

Wind power to fuel AltaGas partnership

New projects would triple trust's capacity

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CALGARY HERALD

AltaGas Income Trust wants to triple its generation capacity with an expansion of its wind power portfolio, partnering with a Vancouver firm to develop projects in Western Canada and the United States.

The Calgary-based trust said Tuesday it is pairing up with **GreenWing Energy Management Ltd.** to create a new company that will start with 10 proposed wind projects with a total capacity of about 800 megawatts.

Financial terms of the deal were not released, but using general industry guidelines, the projects could cost from \$800 million to \$1.6 billion.

"By working with GreenWing, AltaGas is well positioned to move into the development and operation of long-term renewable wind power generation in North America," AltaGas chief executive David Cornhill said in a statement.

The move by the trust, focused on the gathering, distribution and processing of natural gas, comes as more jurisdictions look to renewable sources to help fill growing energy needs.

Several provinces, including Ontario and Manitoba, are offering renewable energy contracts to spur development of wind power facilities in exchange for long-term power purchase arrangements. Ontario handed out \$2 billion in contracts in November, part of a plan to shift 10 per cent of its electricity requirements to renewable sources by the end of the decade.

Under the agreement, GreenWing will manage the new limited partnership, which already has deals with landowners for about 28,300 hectares and is seeking more land in the project areas. The company has

also bid on Manitoba Hydro's request for proposals for 1,000 megawatts of wind energy.

"Our power and project development expertise, combined with AltaGas's solid track record and financial strength, will make the combination a competitive force," said GreenWing president Dan Allard.

Wind projects could be a good fit for AltaGas, especially since they will be financed outside the trust, meaning less development risk, said one analyst.

"Wind power is a long-life asset, a relatively simple type of operation and does provide them with a little bit of diversification to their power portfolio," said Rob Catellier, an analyst with **Clarus Securities Inc.** in Toronto.

"Generally those things combined can lead to steady cash flows, which are important to a trust."

AltaGas, which converted to a trust in 2004, operates three business lines: natural gas gathering and processing; energy services, which includes electricity marketing; and natural gas distribution.

The firm currently produces 374 megawatts in its power generation division.

"We've been interested in expanding our power generation business by acquiring, building and operating assets, but we've also wanted to focus on renewables, which provide clean and efficient power," said spokesman Dennis Dawson.

The trust took a first step into renewable energy in January, signing an agreement with **Aeolis Wind Power Corp.** to bid on a wind power project at Bear Mountain in northeast British Columbia, near Dawson Creek.

The still-to-be-awarded project is capable of generating approximately 120 megawatts and the power will be sold under long-term electricity purchase arrangements with BC Hydro.

AltaGas units closed down 15 cents to \$29.65 in trading Tuesday on the Toronto Stock Exchange.

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ROB CATELLIER,
ANALYST WITH
CLARUS
SECURITIES