



The AESO Looking Ahead

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AESO Focus

Our focus will be on our core business

- Planning and operating the transmission system
- Providing customers with access to the transmission system
- Operating the competitive wholesale electricity market

Our objectives:

- To deliver a quality product on a timely basis
- *AESO is viewed as credible, competent, cost effective, trusted and respected*



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Stakeholder Relationships

- Effective consultation based on mutual trust and respect
- Consultation can be a time consuming process, but it will get us to the *right place faster*
 - Consult earlier and more often
 - Manage expectations
 - Transparent processes
 - Achieve agreement early - on issue definition
 - “What’s the problem we are trying to solve?”
 - Leverage knowledge of industry
 - We do not have a monopoly on good ideas
 - Transparent decisions
- Cooperation with the other “implementing agencies”
 - Energy & Utilities Board, Market Surveillance Administrator and the Balancing Pool



Market Policy

➤ Market Policy Review

- Working with the Department of Energy and stakeholders to provide input
- Eye to implementation – how will things work in the real-time operating world?
- Prepare the AESO for implementation of final policy

➤ Move on “quick hits”

- market enhancements that do not need to wait for final market policy implementation



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20-Year Transmission Outlook

- **Provide high-level overview of how the transmission system might develop for alternative generation additions and load growth scenarios**
- **Context for development of the 10-year Development Plan, as well as Need and Facilities Applications**
- **The Outlook is not a “plan” -- it is not used to make decisions on what facilities will be built, those decisions will continue to be driven by “need” and “facility” applications**



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Strengthening Alberta's Grid

- **AESO filed more than 50 “need” applications in 2004**
- **“Need” applications to be filed in 2005 include:**
 - **City of Edmonton reinforcement**
 - **Northwest region reinforcement**
 - **Southeast region reinforcement**
- **Implement EUB decisions on:**
 - **500 kV Edmonton to Calgary Reinforcement**
 - **Interim Measures: Calgary Area Reactive Power**
 - **Southwest Transmission System Reinforcement**
 - **System Coordination Centre**



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System Operation -- Reliability

➤ **Critical importance**

- ✓ the existing transmission system is stretched
- ✓ Essential for effective competitive market operations

➤ **Operations Planning**

- ✓ Robust system limits are critical to maintain system reliability
- ✓ Risk management strategies

➤ **High reliance on System Controllers**

- ✓ expertise, training, systems

➤ **NERC/WECC Audit in May '05**



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Other AESO Priorities

- **Implementing redesigned customer interconnection process**
- **Transmission Policy Implementation**
- **Developing framework for merchant interties with neighbouring jurisdictions**
- **Updating methodology for loss factors**
- **Mandatory Reliability Standards**
- **Tariff development and implementation**
- **Improving load settlement monitoring and compliance**
- **Grid West**



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