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The following are edited remarks to the Pembina Institute Climate Change Summit, September 9, 2015

Let's start with something you might not expect.

TransAlta recognizes that renewable energy is the future and the foundation of electricity generation in Alberta and we believe there are several innovative approaches to transition Alberta's coal fleet to clean sources of generation, while respecting jobs, capital investment, local community impacts and the environment.

There is a progressive solution for Alberta – not only because TransAlta today has Canada's largest wind generation fleet, and in the past year alone we've acquired over 100 megawatts in three more facilities, one in southern Alberta, a second in Ontario and a third in Minnesota – but because we've already accomplished a very innovative coal transition in our Washington State coal facilities south of the border.

More than a hundred years ago, TransAlta began as a hydro generating company, and today we still have the province's largest hydro capacity.

We now have solar power in our portfolio, with the purchase last month of a 21 MW solar project in Massachusetts. And we are the first in Alberta to launch a battery storage project with Tesla and Alberta Innovates Energy and Environmental Solutions.

We firmly believe that Alberta can create a policy environment that supports the transition to renewables – without sacrificing economic growth and jobs.

Work today with the province and other generators requires creativity on how best to meet greenhouse gas reduction targets. Although this is tough and complex work, I'm confident that the spirit of that work will lead to a framework that Albertans can support, trust and be confident in. That's been the heart of our work with customers over the past 100 years and it is the heart of the work we will do with the province.

Many thanks to Pembina for allowing me to make a few comments. It was the work we did with Pembina in the early '90s on sustainability that led to our work with the Sierra Club in Washington State. We will talk about that in a minute. I'm hopeful that this conference will be the kick-off for work in Alberta.

My dream is that at the end of October 2015, we can announce an innovative solution.

That work also includes employees and union groups, and the communities where we operate. And of course it must include consumers.

I'm not here today to defend a position. My case is simple. It's the case for a **collaborative** process to accelerate and achieve mutual objectives. We believe it will result in good environmental and economic policy outcomes, including job protection – something that is needed particularly now that we must create jobs and economic prosperity while also taking care of the environment.

Albertans want balance. Our job is to find a way to do that.

TransAlta is ready to invest in a future that achieves greater GHG reductions, jobs, healthy communities and returns for our shareholders who rely on our dividends to pay their bills in retirement.

The investments and changes we make will also need to consider the 1,300 jobs at our facilities, 1,200 construction jobs supporting our operations and all of the people who

have built business to support the community. And it needs to consider more than \$12M in local tax revenues that help pay for local services.

Provincially, according to an economic impact study conducted last year by University of Calgary economist Dr. Robert Mansell, the overall impact of TransAlta's Alberta coal generation and mining facilities, from 2015 to 2020, will include almost \$5.4 billion in gross domestic product.

It includes just under \$1.4 billion in government revenue, and almost \$680 million to the Government of Alberta, to support health care, education and social services spending.

Our plants keep Albertans paying some of the lowest power prices in Canada.

All of these are the starting facts for what needs to go into the equation for change.

We know consumers want a balanced approach that protects them from rising costs.

We also know they expect nothing less than meaningful, measureable progress on environmental sustainability.

We can do both.

I'm sure that the collaborative approach will achieve better results, based on our experience in Centralia in Washington State, where we produce about 10 per cent of the State's power and we are the seventh-largest employer in the county.

The TransAlta Energy Transition Bill signed with the State of Washington in 2011 is a case study of successful collaboration with environmental groups, community stakeholders, employees and local and State governments.

In return for a fixed transition timetable to close our coal plants, we invested millions of dollars to meet higher environmental standards and worked with stakeholders developing a package of community initiatives. And it was certainly not all talk. We have

made a \$55M, 10-year commitment that includes support for energy efficiency, job training and economic and community development.

We did what nobody said could be done. We were fortunate to have strong leadership from then-Governor Christine Gregoire, who essentially said: “find a solution by working together or I’ll post a solution.”

It can be done here in Alberta. We have to start with some tough questions.

How do we maintain system reliability when we cannot always rely on intermittent renewable energy resources like wind and solar?

How much time do we need to transition, so our results lead to good outcomes and not unintended negative consequences?

What new transmission will be required to connect to new renewable resources, and support the high emerged needs of the big load centres?

And how much can consumers afford to pay to accelerate the transition, and when; especially when we are faced with higher costs of living in Alberta and a slowing economy in the near term?

Today we’re working with other generators and government on how to move more quickly on the coal transition, while striking the right balance of job protection, economic growth, affordable electricity, GHG reductions and effective carbon pricing.

We can do what others say can’t be done here in Alberta. Ultimately, collaboration and determination to strike the right balance can achieve a lower carbon footprint, a competitive power sector and affordable electricity for consumers and jobs for the future.