



Heartland Generation Ltd.

**Application for an Order Permitting the
Sharing of Records Not Available to the Public
Regarding the Poplar Hill, Rainbow Lake #1 and
Rainbow Lake #5 Power Plants**

February 20, 2025

Alberta Utilities Commission

Decision 29731-D01-2025

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Regarding the Poplar Hill, Rainbow Lake #1 and
Rainbow Lake #5 Power Plants
Proceeding 29731
Application 29731-A001

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1 Summary

1. In this decision, the Alberta Utilities Commission approves an application brought under Section 3 of the *Fair, Efficient and Open Competition Regulation* by Heartland Generation Ltd. (Heartland), for the preferential sharing of records that are not available to the public between Gary Smith in his capacity as Hold Separate Manager on behalf of Heartland, URICA Real Time Ltd. (URICA Real Time) and URICA Asset Optimization Ltd. (URICA Asset Optimization) with respect to the Poplar Hill, Rainbow Lake #1¹ and Rainbow Lake #5 power plants. The Poplar Hill Power Plant (asset ID PH1) has a total generating capability of 45 megawatts (MW), the Rainbow Lake #1 Power Plant (asset ID RL1) has a total generating capability of 47 MW and the Rainbow Lake #5 Power Plant (asset ID RB5) has a total generating capability of 50 MW.

2 Background

2. Effective December 4, 2024, TransAlta Corporation acquired Heartland and Alberta Power (2000) Ltd. by way of a share purchase agreement between TransAlta and an affiliate of Energy Capital Partners, the parent company of Heartland and Alberta Power (2000) Ltd.

3. As part of TransAlta's acquisition of Heartland, TransAlta entered into a consent agreement² with the Canadian Competition Bureau to address competition concerns related to the acquisition.

4. Under the consent agreement:

- TransAlta agreed to sell Heartland's Poplar Hill and Rainbow Lake 4 & 5 electricity generating business, also known as the "hold separate assets."
- TransAlta agreed to appoint a "hold separate manager" (here, Gary Smith) to manage the operation of the hold separate assets, from the time TransAlta closes its acquisition of Heartland until it completes the sale of the hold separate assets (the hold separate period).

¹ This power plant was designated "Rainbow Lake Unit 4" in Decision 28531-D01-2023 and "Rainbow Lake 4" in the consent agreement referred to in paragraphs 3 and 4.

² Exhibit 29731-X0003, Appendix 4 - Consent Agreement – Registered.

- TransAlta agreed that it will: (i) hold the hold separate assets separate and apart from TransAlta and confer on the hold separate manager all rights and powers necessary to conduct the business of those assets; (ii) not exercise discretion or control over, or influence directly or indirectly, the hold separate assets or the hold separate manager, and (iii) take no action that interferes with or impedes the hold separate manager's duties and responsibilities.
- The hold separate manager is responsible for managing and maintaining the operation of the hold separate assets independently and separately from TransAlta, in the regular and ordinary course of business and in accordance with past practice and using commercially reasonable efforts to ensure the ongoing economic viability, marketability and competitiveness of the assets.
- TransAlta may appoint a third party to manage offer control and dispatch of the hold separate assets at the request of the hold separate manager. TransAlta shall not exercise direction or control over, or influence directly or indirectly any such third party.

5. As part of the terms and conditions of the consent agreement, Gary Smith was appointed by Heartland as the independent "hold separate manager" to enter into commercial agreements with a third party for the management and operation of the Poplar Hill, Rainbow Lake #1 and Rainbow Lake #5 power plants. Heartland submitted that while Gary Smith is nominally a Heartland employee and therefore obligated, Gary Smith will report to an independent monitor and TransAlta will have no managerial control or direction over the activities of Gary Smith or the monitor.³

6. Heartland submitted that to facilitate these commercial agreements, it is necessary for the independent hold separate manager Gary Smith, URICA Real Time and URICA Asset Optimization to share certain records with each other which may not otherwise be available to the public. The types of records requested to be shared include energy price and volume pairs, available capacity, ancillary service transaction price and volume pairs, as well as dispatch down service price and volume pairs.

3 Decision

7. Under Section 3(1) of the *Fair, Efficient and Open Competition Regulation*, market participants are prohibited from sharing records unavailable to the public related to price and quantity offers to the Alberta power pool or for the provision of ancillary services. Section 3(2) sets out limited exceptions, and Section 3(3) provides that the Commission may issue an order allowing such sharing if:

- (a) the records will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the electricity market, including the conduct referred to in section 2, and
- (b) the sharing of the records is reasonably necessary for the electricity market participant to carry out its business.

³ Exhibit 29731-X0002, Heartland Application, PDF page 7, paragraphs 33-34.

8. In assessing applications for these orders, the Commission considers the above-mentioned sections of the *Fair, Efficient and Open Competition Regulation* and the market share offer control of all the parties. The Commission is also aware that market participants are obligated under Section 6 of the *Electric Utilities Act* to “conduct themselves in the electricity market in a manner that supports the fair, efficient and openly competitive operation of the electricity market.”

9. Section 3(3)(a) is met in this case. Senior officers of all the parties filed written statements confirming that the use of shared records will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the Alberta electricity market, including, but not limited to, the conduct referred to in Section 2 of the *Fair, Efficient and Open Competition Regulation*.⁴ The senior officers also confirmed that formal controls and policies will be implemented to manage shared information appropriately. Additionally, URICA Real Time confirmed having a compliance plan to safeguard confidential and commercially sensitive information.

10. Section 3(3)(b) is also met in this case. Gary Smith lacks the personnel or resources to manage energy or ancillary services dispatch orders for the Poplar Hill, Rainbow Lake #1 and Rainbow Lake #5 power plants on a 24-hour basis, as required by Independent System Operator rules. URICA Real Time provides real-time dispatch-desk services and has the expertise and resources to assist Gary Smith. Also, the Poplar Hill, Rainbow Lake #1 and Rainbow Lake #5 power plants have some operational flexibility that allows Gary Smith to consider different offer strategies. URICA Asset Optimization provides strategic optimization of offer strategies and has the expertise and resources to assist Gary Smith.

11. The Commission also notes that not one of the market participants holds market share offer control over 30 per cent as required by Section 5(5) of the *Fair, Efficient and Open Competition Regulation*. The market share offer control amounts for all entities involved (both before and after any approval to share records) is 2.8 per cent, cumulatively.⁵

12. In interpreting the legislation, the Commission notes that in the current circumstances, appointing Gary Smith as manager over the hold separate assets until such time as TransAlta can affect a sale is intended to reduce competition concerns associated with TransAlta’s acquisition of Heartland. The sharing of preferential records between Gary Smith on behalf of Heartland, URICA Real Time and URICA Asset Optimization is thus intended to limit TransAlta’s visibility into and control over the hold separate assets and thus reduce competition concerns.

13. Finally, the Commission considers the Market Surveillance Administrator’s (MSA) support for this application a major factor in its decision to permit record sharing, given the MSA’s mandate under Section 39(2)(a)(vi) of the *Alberta Utilities Commission Act*.

14. The Commission accordingly finds that the sharing of records is reasonably necessary for Gary Smith to conduct his business effectively. The records shared will not be used for any purpose that does not support the fair, efficient and openly competitive operation of the

⁴ Exhibit 29731-X0007, Appendix 8 - Representation of a Senior Officer of HGL (1); Exhibit 29731-X0008, Appendix 9 - Representation of Hold Separate - Gary Smith (2024 12 04); and Exhibit 29731-X0009, Appendix 10 - URICA FEOC Compliance Representation Letter - HGL Smith.

⁵ Based on Market Surveillance Administrator Market Share Offer Control Data, February 12, 2025.

electricity market. The market share offer control amounts for all entities involved remain below the 30 per cent limit. On this basis and noting the support of the MSA, the Commission approves the application for preferential sharing of records.

4 Order

15. For all the above reasons, the Commission issues an order allowing Gary Smith, in his capacity as Hold Separate Manager on behalf of Heartland Generation Ltd., to share records not available to the public with URICA Energy Real Time Ltd. and URICA Asset Optimization Ltd., subject to the conditions enumerated in the following order, which is issued as a separate disposition:

- Preferential Sharing of Records Order 29731-D02-2025 – Poplar Hill, Rainbow Lake #1 and Rainbow Lake #5 Power Plants

16. The order shall be effective from the date of this decision until the earlier of June 1, 2029, or the termination of commercial arrangements between the parties.

Dated on February 20, 2025.

Alberta Utilities Commission

(original signed by)

Danielle Glover
Director - Gas Facilities and Technical Assessment, Facilities Division
On behalf of the Alberta Utilities Commission