AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date:	August 5, 2005
Contact:	Duane Lyons
Phone:	267-3416
E-mail:	duane.lyons@altalink.ca

Support for Definitions		
1	The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		

Cost Recovery for GRAS		
2	The costs of GRAS would be recovered from all load and export customers.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		

Curtailments		
3	Non-firm transmission service would be curtailed before firm service.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		
4	The more expensive the service, the later it would be curtailed relative to less expensive services.	☑ Support ☐ Oppose ☐ Indifferent
Comments: AltaLink supports the above principle with the caveat that the principle should be applied to the same service with the same contract term. Note that the AESO also proposed (under Item 9) that long-term contract commitments will result in lower rates than short-term contract commitments. Also see comments under Item 10. It is important for the proposed tariff to have compatible terms and conditions with other jurisdictions to facilitate export and import activities. Also see comments re Item 13 (Seams Issues)		

System Administration		
5	The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☐ Support ☐ Oppose ☑ Indifferent

Comments: No Comments

6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	☐ Support ☐ Oppose ☑ Indifferent

Comments:
To the extent that the AESO concludes that an OASIS is required for the ability of intertie to exchange electricity in both directions (i.e. imports and exports) and support a robust wholesale market, we agree the proposed principle on OASIS cost recovery. Also see additional comments related to OASIS under Item 13 (Seams Issues)

Cost Basis

7	Export and import services be provided on a network service (injection-withdrawal) model.	☑ Support ☐ Oppose ☐ Indifferent

Comments:
AltaLink supports the concept of network service model as the basis for developing AESO's export and import tariffs.

Cost Allocation

8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	☑ Support ☐ Oppose ☐ Indifferent

Comments:

Nature of Service

9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☑ Support ☐ Oppose ☐ Indifferent

Comments:
AltaLink supports this principle. We understand that this is a common practice in other jurisdictions interconnected with AIES. It is our view that a longer-term commitment reduces risk and uncertainty related to the use of transmission assets and therefore warrants lower rates than shorter-term contract commitment.

10	Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	☑ Support ☐ Oppose ☐ Indifferent

Comments:
AltaLink agrees the concept that customers paying a premium for a service should be curtailed

after customers who do not pay a premium <u>for the same service</u>. It is not appropriate in our view, however, that such principle should be applied when the "premium" is a result of making a shorter term contract commitments. Also see comments on Item 4 and 9.

Contract Terms
11 At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.
Comments: AltaLink is of the opinion that similar principle as set out under Item 9 should be applied in this case; i.e., longer-term contracts should have a lower rate than shorter-term contracts.

Structure of Rates	
12 Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	☑ Support ☐ Oppose ☐ Indifferent
Comments: AltaLink supports the concept of treating export as load and imports as generation in developing export/import tariff proposal. However, it is worthwhile to note that exports and imports transactions are driven by complex long and short-term economics. A tariff structure that provides options and flexibility on rate classes, contract terms and rate structures would have positive impacts on imports and exports. See additional comments under Item 13 (Seems Issues)	

Seams
13 At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: AltaLink believes that mitigating seams issue is critical for Alberta exports and imports. AltaLink supports the AESO to enter into discussion with other jurisdictions to discuss this issue. We suggest that the AESO consider, among other things, the following in addressing seams issues: (1) If in the AESO's view that an OASIS system is required, adopt the same protocol and consider joining a common OASIS platform such as WesTTrans which currently has 25 participants including BCTC; (2) monitor the development of GridWest with respect to its market, operation, and pricing design, and assess the potential impact on Alberta imports/exports; (3) ensure Albert import/export tariffs have similar or compatible terms and conditions as those in other jurisdictions; and (4) investigate the feasibility of developing a regional "highway" tariff which allows one rate across multi systems.

Deferral Accounts	
14 The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Merchant Facility Costs	
15 The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	
16 The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☑ Support ☐ Oppose ☐ Indifferent
Comments: The benefits to the system arising from merchant facilities should be dealt with together with the costs. In accordance with the Transmission Regulation, to the extent that the merchant facilities provide a benefit to Alberta customers, a portion of the costs should be borne by those customers.	

Customer Interaction	
17 The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	
18 The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	
Additional Comments:	

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524

Comments of EPCOR Utilities Inc. (“EPCOR”)
AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005

Date: Friday, August 12, 2005
Contact: Daniel Jurijew, Manager Regulatory Affairs
Phone: (780) 412-3411
E-mail: djurijew@epcor.ca

Support for Definitions		
1	The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO‘s Firm and Opportunity Services, respectively.	☐ Support ✔ Oppose ☐ Indifferent
Comments: EPCOR notes the FERC definition of Non-Firm Service provides that the service can be interrupted due to, among other things, “economic reasons.” This term does not appear to exist or have an equivalent in the existing AESO tariff. Absent clarification by the AESO of how that term would be defined for the purposes of “Opportunity Service” under a potential new tariff – including but not limited to clarifying who would be responsible for determining what circumstances would constitute “economic reasons” that warrant curtailment of “Opportunity Service” – EPCOR cannot at this time support the AESO’s proposal to adopt the FERC pro forma OATT definitions for the AESO’s Firm and Non-Firm/Opportunity Services.		

Cost Recovery for GRAS		
2	The costs of GRAS would be recovered from all load and export customers.	☐ Support ✔ Oppose ☐ Indifferent
Comments: EPCOR is concerned that discussions of how the GRAS framework would be structured, and issues such as entitlements to and the costs and value associated with potential GRAS services, are being conducted in a separate process from the discussion of how such costs should be allocated and recovered through the tariff. EPCOR believes further clarification is required as to how a GRAS scheme – or any other mechanism(s) to provide incremental export capacity – would work before considering the appropriate allocation of such costs under the tariff. EPCOR would not support any tariff allocations or market rules that have the effect of cross-subsidizing exports or export capacity.		

Curtailments		
3	Non-firm transmission service would be curtailed before firm service.	✔ Support ☐ Oppose ☐ Indifferent
Comments: EPCOR generally supports this proposal. However, as discussed in response to Question 4 below, EPCOR believes that principles for curtailment of transmission service should be addressed and considered on an integrated basis across all classes of service.		
4	The more expensive the service, the later it would be curtailed relative to less expensive services.	☐ Support ✔ Oppose

		☐ Indifferent
Comments: As with Question 2, EPCOR is concerned that this question relates to and involves issues that are - at least in part - under consideration and discussion in a separate process. It would be inappropriate for this process to consider and potentially establish principles for curtailing import/export services in isolation from the broader framework under consideration for curtailment across all classes of service and customers. EPCOR believes the principle proposed in this section would be more appropriately addressed in the separate curtailment and constraint management process now underway, and in the context of all other classes of transmission service.		

System Administration		
5	The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☐ Support ✔ Oppose ☐ Indifferent
Comments: EPCOR shares the stakeholder concerns noted in the Discussion Paper regarding the potential costs of an OASIS system, and whether such a system would in fact be necessary in light of potential alternatives. EPCOR believes the AESO should first undertake a business case assessment to more fully address these issues prior to making any commitments as to when and under what circumstances such a system might be implemented.		
6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	☐ Support ✔ Oppose ☐ Indifferent
Comments: Issues relating to the appropriate allocation of any OASIS-related costs, including allocations between transmission and non-transmission customers as well as between different transmission tariff rate classes, should be undertaken following the completion by the AESO of an OASIS business case. EPCOR would not support any tariff allocations or market rules that have the effect of cross-subsidizing exports or export capacity.		

Cost Basis		
7	Export and import services be provided on a network service (injection-withdrawal) model.	✔ Support ☐ Oppose ☐ Indifferent
Comments: EPCOR supports this proposal.		

Cost Allocation		
8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	✔ Support ☐ Oppose ☐ Indifferent
Comments: Insofar as the “parallel” treatment referenced in this section relates only to		

recovering demand-related costs through demand charges, and energy-related costs through energy charges, EPCOR does not object to this approach.

Nature of Service		
9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	✔ Support ☐ Oppose ☐ Indifferent
Comments: EPCOR would not disagree with this premise, all other things being equal. However, in practice, the relative pricing or value of contracts of different duration is dependent, among other things, on the nature of the service and the optionality it may afford a market participant. In these respects, longer term contracts may not necessarily always result in lower rates than shorter-term contract commitments.		
10	Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	☐ Support ✔ Oppose ☐ Indifferent
Comments: Please see EPCOR's comments in response to Question 4 above.		

Contract Terms	
11	At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.
Comments: Please see EPCOR's comments in response to Question 9 above.	

Structure of Rates		
12	Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	✔ Support ☐ Oppose ☐ Indifferent
Comments: Please see EPCOR's comments in response to Question 8 above.		

Seams
13 At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: EPCOR believes that a key objective for any new tariff initiatives that may be considered by the AESO should be to avoid exacerbating existing seams issues. This would include avoiding any measures that may introduce unwarranted costs and/or complexity in respect of scheduling intertie transactions relative to the current tariff framework. In this respect, EPCOR believes that some of the concepts raised in the Discussion Paper – including the potential development of an Alberta OASIS system and even the introduction of firm import and export tariffs – could have the effect of adding to, rather than reducing, seams issues. EPCOR believes it would be instructive to this process for the AESO to discuss seams issues with neighbouring jurisdictions, both in terms of potential implications of concepts under consideration in Alberta but – equally importantly – to convey the concerns of Alberta market participants over tariff practices or provisions in those jurisdictions which contribute to seams issues. The insight and perspectives provided to the AESO through those meetings would be relevant to the ability of Alberta participants to assess and provide input on the AESO's tariff proposals. Given these considerations, EPCOR believes the AESO's timelines and processes for considering the various tariff concepts need to be revised to ensure the potential ramifications for seams issues are fully understood by all parties.

Deferral Accounts	
14 The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	✔ Support ☐ Oppose ☐ Indifferent
Comments: EPCOR supports this proposal.	

Merchant Facility Costs	
15 The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☐ Support ✔ Oppose ☐ Indifferent
Comments: The AESO's proposals in Question 15 and 16 with respect to the treatment of merchant interconnections for the purposes of direct and system cost contributions and responsibility imply a characterization on the part of the AESO that these projects would effectively be equivalent to generation. EPCOR respectfully disagrees with the AESO in this respect, and submits that a more appropriate expectation is that such projects would primarily be intended to result in net incremental exports.	

This, in turn, would warrant characterizing merchant interconnections as "load" for the purposes of eligibility for and application of the AESO's investment policy and treatment of system costs, consistent with the AESO's intent elsewhere in the policy to increase alignment between export and load tariffs. Under this approach, EPCOR would expect the same thresholds and limits to system roll-in costs that would otherwise apply to interconnection of intra-Alberta load would be applied in respect of merchant interconnection costs.

16	The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☐ Support ✔ Oppose ☐ Indifferent
Comments: Please see EPCOR's comments in response to Question 15 above.		

Customer Interaction		
17	The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	✔ Support ☐ Oppose ☐ Indifferent
Comments: EPCOR supports this proposal.		
18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	✔ Support ☐ Oppose ☐ Indifferent
Comments: EPCOR supports this proposal.		
Additional Comments:		

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524

Industrial Power Consumers Association of Alberta

Suite 1810, 205 - 5th Avenue S.W., Calgary, Alberta, T2P 2V7

TELEPHONE: (403) 266-3180
TELECOPIER: (403) 237-0487
E-MAIL: dmacnamara@shaw.ca

August 4, 2005

Alberta Electric System Operator
2500, 330 – 5th Avenue SW
Calgary, AB T2P 0L4

Attention: Ms. Karen Mazuryk

RE: AESO EXPORT, IMPORT AND MERCHANT TRANSMISSION DEVELOPMENT

IPCAA encloses its comment form respecting the abovementioned discussion paper distributed by the AESO on July 22, 2005. This paper generally adopts a "user pay" approach which IPCAA fully supports. We will continue to be involved in the process and we will provide further comments as provided for, if necessary.

Yours truly,

(Via Email)

Dan Macnamara
DBM/cdb

Enclosure

AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date: Aug 4, 2005
Contact: D Macnamara, IPCAA
Phone: 286-3180
E-mail: dmacnamara@shaw.ca

Support for Definitions	
1 The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Cost Recovery for GRAS	
2 The costs of GRAS would be recovered from all load and export customers.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Curtailments	
3 Non-firm transmission service would be curtailed before firm service.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	
4 The more expensive the service, the later it would be curtailed relative to less expensive services.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

System Administration	
5 The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	
6 Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Cost Basis	
7 Export and import services be provided on a network service (injection-withdrawal) model.	☐ Support ☐ Oppose ☐ Indifferent
Comments:	

Cost Allocation	
8 The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Nature of Service	
9 Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	
10 Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Contract Terms
11 At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.
Comments:

Structure of Rates	
12 Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	☑ Support ☐ Oppose ☐ Indifferent
Comments:	

Seams		
13	At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.	
Comments:		

Deferral Accounts		
14	The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	☐ Support ☐ Oppose ☑ Indifferent
Comments:		

Merchant Facility Costs		
15	The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		
16	The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		

Customer Interaction		
17	The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		
18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	☑ Support ☐ Oppose ☐ Indifferent
Comments:		

Additional Comments:

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524

AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date:	August 5, 2005
Contact:	Luscar Ltd.: Allen Crowley, Brian Bietz
Phone:	(403) 257-0516 (403) 259-6571
E-mail:	allencrowley@shaw.ca bbietz@shaw.ca

Support for Definitions		
1	The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.	✓ Support ☐ Oppose ☐ Indifferent
Comments: If the AESO adopts a network rather than point-to-point service definition for firm capacity, how will it determine the ATC? How will it ration capacity if more is sold than can be accommodated in a particular hour (for example, the generation dispatch pattern is not as anticipated, creating less ATC for a given AB load)?		

Cost Recovery for GRAS		
2	The costs of GRAS would be recovered from all load and export customers.	✓ Support ☐ Oppose ☐ Indifferent
Comments: Internal AB load versus export load may create different amounts of requirement for GRAS per MWh. Export should have a proportionately higher allocation of GRAS per MWh than inside AB load whenever the main reason for the GRAS is related to exports.		

Curtailments		
3	Non-firm transmission service would be curtailed before firm service.	✓ Support ☐ Oppose ☐ Indifferent
Comments: This is true by definition. Assumes that the non-firm is a less expensive service. Is that what is contemplated?		
4	The more expensive the service, the later it would be curtailed relative to less expensive services.	✓ Support ☐ Oppose ☐ Indifferent
Comments: This would be generally true, but in any given hour, there may be exceptions. Also, a long-term firm price may be lower than a short-term non-firm price if the amount of congestion changes over time. Products to be compared should have the same time commitment (term).		

System Administration		
5	The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the	☐ Support ✓ Oppose ☐ Indifferent

	AESO to implement an OASIS type system.	

Comments: The AESO should sub-contract the OASIS function to an existing OASIS operator, e.g. BCTC. There is nothing that should be so different in AB that a separate system would be required. Consider selling a path that extends beyond AB, e.g. a convenient point in Alberta should be chosen as one endpoint. The other end could be the AB/BC border or could be other points (BC/Wash border, Mid-C bus, etc).

6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	☐ Support ✓ Oppose ☐ Indifferent

Comments: The cost of the OASIS system should fall on the direct beneficiaries of the tie capacity only, namely the exporters and importers, not internal load. Otherwise, internal load pays for a service they may not want. Outside generators would get an unfair advantage over inside generators, especially during times of congestion of the tie.

Cost Basis

7	Export and import services be provided on a network service (injection-withdrawal) model.	☐ Support ✓ Oppose ☐ Indifferent

Comments: The transport of electricity to some internal (notional) collection point should be part of the regular transmission tariff, but the transfer out of the province from this (these) point(s) should be preferably market price, based on the value of that path. There is room for both types of service (network and P-t-P), as witnessed by BC Hydro. The two services are not equivalent. It may be possible that a network service would be congested at a time a point to point service would not be. Therefore, the AESO's concern that a person would always choose the cheaper one needs further consideration.

Cost Allocation

8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	☐ Support ✓ Oppose ☐ Indifferent

Comments: If that is meant to reflect the 100%/0% split between supply and load, it is not acceptable to Luscar to have imports (generation) pay nothing and exports (load) pay all costs. Is this what was meant? Both should be market based preferably.

Nature of Service

9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☐ Support ✓ Oppose ☐ Indifferent

Comments: That should depend on the forward curve of the tie capacity. If the forward value is flat or falling (backwardated), a longer-term contract should be less. However, if the future sees tighter capacity and higher spreads between regions, the price for a longer term right

would be more.		
10	Customer paying a premium for a service should be curtailed after customers who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	✓ Support ☐ Oppose ☐ Indifferent
Comments: The AESO should not sell firm rights if there is not the ATC to support it. The shortfall should only result from unexpected load or contingencies.		

Contract Terms	
11	At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.
Comments: There should be a portfolio of terms of various lengths. This will lead to convergence of prices, more products and more liquid transactions.	

Structure of Rates		
12	Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	☐ Support ✓ Oppose ☐ Indifferent
Comments: This presumes a continued regulated tie capacity market. With merchant capacity, and even, to some extent, without it, tie capacity should be charged on the basis of scarcity and relative spreads between regions, not actual costs, to ensure the most efficient rationing of scarce capacity in the hour. If it must be by tariffs, they should still reflect the different value at different times.		

Seams
13 At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighboring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: Seams are a dynamic issue. As various jurisdictions adopt different structures, new seams may emerge or vanish. It is appropriate to have an on-going, open dialogue on the form and relative speed of adoption of these new structures. We have to manage those changes as they occur. This is not a once-and-for-all process. The AESO should consider a joint effort with other utilities especially on the predominant routes, of developing an end-to-end product where all links are simultaneously committed (e.g. Langdon to Lower Mainland, Langdon to Mid-C).

Deferral Accounts	
14 The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	☐ Support ✓ Oppose ☐ Indifferent
Comments: Since the actual customer being charged in any given hour will be different, the deferral process is problematic. Ultimately, the tariff should be a real-time signal that allows a supplier to determine in a particular hour where best to spend his scarce generation output. If that signal contains noise from a previous time period, he will make an inefficient decision for that hour.	

Merchant Facility Costs	
15 The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☐ Support ✓ Oppose ☐ Indifferent
Comments: If the merchant pays all costs, he should be entitled to all benefits, including future revenues. The AESO should not be allowed to add capacity without allowing a merchant first right to offer equivalent capacity from a fraction of his merchant line at a lower price.	
16 The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☐ Support ☐ Oppose ☐ Indifferent
Comments: Should one assume this is for imports only?	

Customer Interaction	
17 The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	✓ Support with proviso ☐ Oppose

		☐ Indifferent
Comments: To the extent that a merchant line owner has equal rights to use public utility transmission capacity in Alberta as does any internal supplier, he should be expected to pay an equal amount for that and commit for service for a similar term as an inside user, with similar obligation to contract. If he wants preferred access, he should be charged larger amounts and those special arrangements should be documented in a formal contract. There should be a range of different levels of service and terms that correspond with different certainty and rights and different types of explicit and implicit contracts.		
18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	✓ Support with proviso ☐ Oppose ☐ Indifferent
Comments: The Merchant line owner should have a mechanism to negotiate to sell some of his capacity to the AESO where it is in the public interest (e.g. where it might avoid or defer the building of a public utility transmission line). For the remaining portion of the line that he does not sell/rent as a public utility, he should be able to charge whatever the market will bear. There is room for debate on whether an owner of merchant transmission rights should be able to horde that capacity and Luscar is a mild supporter of an anti-hording condition. On the flip side of that, the AESO should be prohibited from reinforcing a public utility line redundant to the merchant line when the merchant is willing to offer the AESO an equivalent amount of transmission capacity at a price demonstrably cheaper than the AESO's proposed public utility line, thus preserving the value of the merchant line and precluding cross-subsidization of the competing public line.		
Additional Comments:		
Luscar supports dynamic calculation of ATC. If that cannot be accommodated per ADoE policy, at least the dynamic calculation should be undertaken and compared to the results using the approximate static process. Luscar supports granting export or import rights to those generators, who by agreeing to GRAS or XMR schemes, increase the tie capability. Then make those rights tradable bilaterally. Luscar supports the creation of Firm Exports and Imports with some form of Inc/Dec bid for those (ex/importers or other generators in AB) who are willing to accommodate changes in merit order in place of the undispatchable energy bid in over the tie, if it falls out of merit mid-hour.		

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524

MessageFrom: Bob Williams [bob.williams@matl.ca]
Sent: Friday, August 05, 2005 4:55 PM
To: Karen Mazuryk; John Martin
Cc: 'Jan van Egteren'; lorry.wilson@matl.ca
Subject: RE: Export Import And Merchant Interconnection Tariff Development Discussion paper

Karen,

I have decided to provide the response on behalf of Montana Alberta Tie Ltd. by email, however, I will use the same format as set forth in your comment form.

1.. Support for Definitions. MATL supports these definitions provided they include the context that was part of the FERC definitions.
2.. Cost Recovery for RAS. MATL supports the AESO recommendation.
3.. Curtailments. MATL supports the AESO recommendation that non-firm be curtailed before firm.
4.. Curtailments. MATL asks the AESO to clarify how there could be different pricing and value for the same type of service, before MATL can determine if it supports or opposes this recommendation.
5.. System Administration. MATL is indifferent because it plans to implement it’s own OASIS
6.. System Administration. MATL supports the AESO recommendation to split yearly OASIS operating costs between the trading charge and load and export customers.
7.. Cost Basis. MATL opposes the AESO recommendation because it believes exports should have the option of point to point service where such exports have a viable by-pass option.
8.. Cost Allocation. As with 7. above, MATL opposes the AESO recommendation because there may be a need to deviate from GTA allocations in situations where there is a viable by-pass option.
9.. Nature of Service. MATL supports the AESO recommendation on the condition that the comparison between longer-term and shorter-term contracts is “at a given point in time”.
10.. Nature of Service. MATL supports the AESO recommendation for contracts of the same term.
11.. Contract Terms. MATL supports the need for a wide range of contract term options.
12.. Structure of Rates. MATL agrees that you could use the same billing determinants, however, you may need to apply a lower rate to those billing determinants in cases where there is a viable by-pass option.
13.. Seams. MATL agrees that rate pancaking is a problem.
14.. Deferral Accounts. MATL agrees that merchant transmission tariffs for export should be treated similarly to DTS, however, MATL does not agree that merchant transmission import tariffs should be treated similar to DTS.
15.. Merchant Facility Costs. MATL supports the merchant transmission owner paying all direct / local interconnection costs as a full contribution, however, firm export shippers on merchant lines should get a benefit equivalent to the investment that comparable firm load would be eligible to receive.
16.. Merchant Facility Costs. MATL opposes the AESO recommendation. Merchant transmission owners should not pay a system contribution similar to STS customers. Import shippers should pay a system contribution charge, but only if they are contracting for a service comparable to STS for a generator.
17.. Customer Interaction. MATL supports the AESO recommendation for firm import shippers who are contracting for STS service comparable to a generator. Further discussion is required regarding what import rates, if any, would be appropriate for non-firm import shippers.
18.. Customer Interaction. MATL supports the AESO recommendation on the condition that merchant transmission line owners would be exempt from any AESO Tariff Terms and Conditions that do not apply to merchant owners.

Bob Williams

Regulatory

Montana Alberta Tie Ltd.

AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date: August 5, 2005

Contact: Tom Bechard, Portfolio Manager, 604.891.6051, tom.bechard@powerex.com

Mike MacDougall, Manager Regulatory and Trade Policy, 604.891.6038, mike.macdougall@powerex.com

Patti Smith, Marketing Manager, 604.891.6017, patti.smith@powerex.com

Powerex Overall Comments:

While the AESO states on p.1 of the Discussion Paper that it supports the development of export, import and merchant interconnection tariff to meet needs of the AESO customers and to fulfill Transmission Regulation requirements, the AESO does not appear to have identified (or at least has not communicated) what those specific customer needs are. Designing the most appropriate solution will depend on the specific needs to be met. If a needs identification process has not yet been undertaken, Powerex suggests that such a process be undertaken prior to further development of any proposed tariffs. If customer needs have already been thoroughly canvassed, a summary of those needs should be communicated to stakeholders.

The discussion paper also does not clearly outline what the AESO's objectives are in developing an export, import and merchant interconnection tariff. If the AESO is seeking to increase the revenue it receives from import and export transmission usage, then the ultimate tariff design may be different than if the AESO is instead seeking to increase the physical capacity on the interite between Alberta and BC, or the ability of Alberta generators to wheel through neighboring jurisdictions. Stakeholders will be in a better position to assist the AESO in designing its tariff if they are aware of the specific concerns the AESO is seeking to address and the goals it hopes to achieve.

It is also important to remember that, as acknowledged by the AESO at p.2, the Transmission Regulation does not require development of an import/export/merchant tariff.

Finally, in designing the tariff, if the AESO seeks to create a true FERC pro-forma-style tariff, it must incorporate all of the key elements of such a tariff. Currently, the proposed concepts do not all appear to be in line with a FERC OATT, (for example, first come first served allocation, all firm is equal). If Alberta creates a non-conforming OATT regarding pricing, priority and/or allocation, the new tariff may in fact increase the seams issues between the Alberta market and the rest of the Pacific NW and further impede efficient use of the existing interties.

Support for Definitions		
1	The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.	☐ Support ☒ Oppose ☐ Indifferent
Comments: The definitions recommended to be used in the Discussion Paper do not fit the AESO's proposed "injection-withdrawal model". The FERC definitions are definitions for transmission service. AESO has not proposed a transmission product of the same nature as the products for which these FERC definitions were developed. The service being discussed in		

the Discussion Paper is an export energy dispatch at the border. It is not clear from the Discussion Paper how owning firm AESO export transmission would give a market participant priority to an energy dispatch at the border. It needs to be clarified how the transmission rights would interact with the energy market. For example, would a holder of firm export service get priority on an export dispatch over an opportunity service customer with a higher bid in the merit order?

Cost Recovery for GRAS		
2	The costs of GRAS would be recovered from all load and export customers.	x Support ☐ Oppose ☐ Indifferent
Comments:		

Curtailments		
3	Non-firm transmission service would be curtailed before firm service.	x Support ☐ Oppose ☐ Indifferent
Comments:		
4	The more expensive the service, the later it would be curtailed relative to less expensive services.	☐ Support x Oppose ☐ Indifferent
Comments: In the Discussion Paper the AESO states “#9. Longer-Term contract commitments will result in lower rates than shorter-term contract commitments” (p10) due to the rate benefit the longer term contract provides to the AESO. By giving the more expensive service the higher priority it may contradict the incentive for long term investment in the transmission system. Under FERC pro-forma tariffs all firm service is treated equal, regardless of price paid.		

System Administration		
5	The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☐ Support ☐ Oppose ☐ Indifferent
Comments: Due to the uncertainty as to how the allocation of transmission (or in the event of an injection-withdrawal system, the allocation of space at the injection-withdrawal point), pricing, and priority, will eventually be structured; it may be premature to discuss the details of the implementation. Regardless of the implementation and management system used, the award process of transmission capacity has to be done in a transparent and non-discriminatory fashion.		
6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	x Support ☐ Oppose ☐ Indifferent

Comments:

Cost Basis		
7	Export and import services be provided on a network service (injection-withdrawal) model.	☐ Support ☐ Oppose ☐ Indifferent
Comments: See comment on issue 1.		

Cost Allocation		
8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	x Support ☐ Oppose ☐ Indifferent
Comments:		

Nature of Service		
9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☒ Support ☐ Oppose ☐ Indifferent
Comments:		
10	Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	☐ Support x Oppose ☐ Indifferent
Comments: See Comment #4.		

Contract Terms		
11	At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.	
Comments: In accordance with FERC pro forma tariffs the longer contract terms are less than the shorter contract terms, this pricing structure aligns incentives between transmission customers and the transmission administrator (promotes long-term investment in the transmission system).		

Structure of Rates		
12	Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	x Support ☐ Oppose ☐ Indifferent

Comments:

Seams
13 At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: It is not clear what the objectives are for the AESO to have a firm export tariff. If the objective is to generate more transmission revenue for the AESO, this may be better served by increasing the AESO opportunity service rates. If the objective is to create an opportunity to wheel through the neighbouring jurisdiction (or merchant transmission line), this would more reasonably be achieved by the parties who wish to do so by purchasing firm transmission through the neighbouring jurisdiction as they would most likely need to do in any case. It is suggested in the Discussion Paper that if the AESO dispatches before the neighbouring jurisdictions there will be no standoff issues. This infers that the AESO would make the call on who flows through the neighbouring jurisdiction (or who flows on the merchant transmission line) based on who owns AESO service. It is hard to imagine that this would work for the neighbouring jurisdiction and even more difficult to see how it would work for a merchant line. Who would buy long term service on a merchant line if the AESO makes the call on who uses that line based on who owns the AESO export transmission? There are numerous potential seams issues created if both the neighbouring jurisdictions (or merchant line) and AESO sell firm transmission on the same interconnection. Unless a party purchases firm transmission from both parties, they will be subject to curtailment. Even if the AESO dispatches the export solely on the basis of who owns the AESO firm transmission, there is a high probability that the e-tag would not be approved by the neighbouring jurisdiction (or merchant line). In the case of BCTC this would be either because the BC to US path is already full with other entity's schedules from BC to BPA or because there is a stand-off between the entity that owns the BCTC wheel-through path and the entity that owns the AESO export path; each party wants to retrieve value for their investment in the respective service. Many details would have to be worked through regarding release of unused capacity, timing of dispatch, dispatch priority and interaction with the energy market. It would also be highly unlikely that the timelines for purchasing AESO transmission would align with those of purchasing BCTC transmission. Unless these timelines align, it would be very difficult to purchase the same amount of transmission from both providers, leaving the investor with potential stranded investment for mismatched purchases. If the objective of the firm transmission tariff is to allow entities to invest in export capacity such that they can utilize their firm transmission capacity in neighbouring jurisdictions or on merchant lines on a 7x24 basis then the export capacity allocation should be managed in a matter similar to the following. AESO should offer firm transmission capacity to entities that contract for firm service on neighbouring or merchant lines. The export capacity available to any entity should be aligned with the firm capacity that the entity owns on the neighbouring or merchant line. This is the only way to avoid serious seams issues.

Deferral Accounts		
14	The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	☐ Support ☐ Oppose ☐ Indifferent
Comments:		

Merchant Facility Costs		
15	The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☐ Support ☐ Oppose ☐ Indifferent
Comments:		
16	The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☐ Support ☐ Oppose ☐ Indifferent
Comments:		

Customer Interaction		
17	The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	☐ Support ☐ Oppose ☐ Indifferent
Comments:		
18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	☐ Support ☐ Oppose ☐ Indifferent
Comments:		
Additional Comments:		

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fax: (403) 539-2524

AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date:	August 5, 2005
Contact:	David Cotcher, SaskPower
Phone:	(306) 566-2093
E-mail:	Transmission_Services@saskpower.com

Support for Definitions		
1	The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.	☐ Support ☐ Oppose ☐ Indifferent
Comments: FERC definitions are for transmission firmness. Alberta appears to combine this with energy firmness. Please clarify.		

Cost Recovery for GRAS		
2	The costs of GRAS would be recovered from all load and export customers.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		

Curtailments		
3	Non-firm transmission service would be curtailed before firm service.	☒ Support ☐ Oppose ☐ Indifferent
Comments:		
4	The more expensive the service, the later it would be curtailed relative to less expensive services.	☐ Support ☐ Oppose ☐ Indifferent
Comments: Industry standards according to NERC and FERC curtailment orders should be adhered to. Curtailments based on price should be done based on <u>equal duration</u> as per FERC 638.		

System Administration		
5	The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☐ Support ☒ Oppose ☐ Indifferent
Comments: A website with transmission request information should be made accessible to all competing customers so that there is fair and non-discriminatory treatment for all.		

6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	☐ Support ☐ Oppose ☒ Indifferent
Comments:		

Cost Basis		
7	Export and import services be provided on a network service (injection-withdrawal) model.	☐ Support ☒ Oppose ☐ Indifferent
Comments: Recommend network service for imports and point-to-point for exports and wheeling to be consistent with the industry.		

Cost Allocation		
8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		

Nature of Service		
9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		
10	Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	☐ Support ☐ Oppose ☐ Indifferent
Comments: Industry standards according to NERC and FERC curtailment orders should be adhered to. Curtailments based on price should be done based on <u>equal duration</u> as per FERC 638.		

Contract Terms	
11	At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.
Comments: Use industry standard contract terms. Contract terms that are similar with adjacent transmission provider's tariffs.	

Structure of Rates		
12	Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		

Seams	
13	At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: Using industry standard tariffs and business practices will help mitigate seams issues.	

Deferral Accounts		
14	The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		

Merchant Facility Costs		
15	The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☒ Support ☐ Oppose ☐ Indifferent
Comments:		
16	The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☒ Support ☐ Oppose ☐ Indifferent
Comments:		

Customer Interaction		
17	The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		

18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	☐ Support ☐ Oppose ☒ Indifferent
Comments:		
Additional Comments:		

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524

August 5, 2005

TransCanada PipeLines Limited
450 - 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

tel 403.920.2888
fax 403.920.2362
email david_carmichael@transcanada.com
web www.transcanada.com

John Martin,
Manager, Regulatory,
AESO,
2500, 330 - 5th Avenue SW,
Calgary, Alberta
T2P 0L4

Dear John:

Re: AESO Export, Import and Merchant Transmission Development

TransCanada Energy Ltd ("TransCanada") is writing in response to the AESO Discussion Paper on Export, Import, and Merchant Interconnection Tariff Development dated July 22, 2005. TransCanada's interests in this matter arise from its significant generation assets in Alberta, TransCanada's trading operation and the NorthernLights Transmission Project.

TransCanada has attached the Stakeholder Comment form. In addition, TransCanada offers the following supplementary comments:

1. In section 2 Transmission Regulation of the Discussion Paper[1], the AESO appears to have ignored Section 15(6) of the Transmission Regulation. This is somewhat surprising given the extensive discussion it received in the 2005/2006 AESO GTA, including the evidence given by TransCanada on Section 15(6).[2] Furthermore, TransCanada is concerned that lack of attention to Section 15(6) may have resulted in the AESO taking various positions that are inconsistent with the intent of the Transmission Development Policy and Transmission Regulation. Section 15(6) states:

   > The ISO must include in the ISO tariff, rates and terms and conditions that include costs for use of the interconnected electric system, appropriate for the class of service provided to persons who use the facilities referred to in this section for import or export of electricity to or from Alberta.

[1] Please note that these comments in item 1 and also those in items 2 to 4 of this letter all apply to Items 7, 8, 9, and 12 of the Stakeholder Comment form.

[2] See, for example, Exhibit 23-010, page 28 to 30, Information response BR-TCE-6, FIRM-TCE-9, IPCAA-TCE-8 and relevant transcripts from the 2005/2006 GTA.

If the Alberta Government had intended that the AESO treat inter-jurisdictional transmission lines[3] as a domestic load, this section of the transmission regulation would have been unnecessary. Rather, the Alberta Government singled out this particular type of transmission facility and required the ISO to file a tariff that is "appropriate for the class of service provided to persons who use the facilities" in section 15. As a minimum, this section confirms that inter-jurisdictional transmission lines have their own service class. Consequently, the AESO should be examining the cost of service and other rate design criteria for this rate class on a stand-alone basis. TransCanada also believes that Section 15(6) was designed to provide a mechanism for the AESO to design rates for inter-jurisdictional lines that reflects the way in which these customers use the transmission system. There are some potential customers, such as the NorthernLights Transmission project as currently configured, that use very little of the AIES. Under these circumstances, it would be inappropriate to charge these types of projects the average embedded tariff (i.e. a postage stamp tariff). The issue is so important that should postage stamp tariffs be charged, it could result in the termination of what might otherwise have been an attractive merchant transmission line.

The AESO recognized in Section B-6 on Seams (page 11) that there is "need for avoiding such problems as tariff 'pancaking' (an aggregate of transmission tariffs across various jurisdictions, which may not reflect an appropriate proportion of the transmission costs of the systems that are used)." However, while recognizing this problem, the AESO appears to ignore it when deciding the tariff that ought to apply to merchant transmission lines. The economics of merchant lines should not depend on subsidies from other customers of the AIES. However, postage stamp treatment of the use of a small portion of the AIES for merchant lines is not appropriate and undermines the economics of merchant lines.

2. In section 2 Transmission Regulation of the Discussion Paper, the AESO states that the Regulation implies alignment of firm export and firm domestic load tariffs in subsection 30(1)(i). Subsection 30(1)(i) states that the Board must ensure

> The just and reasonable costs of the transmission system are wholly charged to owners of electric distribution systems, customers who are industrial systems and persons who have made arrangement under section 101(2) of the Act, and exporters, to the extent required by the ISO tariff.

After review of this subsection, TransCanada's understanding of this subsection is that all of the just and reasonable costs of the transmission system are to be charged to what are essentially loads or load equivalent customers. The subsection names each category of customers that is to share those costs. However, there is no indication

[3] TransCanada uses this generalized description to allow for both merchant transmission lines and interconnections between Alberta and a jurisdiction outside Alberta that could include an Alberta TFO since the Transmission Regulation applies to both circumstances. Section 15(1) applies to "an interconnected transmission facility proposed to be constructed and to interconnect with a jurisdiction outside Alberta" per section 15(1)(a).

that the charges to each of the classes of customers are to be "aligned" in any particular way. There is no indication in this subsection that typical rate design criteria are to be ignored. If there is any modifying influence on tariffs to be considered, it is from Section 15(6) as described above. TransCanada can find no support in this section for a requirement for postage stamp pricing.

TransCanada is concerned that this "alignment" assumption has led the AESO to adopt a tariff position that cannot be supported by the Transmission Regulation. Furthermore, it is likely in conflict with government policy which is generally supportive of the development of an electricity export industry and the associated infrastructure to facilitate that industry. For example, in 2003, the Minister of Energy described the role of the government is "to establish broad principles such as … promoting exports in the general economic interest of the province."[4] Government Policy on exports states that inter-ties "are an essential part of a competitive market both as a means to import power when needed, and to export surplus energy and to support effective functioning of the wholesale market."[5] Alberta is to "continue with its efforts to ensure compatibility with its neighbouring jurisdictions".[6] Finally, the "regulated framework for transmission should also allow development of 'merchant' transmission lines, involving Direct Current (DC) lines to export power over long distances and across borders on a fee-for-service basis."[7] Consequently, transmission tariff policy should not deter development of merchant transmission lines.

TransCanada also refers the AESO to the principles set out in TransCanada's direct evidence in the 2005/2006 GTA.[8] These principles were largely unchallenged by intervenors in the proceeding.

3. There are at least three types of merchant transmission facilities that could involve Alberta. They are:

    a. An interconnected transmission facility that depends on the AIES for operation. An example is the MATL model and would be the model that would apply to existing BC and Saskatchewan tie-lines if they were merchant facilities.

    b. Not interconnected – The NorthernLights Transmission project could be arranged where the generation source and merchant transmission facility is not normally operated as interconnected with the AIES.

    c. An interconnected transmission facility that is not dependant on the AIES for operation. The NorthernLights Transmission project could be arranged where the generation source and merchant transmission facility, while not needing to be interconnected with the AIES, is interconnected for the purpose of

[4] Honourable Murray Smith, Minister of Energy, Comments at CAMPUT Conference, May 5, 2003
[5] Alberta Energy Transmission Development Policy, page 9
[6] Alberta Energy Transmission Development Policy, page 9
[7] Alberta Energy Transmission Development Policy, page 10
[8] Exhibit 23-010, pages 29 to 30

achieving mutual benefits. In this case, the interconnection agreement would be highly dependent on the cost and benefit profiles of the merchant transmission line and AIES.

For both b. and c. above, the design and interconnectedness of the system of transmission lines that feed the merchant transmission facility could have a significant bearing on the financial arrangements between the AESO and the merchant transmission line. In TransCanada's view, it is inappropriate to assume the only merchant transmission line model that is likely to arise is the first one above.

4. TransCanada is concerned that the AESO has concluded that it should not support a point-to-point tariff. This position is not in step with widespread use of point-to-point tariffs across the United States[9] and in the neighbouring jurisdictions of BC and Saskatchewan. Also, it is TransCanada's understanding that in US jurisdictions, customers can often choose between network integration transmission service (NITS) and point-to-point tariffs. Most of these tariffs appear to have firm and non-firm options and can be purchased for varying durations, often as short as one hour. Denial of a point-to-point tariff will result in Alberta being out of step with much of the rest of North America. This proposal is also inconsistent with one objective established by the AESO in September, 2004 for import and export tariffs to be "compatible with neighbouring jurisdictions."[10] The current proposal of Gridwest, while supporting an injection withdrawal model, is proposing to leave point-to-point tariffs in place. Furthermore, denying point-to-point service will limit generation development and seriously constrain opportunities to develop an export market for electricity. TransCanada recommends that the AESO become fully briefed on the practices in other jurisdictions and provide a rationale for pursuing a policy path materially different from other jurisdictions.

5. In Section B-1, the AESO ignores the model for wheel-through service. The implied reason for deferring development of a wheel-through service tariff is that it is not required. Please provide the basis for the AESO understanding of why such a tariff is not required. Wheeling through Alberta already occurs from time to time.

6. Less substantive comments follow.

    a. In Section A-1, the definition of curtailment from FERC[11] should read "A curtailment is a reduction in firm or non-firm transmission service <u>in response to a transmission capacity shortage</u> due to a result of system reliability conditions." The underlined portion was missing.

    b. In Section A-1, the definition of interruption is missing the reference to Section 14.7 of the FERC pro forma OATT. Without more context, the definition of "interruption" is inadequate.

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[9] Some examples are Avista, BPA, Northwestern Energy (Montana), Puget Sound Energy, PacifiCorp and Portland General.
[10] See page 1 of AESO Alberta Import/Export Tariff, Market and Strategic Initiatives, dated September 23, 2004
[11] Assuming the AESO is referring to FERC Order 888, Appendix D.

c. In Section A-3, the AESO refers to GRAS and ILRAS as operating reserves. Please provide the definition of operating reserves that the AESO uses to include GRAS and ILRAS in the category or provide a distinct definition of these items.

d. In Section A-4, Transfer Capabilities – Generators in Operation, the AESO appears to assume that the rights to ATC arising from services such as XMR or a merchant transmission line can be resolved in the rule making process and are not required to be resolved in a tariff process. Please confirm this view and the rationale for this position. TransCanada is not opposed to dealing with this matter in a rules making process, but would find further delays unacceptable if the matter had to return to a tariff proceeding for final resolution.

e. In Section A-6, the AESO indicates it is providing operating reserves for export transactions. TransCanada recommends that the AESO should not be carrying operating reserves for non-firm exports which can be curtailed on short notice. The AESO should not wait for WECC to complete examination of this issue to make this decision. To implement this recommendation, the AESO will need to confirm that there is no WECC requirement for operating reserves for non-firm exports. Under current tariffs, TransCanada considers Export Service to be non-firm.

f. In Section C-2, the AESO describes the development of open access rules. TransCanada encourages the AESO to make this a priority.

If you have any questions, please contact me at 920-2092 or Dan Levson at 920-2095.

Yours truly,

TRANSCANADA PIPELINES LIMITED

Original Signed

Cheryl L. Terry
Manager, Market Relations

TransCanada Energy

cc. Karen Mazuryk, Senior Regulatory Analyst, AESO

AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date: August 5, 2005
Contact: David Carmichael
Phone: (403) 920-2888
E-mail: David_Carmichael@transcanada.com

Support for Definitions

1 The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.

X Support
☐ Oppose
☐ Indifferent

Comments: TransCanada has some comments on the definitions. For more details, please refer to TransCanada's August 5, 2005 letter included with this comment form.

Cost Recovery for GRAS

2 The costs of GRAS would be recovered from all load and export customers.

X Support
☐ Oppose
☐ Indifferent

Comments: It is not clear why GRAS is defined as a subset of Operating Reserves. Could the AESO explain this?

Curtailments

3 Non-firm transmission service would be curtailed before firm service.

X Support
☐ Oppose
☐ Indifferent

Comments: Regarding how imports are to be scheduled, it is TransCanada's understanding that the AESO has agreed that all firm day-ahead import offers forecasted to be in-merit will receive an Energy Market Dispatch. All other in-merit import offers will be prioritized from lowest price to highest price and will receive an Energy Market Dispatch, totalling up to the ATC. If there are more equal priced offers than ATC, priority will be determined by the neighbouring jurisdiction's transmission tariffs.

4 The more expensive the service, the later it would be curtailed relative to less expensive services.

X Support
☐ Oppose
☐ Indifferent

Comments: Support for this position is subject to approving that long-term services are curtailed after short-term services (per item 10 below). It would be inappropriate for a customer to purchase a more expensive short-term service and render a long-term service useless. More expensive services should only curtail less expensive services if they are the same product.

The AESO should also establish the principle set out in the Transmission Development Policy (page 10) that non-firm transmission should be priced at a discount to firm transmission.

System Administration		
5	The AESO proposes that an OASIS be implemented six months (an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☐ Support **X** Oppose ☐ Indifferent
Comments: In Section A-8, the AESO discusses the potential requirement for an OASIS. In the short run, TransCanada does not anticipate that implementation of an independent Alberta OASIS is necessary or cost effective. TransCanada understands that BCTC would be willing to negotiate with the AESO to accommodate requirements to manage new requests for use of the BC Alberta tie-line. TransCanada recommends the AESO discuss this matter with neighboring jurisdictions (B.C. and Saskatchewan) that each have an OASIS before investing too much time and effort in an Alberta OASIS. TransCanada also notes the difficulty in export customers committing to contracts six months in advance (to facilitate the AESO development of an OASIS) and the potential for a lot of investment for a system that may not be necessary, even in the long run.		
6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	**X** Support ☐ Oppose ☐ Indifferent
Comments: TransCanada opposes the position under item 5 above. However, if the AESO were to proceed with an OASIS system, a fair allocation between STS customers and DTS customers could be achieved by splitting the costs between the trading charge and load and export customer charges.		

Cost Basis		
7	Export and import services be provided on a network service (injection-withdrawal) model.	☐ Support **X** Oppose ☐ Indifferent
Comments: TransCanada is strongly opposed to this option as the only basis for a merchant transmission line contracting with the AESO. For background please refer to items 1 to 3 of TransCanada's August 5, 2005 letter included with this stakeholder comment form. Furthermore, the assumption that providing a customer with a choice (network plus point-to-point) will lead to under-recovery of rates and or cross-subsidization between rates is without foundation. Any time customers are given a choice in a rate design, they will be driven by self-interest to select the lowest cost option. The cost savings to the individual customer are bourn by the rest of the system. However, in a utility or an ISO that must recover its revenue requirement, this is normal. The real issue is whether there is a sufficient rate design justification (including a cost of service justification) to support creating the choice for the customer. If this principle was not a key consideration, every utility would have one rate for all customers. Clearly this is not what really occurs. In a situation where a merchant transmission line uses very little of the transmission system, it is appropriate to recognize this below average cost of service in a rate designed for that particular customer or customer class. NorthernLights Transmission, currently proposed to be about 2,000 MW, is about 20% of the total Alberta load and is entitled to a cost based rate design.		

Cost Allocation		
8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	☐ Support X Oppose ☐ Indifferent
Comments: TransCanada is strongly opposed to this recommendation. Costs allocated to export rates should be based on the cost to serve the particular customer (or group of customers who are similarly situated). TransCanada supports a point-to-point rate available to qualifying customers and would also support a network services style rate to other exporters as well. Export loads, in particular, are significantly different from domestic loads. Export loads could be short term, medium term or long term in duration. Serving short term and medium term loads typically will not require any additional transmission infrastructure. Also, some export loads can be curtailed more than domestic loads. While the AESO would prefer to deal with a limited number of export and import tariff options (page 8 of Discussion Paper), providing limited options will severely hinder export and import markets. Furthermore, this approach is out of sync with the approaches taken in other jurisdictions.		

Nature of Service		
9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☐ Support X Oppose ☐ Indifferent
Comments: This principle is too broad and while it may apply most of the time, there may be times when it doesn't make sense. Depending on how the rates are structured, there may be an element of market conditions at play. Under certain circumstances, it may be possible for short-term rates to be less expensive than long-term rates, especially where a line is being underused due to insufficient spreads between jurisdictions. This proposed principle will unduly constrain rate design options that could result in the optimal use of tie-lines. Furthermore, TransCanada cannot see any advantage to any party of establishing this principle. Consequently, TransCanada is opposed to this principle and requests that this principle be eliminated.		
10	Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	X Support ☐ Oppose ☐ Indifferent
Comments: Support for this position is contingent on long term contracts being curtailed after short term contracts (and after non-firm load). Without this provision, the value of long term contracts are seriously eroded by the potential that a short term higher priced service can result in curtailment of a long term service. Another caveat is that this principle is only applied to the same product (for example, the same firmness and contract length). See also items 3 and 4 above.		

Contract Terms		
11	At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other	

jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.
Comments: The AESO noted parties disagreed on whether short term contracts should have a premium or discount relative to long term contracts. TransCanada believes either could be appropriate depending on market conditions. Therefore, it is inappropriate to be prescriptive on this point. One approach is to set prices within a cap (based on cost of service) or floor (based on incremental costs). If the transmission system is heavily underutilized, the price would move more towards the floor. If it is oversubscribed, it would move more towards the cap and be allocated on a first come, first serve basis. Products that vary by term would be made available at various points in time and the market can then influence pricing. While TransCanada is not endorsing the BCTC tariff, it is one model that should be reviewed.

Structure of Rates		
12	Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	☐ Support **X** Oppose ☐ Indifferent
Comments: TransCanada is strongly opposed to this principle. For details, see items 1 to 4 in TransCanada's August 5, 2005 letter included with this stakeholder comment form.		

Seams	
13	At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: TransCanada encourages the AESO to talk to exporters and importers who have experience in transporting electricity across jurisdictions. The issues impeding export and import transactions are likely different than the ones that the AESO believes are the problem. The tariff design also needs to align with ISO market rule changes per the market policy.	

Deferral Accounts		
14	The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	**X** Support ☐ Oppose ☐ Indifferent
Comments: TransCanada does not agree with the AESO's statement that firm import services and opportunity services should not incur any deferral account treatment. Importers who pay losses or receive loss credits should participate in deferral account treatment in the same way as other generators. Such adjustments could be a credit or charge to any given importer. The AESO has provided no rationale why importers should be exempted from deferral account adjustments that apply to generators. This position seems inconsistent with the AESO statement that "import services are to align with domestic supply services." (page 8) TransCanada recommends that import services be added to item 14.		

Merchant Facility Costs		
15	The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	**X** Support ☐ Oppose ☐ Indifferent
Comments: This statement may apply to one potential option for merchant transmission lines, but needs caveats for it to be supported.		
16	The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	**X** Support ☐ Oppose ☐ Indifferent
Comments:		

Customer Interaction		
17	The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	**X** Support ☐ Oppose ☐ Indifferent
Comments: This proposal will probably work, but TransCanada sees no reason why the merchant transmission line could not act on behalf of their shippers to pay any import or export rates for use of the AIES (and roll it into the overall tariff). It is probably premature to be deciding that these transactions can only be structured in one particular way. The AESO's main concern should be that whoever the AESO contracts with is creditworthy and meets the conditions of the tariff.		
18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	**X** Support ☐ Oppose ☐ Indifferent
Comments: This position is supported with the understanding that AESO Tariff Terms and Conditions will be modified to any unique circumstances that apply to merchant transmission lines and will include exemptions for inapplicable Terms and Conditions. One circumstance for consideration might be minimum demands and ratchet provisions.		
Additional Comments:		
See TransCanada's letter dated August 5, 2005.		

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524

AESO Export, Import, and Merchant Interconnection Tariff Development July 22, 2005, Discussion Paper - Comment Form:

Date: August 5, 2005
Contact: Bob Smith
Phone: (403) 267-7119
E-mail: bob_smith@transalta.com

Support for Definitions		
1	The FERC pro forma Open Access Transmission Tariff definitions for Firm and Non-Firm Transmission Service will be used for the AESO's Firm and Opportunity Services, respectively.	X Support ☐ Oppose ☐ Indifferent
Comments: The AESO paper appears to suggest that they will continue to use the term "opportunity service" as they state on page 3: "The AESO proposes to continue to use the current term "opportunity" to indicate non-firm transmission service as defined above." For clarity TransAlta suggests the AESO stop using the term "opportunity service" and replace it with "non-firm transmission service" to ensure alignment with FERC definitions.		

Cost Recovery for GRAS		
2	The costs of GRAS would be recovered from all load and export customers.	☐ Support X Oppose ☐ Indifferent
Comments: The Transmission Development Policy (TDP) Paper states at page 9: "Since the ability of inter-ties to exchange electricity in both directions (i.e. import and exports) is essential to a robust wholesale market and a reliable electric system, the cost for internal reinforcements and RAS arrangements to allow the inter-ties to function as designed will be allocated to load." The AESO suggests that firm export tariffs are to align with domestic load tariffs as per section 30 (a)(i) of the TDP Regulation. GRAS treatment proposed by the AESO appears to be in conflict with the TDP Paper statement. GRAS costs should be treated as an exception to the position of alignment of the export tariffs with domestic load tariffs similar to the charging of transmission losses to exports which is an exception to the position of alignment of export tariffs with domestic tariffs. TransAlta believes there should be some consistency in the development of the export tariffs from the perspective of alignment with either load or supply.		

Curtailments		
3	Non-firm transmission service would be curtailed before firm service.	X Support ☐ Oppose ☐ Indifferent
Comments:		
4	The more expensive the service, the later it would be curtailed relative to less expensive services.	X Support ☐ Oppose ☐ Indifferent
Comments: This seems reasonable as long as the service is cost of service based and therefore actually is a more expensive service.		

System Administration		
5	The AESO proposes that an OASIS be implemented six months	☐ Support

	(an estimate at this time – the AESO will need to investigate further to be certain of the timeframe required) after the first customer commits through a contract that would require the AESO to implement an OASIS type system.	☐ Oppose X Indifferent
Comments:		
6	Cost recovery for the OASIS system and its associated yearly operating costs be split between the trading charge (non-transmission) and load and export customers (transmission).	☐ Support X Oppose ☐ Indifferent
Comments: TDP Regulation is clear that load is responsible for the just and reasonable costs of the transmission system.		

Cost Basis		
7	Export and import services be provided on a network service (injection-withdrawal) model.	X Support ☐ Oppose ☐ Indifferent
Comments:		

Cost Allocation		
8	The AESO will allocate costs to export and import rates in a manner that parallels the GTA allocation to domestic load and supply rates.	X Support ☐ Oppose ☐ Indifferent
Comments: See TransAlta's comments in (2) above. Exports appear to be assigned costs as both a load and a supply customer. AESO should ensure fairness. We should want to make it as easy as possible for exports to leave the province. Transmission costs that disadvantage exports compared to imports should not be acceptable.		

Nature of Service		
9	Longer-term contract commitments will result in lower rates than shorter-term contract commitments.	☐ Support X Oppose ☐ Indifferent
Comments: Rates should depend on the cost of supplying the service.		
10	Customer paying a premium for a service will be curtailed after customer who do not pay a premium. If customers are paying the same rate for the same service, the service will be curtailed pro-rata.	X Support ☐ Oppose ☐ Indifferent
Comments: See TransAlta's comments in (4) above.		

Contract Terms		
11	At this time the AESO has not fully considered this issue. The AESO will develop its views further through research into other jurisdictions and through additional discussion with stakeholders. The AESO would appreciate receiving parties comments on this issue in the comment form.	

Comments:

Structure of Rates		
12	Export and import tariffs will be structured similarly to domestic load and supply tariffs, and will use similar billing determinants.	X Support ☐ Oppose ☐ Indifferent
Comments: See TransAlta's comments in (2) and (8) above.		

Seams	
13	At this time the AESO does not have a full assessment of what seams issues may arise with the tariff proposals included in this discussion paper. The AESO therefore intends to discuss these matters more fully with the neighbouring jurisdictions (BCTC, Northwestern Energy, and SaskPower) for alignment of tariffs and to mitigate seams issues, before introducing new tariffs. Nevertheless, the AESO welcomes stakeholder comments on the potential seams issues.
Comments: TransAlta would encourage the AESO to ensure potential information asymmetry in neighboring jurisdictions does not result in advantages to incumbents from those jurisdictions compared to market players in Alberta. TransAlta believes it is critical to ensure administrative issues/timing differences do not hamper the ability to utilize reserved capacity on AESO or third party lines.	

Deferral Accounts		
14	The AESO proposes that firm export and merchant transmission tariffs be subject to deferral account treatment in a manner similar to DTS.	X Support ☐ Oppose ☐ Indifferent
Comments: See TransAlta's comments in (8) above.		

Merchant Facility Costs		
15	The merchant transmission owner pays all of the direct / local interconnection costs as a full contribution with no eligibility for investment and no contract term obligation beyond the compliance with the Terms and Conditions of the AESO Tariff.	☐ Support ☐ Oppose X Indifferent
Comments: This requirement may require more consultation before finalization.		
16	The merchant transmission owner pays a system contribution similar to Supply Transmission Service (STS) customers as per Article 9.9, Terms and Conditions, of the proposed AESO 2006 GTA.	☐ Support ☐ Oppose X Indifferent
Comments: See (15) above.		

Customer Interaction		
17	The AESO will need contracts with the shippers who will pay the import and export rates for use of the AIES, beyond the point of interconnection of the merchant transmission line.	X Support ☐ Oppose

		☐ Indifferent
Comments:		
18	The AESO will need contracts with the merchant transmission line owners in accordance with the AESO Tariff Terms and Conditions.	X Support ☐ Oppose ☐ Indifferent
Comments:		
Additional Comments:		
Will the AESO consider maximum volume or percent ownership limits for reservation periods greater than one week (for example)?		

Please return this form with your comments by **August 5, 2005**, to:

Karen Mazuryk
Senior Regulatory Analyst
E-mail: Karen.Mazuryk@aeso.ca
Fac: (403) 539-2524