval 28619-D02-2024 to construct and operate the Rangeland 1 Distributed Energy Resource power plant.

18. Pursuant to Section 18 of the *Hydro and Electric Energy Act*, the Commission approves Application 28619-A002 and grants Versorium Energy Ltd. the approval set out in Appendix 2 – Connection Order 28619-D03-2024 to connect the Rangeland 1 Distributed Energy Resource power plant to the FortisAlberta Inc. electric distribution system.

19. The appendixes are attached.

20. The Commission may, no later than 60 days from the date of this decision and without notice, correct typographical, spelling and calculation errors and other similar types of errors and post the corrected decision on its website.

## **Alberta Utilities Commission**

*(original signed by)*

Rita Chan  
Director – Power Plants, Facilities Division  
On behalf of the Alberta Utilities Commission

Attachments