

**AESO 2006 Wind Interconnection Queuing Sequence — Response Matrix
Stakeholder Comments and AESO Responses — September 7, 2006**

AESO Proposal	Stakeholder Comment	AESO Response
1.0 Customer Action & Compliance: Position 3		
<p>Within 60 days of CCA being issued, a signed CCA & required security must be provided & (for generation projects) a notification letter demonstrating P&L application for the generating facility has been filed with the EUB. (in order to move into Position 2) Failure to provide the signed CCA or P&L notification letter, notification letter issued. Failure to comply in 30 days (commencing on notification date), the project will drop to the bottom of Position 3. After a total of 90 days of non-compliance, project is cancelled and removed from the queue.</p>	<p>CanWEA – Oppose When a CCA is signed and security provided, it is incumbent upon the AESO and the TFO to take action to file with the EUB a need/facilities application for the interconnection. We suggested at the May 8th meeting that failure on the part of a government agency to submit required documents or act to approve should not be considered a “trigger” for the timeline sequence. In other words, the 90 days would be only for the action of the proponent.</p> <p>What is there in this process which compels the AESO/TFO to file for the interconnection? In order for a generating facility to advance, the interconnection approval is vital. We believe it is important that agencies stick to their timelines as well. If a proponent submits documents, it should be recorded on the queue. It then becomes apparent or transparent where the slippage is occurring. Right now there is little to make them accountable. Other agencies must have/make the same commitments and be held to them.</p>	<p>The AESO submits the proposed milestone requirement is not contingent upon action from the AESO or any government agency but is contingent upon proponent action. The need to provide project security and the requirement to demonstrate that an application for the generating facility has been filed with the EUB are both the customer’s responsibility. Furthermore, these milestones occur prior to any actions or approvals required from the above mentioned agencies.</p> <p>In 2005 the AESO along with industry stakeholders (which included generators, TFOs, DFOs and load customers) participated in an interconnection process redesign initiative which was intended to meet customer needs and legislative requirements. As part of the exercise, general cycle times for the different phases of the interconnection process were considered and included in the final design. The AESO is impartial and like other organizations encounters resource constraints and project complexity complications that may impact cycle times from time to time. The AESO makes a reasonable effort to meet the cycle times provided in the interconnection process and treats all customers fairly and equitably. The</p>

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	<p>In the ideal world both the application for the generating facility and the interconnection would be filed at the same time. We believe that the proponent should file an application with the EUB for the generating facility and substation within 60 days of the AESO/TFO filing the interconnection application. However, it is our understanding that the EUB will not deal with an interconnection application unless an application for the generating facility (GF) has been made previously or if it is filed at the same time. As a result, the corollary should possibly be that the TFO/AESO must file interconnection application within 60 days of the GF application</p> <p>The AESO/Altalink may wish to adopt the practice to not file the interconnection application until the proponent can provide evidence that application has been made for the generating facility. However, please note that the generating facility can not proceed without the interconnection approval.</p> <p>We do not agree with the concept of canceling a project and removing it from the queue. We would suggest that other projects move ahead of the non-compliant project if others advance their project to a higher state of readiness than the non-compliant project.</p> <p>The AESO needs to be able to model a base case in their system supply. As long as the CCA monies have been paid, a project should remain in active play. If it allows another project to move ahead then it will need to deal with the new capacity and the implications of its lower position.</p> <p>If the AESO was to proceed with cancellation and removal from the queue then we assume that all funds and fees being held by the AESO and Altalink would be refunded. The consequence of the cancellation is not stated and it should be described. In addition, we would also like to see a Force Majeure clause, default</p>	<p>AESO submits the development of project sequencing business practices in cooperation with stakeholder consultation will create the necessary transparency and accountability for the AESO, TFOs and customers.</p> <p>The AESO briefly discussed the issue with the EUB. It is the AESO's understanding that the EUB would generally like to see the application for the generating facility prior to the interconnection application. The AESO submits then the requirement to demonstrate the filing of the generating facility with the EUB prior to the filing of the interconnection application seems reasonable.</p> <p>The AESO acknowledges CanWEA's position but submits that this is a reasonable practice. Removing projects from the interconnection queue for failing to comply with a milestone is a common practice employed by other jurisdictions. The AESO submits that leaving a project in the queue indefinitely, does not properly represent customer intent to proceed with their project and should not impact future planning considerations.</p> <p>In addition to what was proposed at the May 8 stakeholder session, the AESO's terms and conditions shall continue to apply. As per Article 5 application fees</p>

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	<p>and cure period prior to any cancellation, as well as, arbitration.</p> <p>ENEL/WPI – ENEL/WPI provided their comments in letter form rather than comment matrix provided by the AESO. Due to technical difficulties the AESO was unable to reproduce the letter for this matrix. The ENEL/WPI letter is available along with all stakeholder comments on the AESO's website (website link: http://www.aeso.ca/files/2006-06-08_Combined_Stakeholder_Comments_w_Cover_Page.pdf)</p> <p>ENMAX – Support Note that ENMAX is required to obtain EUAA S.95 approval from the DoE prior to EUB approval. This is a new condition for EUB approval and we believe it will be processed concurrently with the EUB application, not as a prerequisite to the P&L application. If S.95 approval becomes to a prerequisite we cannot make the 60 day limitation.</p>	<p>will be refunded within 90 days of energization. All remaining security requirements will reflect the requirements as set forth in Article 6 of the AESO's terms and conditions. Projects committed to the 2005 or an earlier tariff the application fee and security provisions outlined in those tariffs will apply.</p> <p>The AESO will endeavor to provide the additional clarity as per cancellation consequences. For clarification, it is the AESO's position that when a project is cancelled it is removed from the queue in its entirety and must reapply and start at the beginning of the interconnection process. The AESO also submits that making concessions for Force Majeure, cure periods and arbitration is not necessary but will consider revisions prior to releasing any further documentation.</p> <p>The AESO acknowledges that further clarity is required in what constitutes a generating facility application being filed with the EUB; i.e. does the notification require an EUB application number or is it simply a demonstration that an application (regardless of whether or not the EUB has deemed the application as complete) has been filed? The AESO's intent was the latter as it removed any unforeseen third</p>

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	<p>EPCOR – Oppose This proposal would effectively grant any and all project proponents a 30-day “grace period” beyond the 60 days that would already be allowed to consider the CCA and provide a response to the AESO. EPCOR believes such an extension is unwarranted and would present an opportunity for projects that may not have firm commitments or backing to nevertheless remain in the system to the detriment of other projects and the overall efficiency and timeliness of the AESO’s process.</p> <p>The 60 day response window is reasonable and provides adequate time for proponents to provide the requisite response and information to the AESO in order for their project to continue to advance through the queue. Rather than providing notification after the 60 day window has elapsed, the AESO should instead provide a ‘reminder’ notification to a participant part-way through the response window – for example, after two-thirds of the 60 days have elapsed – to ensure a participant is aware of the deadline and the need to meet the deadline to advance their project.</p> <p>PKS – Support/Oppose Support: Applicable to projects executing a CCA and providing a customer contribution under the current 2006 AESO tariff</p> <p>Oppose: Developers that have executed a CCA and provided a customer contribution to secure transmission capacity under the AESO’s 2003 Tariff are not required to meet these proposed milestones as per the terms and conditions 2003 Tariff.</p>	<p>party requirements impacting the customers queue position.</p> <p>This is a reasonable approach but the AESO suggests since the failure to comply within the original timeline will not impact other projects (as they would be allowed to move ahead of the non-compliant project), the incremental 30 day period is reasonable. The incremental 30 day requirement is merely a final opportunity for the customer to comply or be removed from the queue.</p> <p>The AESO submits to ensure consistent treatment and equity among customers, the proposed milestones should apply to all customers no matter which tariff was in place at the time the application for interconnection was initiated. During the normal course of business the AESO may be required to develop business practices and procedures to fulfill its mandate. For instance in 2004, in response to interconnection request concerns in transmission constrained areas, the AESO developed and communicated business practices outlining project sequencing and milestone considerations. Although interconnection compliance milestones</p>

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	<p data-bbox="520 232 1035 261">Spirit Pine Energy – Position not indicated</p> <p data-bbox="520 597 701 626">TCE – Support TransCanada supports the concept that generators should make a commitment to the AESO within a reasonable period of time to maintain commercial arrangements. In congested areas this commitment becomes even more critical.</p> <p data-bbox="520 781 1461 963">TransCanada supports the use of standard business practices that enable the AESO to obtain security for any expenditure as per the AESO terms and conditions. It is a common business practice for the funds to be provided as the expenditures are incurred for project costs. Payment of the entire customer contribution before the AESO or TFO incurs those expenses is not a reasonable business practice.</p> <p data-bbox="520 1179 1461 1450">However, if the AESO feels that a fee is needed from a customer, the fee should be a small non-refundable payment equal to the cost of doing the transmission studies or other preliminary administrative and engineering work. Furthermore, the AESO should state this requirement in the AESO Terms and Conditions approved by the EUB. Adopting a practice for stakeholders to pay millions of dollars before expenses are incurred is not at the level of a business practice but should be a tariff matter. If a company requesting System Access pays money to receive special status in the interconnection queue, the process to gain such special status should be debated before the EUB.</p>	<p data-bbox="1472 204 1944 537">were not expressly outlined in the 2004 or 2005 terms and conditions, the AESO acted reasonably and responsibly by developing solutions responding to unique AESO circumstances. At the earliest opportunity the AESO endeavored to update its the terms and conditions to include these provisions (which were subsequently approved by the EUB in Decision 2005-096).</p> <p data-bbox="1472 753 1944 1114">The AESO submits the redesigned interconnection process in conjunction with the AESOs commitment business practices have reasonably addressed these concerns. The standard interconnection process allows customers to simply provide a letter of credit as a form of financial security and does not require payment of the customer contribution until the TFO receives EUB permit and license approval.</p> <p data-bbox="1472 1179 1944 1450">The payment of contributions (i.e. “fee”) significantly in advance of construction is a result of the customer choosing to “accelerate“ their project outside the standard interconnection process. As outlined above, contributions are not required until EUB approval of the interconnection facility. Customers are allowed to pay their contribution in</p>

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	<p>Vision Quest – Oppose</p> <p>What is there in this process compelling the AESO/TFO to file for the interconnection on a timely basis with the EUB? When a CCA is signed and security provided it is incumbent upon the AESO and TFO to take action to file with the EUB a need/facilities application for the interconnection. The interconnection approval is a key approval for a generating facility to advance. A proponent will not move to procurement or construction unless all key approvals have been received.</p> <p>The applications for the generating facility and the interconnection should be filed at the same time or the application for the generating facility can be filed in advance of the interconnection application. It is our understanding that the EUB will not deal with an interconnection application unless an application for the generating facility has been made previously or if filed concurrently. This should be confirmed with the EUB.</p>	<p>advance of EUB approval in an effort to secure transmission capacity (as per AESO business practices). As the choice resides with the customer the AESO feels this is still a reasonable approach.</p> <p>However, the AESO recognizes the comments submitted by TCE and other stakeholders and proposes to review the financial requirements and corresponding outcomes and accountabilities associated with “commitment” demonstrated by the customer.</p> <p>The AESO submits that if there is sufficient agreement among stakeholders and there is no conflict with the approved terms and conditions, any proposed changes to the sequencing business practices may be deployed immediately. Further, refinements to the terms and conditions will be determined on a case by case basis.</p> <p>Please see comments provided in response to CanWEA above.</p>

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	<p>The AESO/TFO may wish to adopt the practice to not file the interconnection application until the proponent can provide evidence that application has been made for the generating facility to the EUB.</p> <p>We do not agree with the concept of cancelling a project and removing it from the queue. We would suggest that other projects move ahead of the non-compliant project if others advance their project to a higher state of readiness than the non-compliant project. If the AESO was to proceed with cancellation and removal from the queue then we assume that all funds and fees less expenditures to date being held by the AESO and TFO would be refunded. The consequence of cancellation is not stated and should be described. The proponent also has the right to cancel the project and receive the net refund of payments made.</p> <p>West WindEau – Oppose DISCUSSION POINT: Much confusion has and will continue to be created by using one definition to refer to three different requirements. That is, the AESO uses the phrase Construction Commitment Agreement (“CCA”) interchangeably, when in fact it refers to three distinction agreements whereby the Customer undertakes to provide adequate security for three different amounts of costs.</p> <p>RECOMMENDATION: We suggest that the AESO revise the language used in the proposed Business Practice document as follows: when the sequence calls for a CCA relating to project cancellation costs it should refer to “adequate security for TFO administration costs”; a CCA relating to long-lead items should refer to “adequate security for long lead-time equipment”; a CCA relating to customer-related costs should refer to “adequate security for customer-related costs”.</p> <p>DISCUSSION POINT: In Position 3, the required security can be either an irrevocable Letter of Credit or cash in the amount of the Customer-related facilities.</p> <p>RECOMMENDATION: The proposed Business Practice document should clarify or provide reference to the Tariff where the acceptable security requirements are laid out.</p>	<p>The AESO acknowledges the comments and will account for them in future versions of the proposed business practice.</p> <p>To clarify, in position 3 the customer is required to provide security for project cancellation costs, not the entire amount of customer related costs. The minimum security requirements from the AESO’s perspective are provided in Article 6 of the AESO’s tariff. Due to changes in the interconnection process</p>

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	<p>DISCUSSION POINT: The key milestone added to the Business Practice relates to the requirement that a generator demonstrate that an application for P&L of the generation facilities has been filed with the EUB. This raises three important issues: (a) how much time should be allowed for the generator to demonstrate performance, (b) what are the consequences of failure, (c) what performance requirements will be placed on the AESO/TFO.</p> <p>Timing of Generator performance: The AESO proposes that the generator execute the CCA (provide adequate security for customer-related costs) and demonstrate that they have filed an application for P&L for the generation facilities within 60 days, with an additional 30 days to remedy the failure to perform. This timeline is too short. In an ideal world, a generator may be able to achieve this timeline but it is unlikely. A generation P&L requires some detail of equipment to be installed; if the proponent must secure equipment in parallel to the other activities in Position 3, it will probably take more time. Nevertheless, the timeline should be for reference only since the failure to file the P&L application may be out of the control of the generation proponent.</p> <p>Consequence of Failure to Perform: The AESO propose that a “project is cancelled and removed from the queue” if it fails to meet the milestone requirements within 90 days. We assume that this requires the project to begin again with a second PAA and application fee. This appears to be an overly drastic and unnecessary consequence. According to Principle 1 projects achieve their ranking based on the achievement of superior milestones. A project that does not achieve a necessary milestone should as a consequence simply not advance through the interconnection queue. However, other projects achieving the milestone should be able advance past the stalled project and in this way, the stalled project is not an impediment to other projects. Hence, an adequate consequence (even for those projects that have made a cash contribution) is for the stalled project to be placed in the bottom standing of Position 3. (When conducting a preliminary IP of a new project, the capacity notionally reserved for the stalled project should be flagged as tentatively available if there is a capacity constraint. In most instances this should not be a problem if the AESO follows the Transmission Policy directives.)</p> <p>RECOMMENDATION: It is strongly recommended that there is some form of relief when the delay to provide adequate security or file the P&L for generation facilities is out of the control of the project proponent. For example, the project proponent may be</p>	<p>whereby the customer may now deal directly with the TFO, security requirements may vary.</p> <p>Please see comments provided in response to CanWEA above.</p> <p>Please see the comments provided in response to CanWEA above.</p> <p>Please the comments provided in</p>

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	<p>held back due to delays on the part of government agencies (e.g. Department of Environment) or other parties (e.g. equipment vendors) to provide necessary documents. Regardless of the cause, when a generation proponent can show justifiable cause of delays beyond its control, relief from project cancellation should be provided. (However, for clarity, it should not be permitted to block the advancement of other parties through the queue.)</p> <p>DISCUSSION POINT: AESO/TFO performance requirements: While the AESO has introduced generation proponent milestones as a means to rank projects in the interconnection queue, it begs the question as to AESO and TFO performance requirements. It would seem rather one-sided to threaten interconnection projects with the risk of cancellation if performance is not achieved within 90-days, yet the AESO and TFO have no obligation to file the application for P&L of the interconnection facilities on a timely basis.</p> <p>RECOMMENDATION: This deficiency needs to be addressed. The AESO needs to post performance standards for the AESO and TFOs once the acceptable security has been provided by the generator.</p>	<p>response to CanWEA above.</p> <p>Please the comments provided in response to CanWEA above.</p>
2.0 Project construction milestone: demonstration of procurement		

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<p>Within 90 days of P&L approval of generating facility. (in order to maintain place in Position 1) Failure to comply, notification letter issued. Failure to comply within 30 days (commencing on notification date) project is dropped to Position 2.</p>	<p>CanWEA – Oppose This presumes that the interconnection application of the AESO/TFO has also been filed and approved. It is our contention that potential delays in agency action should not impact project status in the queue. It is not reasonable to expect the proponent to move to procurement if a major approval such as the approval for interconnection has not been received.</p> <p>Ninety days would be a short period for the proponent to solicit equipment bids and then decide upon suppliers and negotiate contracts. It is only on placement of the contracts that delivery dates for equipment are firm. Procurement for such a large capital item with current market shortage requires at least a 6 month window. 90 days is insufficient for any generation equipment. We would like to suggest that the deposit a proponent makes to secure a manufacturing spot for turbines would be a good trigger event. An inservice date for the wind farm may change from planned as firm equipment dates become known. The actual inservice date is not of interest for the queue as equipment order placement provides evidence that the wind farm will be built. Once again, we would like to see a Force Majeure clause, default and cure period prior to any cancellation, as well as, arbitration.</p>	<p>Note: the following responses are intended to provide clarity and supporting rationale regarding the original proposal presented by the AESO to stakeholders in May 2006. Upon review of the comments from stakeholders, research from other jurisdictions, EUB practices along with internal business unit discussions has led the AESO to consider several refinements to the proposed sequencing process milestones, including the revision or removal of several components of the original business practice proposal.</p> <p>The AESO files the interconnection facility application with the EUB once the proponent has provided the necessary security and has demonstrated that an application for the generating facility has been filed with the EUB. It is the AESO's understanding that different activities required to interconnect a generator more often than not happen concurrently rather than sequentially. For instance, the proponent must provide a description of the generating equipment to be used in the development of both the interconnection and generating facility applications. It appears to the AESO that if such information is available for an application to be presented to the EUB, then the requirement to demonstrate some form of procurement does not appear to be too onerous. For instance, providing a deposit to secure a manufacturing position may be an adequate demonstration of</p>

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	<p>A proponent will not move to procurement unless transmission capacity is available for the full output of the wind farm. It would be unreasonable to expect a proponent to order equipment, for example, without a date certain for the inservice of the Southwest 240 kV reinforcement if such reinforcement was necessary to provide transmission capacity to the wind farm. Thus, we believe the trigger should be the provision by the TFO of a firm in service date. This may be generalized to any congested system as the Transmission Regulation generally requires all in-merit generation to be uncongested under N-0.</p> <p>As such there seems to be four milestones which must be passed before any kind of procurement test can be applied.</p> <ol style="list-style-type: none"> 1: Signed CCA and payment made. 2: Approvals for Interconnection, Substation, and Generating Station received. 3: Adequate transmission capacity at the point of interconnection or acceptance by proponent of RAS stipulations of the existing system, temporary or permanent. If insufficient capacity is available no procurement test should be applied. 4: A firm schedule from the TFO for interconnection. <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Oppose Some demonstration of good-faith negotiation with a supplier is necessary, however proof-of-procurement (per the descriptions below) may not be available in 90 days. Suggest 90 days to demonstrate good-faith negotiations and 180 days to meet ‘demonstration of procurement.’</p>	<p>procurement.</p> <p>The AESO submits that there have been cases to the contrary. In the past customers have requested interconnection and have commissioned sites prior to the construction of system upgrades. Although the AESO will continue to make reasonable efforts to provide the necessary expansions to the AIES in fulfillment of its mandate, recent history suggests that there still may be customers willing to proceed in advance of system development. Unless there are operational concerns prohibiting system access, the AESO submits it should not impede requests for access to the AIES.</p> <p>Milestone 4: unless the customer is willing pay a premium to ensure a firm interconnection, the AESO submits that each generator would be subject to the generally accepted industry practice of TFOs making reasonable efforts to interconnect a customer within a reasonable timeframe.</p> <p>The AESO acknowledges the comments from ENMAX and will consider them in future versions of the proposed business practice.</p>

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	<p>EPCOR – Oppose Please see EPCOR’s comments in response to Item 1.0 above. EPCOR believes granting an automatic grace period is unnecessary and will undermine the efficiency and timeliness of the AESO’s process. The AESO should instead commit to providing reminders to participants in advance of the expiry of the established response window (90 days in this instance).</p> <p>PKS – Support/Oppose See comments from Question 1</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support In order to ensure project developers do not sit on projects to “hoard transmission capacity” and to purge the queue of projects which are stalled or no longer moving forward, TransCanada supports this position. This will allow projects to maintain queue position without having to front large capital contributions.</p> <p>Vision Quest – Oppose This presumes that the interconnection application of the AESO/TFO has also been filed and approved. It is not commercially reasonable to expect the proponent to move to procurement if a key approval such as for the interconnection has not been received. Ninety days would be a short period for the proponent to solicit or update equipment bids and then decide upon suppliers and negotiate contracts. The AESO must appreciate that a 100 MW windfarm will likely cost \$175-\$200 million and that the interconnection costs are a relatively small portion of the costs. It is only on placement of the contracts that delivery dates for equipment become firm. As such the inservice date for the wind farm may change from planned as firm equipment dates become known. The actual inservice date is not of interest for the queue as equipment order placement provides evidence that the wind farm will be built. A proponent will not move to procurement unless transmission capacity is available for the full output of the wind farm. It would be commercially unreasonable to expect a proponent to order equipment, for example, without a date certain for the inservice of the Southwest 240 kV reinforcement if such reinforcement was necessary to provide transmission capacity to the wind farm. This may be generalized to any congested system as the Transmission Regulation generally requires all in-merit generation to be unconstrained under N-0. If, for example, a 100 MW windfarm was built and could not be</p>	<p>Please see comments provided in response to EPCOR above.</p> <p>Please see comments provided in response to PKS above.</p> <p>Please see comments provided in response to CanWEA above.</p>

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	<p>interconnected because the interconnection was delayed or system capacity was unavailable would suffer lost revenue in the order of \$1.25-\$1.5 million per month, \$15-\$18 million per year. The AESO must appreciate such risks guide the reasonableness of the proponents approach indicated above.</p> <p>Equipment order placement typically requires a 10-20% downpayment at time of order. For a 100 MW windfarm this is likely in the order of \$20-\$40 million. We would suggest that this outlay exceeds the typical interconnection costs by a wide margin.</p> <p>As such there seems to be three mileposts which must be passed before any kind of procurement test can be applied:</p> <ol style="list-style-type: none"> 1: Signed CCA and payment made. 2: Approvals for Interconnection, Substation, and Generating Station received. 3: Adequate transmission capacity at the point of interconnection. <p>In addition there must be a reasonable time period for the proponent to execute commercially appropriate procurement contracts with suppliers after the mileposts have been achieved.</p> <p>West WindEau – Position not indicated DISCUSSION POINT: Timing of Generator performance: 90-days plus 30 days for remedy is a short time for a proponent to hold a bidding process, select equipment and EPC vendors and finalize contracts.</p> <p>RECOMMENDATION: The timelines for Position 3, 2 and 1 compliance needs to be vetted with industry. The AESO's timeline is too short. We recommend a two-part solution. (1) Industry establish general guidelines, (2) When a proponent reaches the respective positions, they and the AESO develop a schedule specific to their project, with justifiable reasons as to why it might deviate from the industry guideline. The later would be used to track on-time performance of the project.</p>	<p>The AESO acknowledges that further negotiation in proposed compliance timelines may have merit but the AESO submits that this would be contrary to the intent of developing a set of consistent, transparent requirements for all participants. The AESO also submits that the proposed milestones have already undergone a significant amount of "vetting" with the stakeholder community. As was noted in the May 2006 stakeholder session, the proposed milestones closely mirror the current interconnection process which was designed and developed by both the AESO and a broad group of stakeholders.</p>

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	<p>DISCUSSION POINT: Consequence of Failure to Perform: The AESO suggests that a failure to perform will result in the project dropping to Position 2. It is not clear what the AESO intends since the projects in Position 2 range from those waiting for the TFO to file an application for P&L to those that have a P&L complete and have paid their customer contribution and system contributions. Is a project that falls to Position 2 from Position 1 placed in the lowest standing of Position 2? What if it meets its performance requirements (demonstrates procurement) within 125 days of P&L approval – is it still ranked below all other Position 2 parties?</p> <p>RECOMMENDATION: It would seem more practical to maintain the interconnection queue based on completed milestones and, when projects do not complete milestones, to simply leave them in a stalled position as the queue is published from month to month. A stalled project should be on notice (30 days warning) that it is at risk of falling in the queue as other projects meet their milestone requirements. Any project exceeding 180-days should be cancelled.</p> <p>NOTE TO THE ABOVE: All of this presumes that the AESO has actually followed the Transmission Policy directives and ensured that there is sufficient transmission capacity to interconnect new generation projects (especially, wind). It would be rather absurd to expect generation proponents to “demonstrate procurement” when the AESO has not made available sufficient capacity for the interconnection. This is a real issue for projects connecting to the SW and SE system. Any performance requirements must again show relief as suggested previously, when the delay is out of the control of the proponent.</p>	<p>To clarify, the intent was that any transmission capacity allocated to a project would be released to the next project in the interconnection queue if the customer failed to comply with the milestone. And in cases where the customer fails to meet the milestone within the required period, the customer’s transmission capacity will be allocated to others, but the project will not be entirely removed from the queue in anticipation that other projects could fail to meet the requirements. As noted at the start of this section, the AESO will review the merit of this milestone following EUB approval of the transmission facilities application</p> <p>Also see comments provided in response to CanWEA above.</p>

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2.1 Project construction milestone: demonstration of procurement		
<p>Demonstration of procurement may include:</p> <ul style="list-style-type: none"> • A copy of an “unconditional” wind turbine generator (WTG), tower and unit transformer Purchase Agreement and Payment Schedule. If confidential a review by an independent auditor would be required. • A copy of Purchase Agreements for long delivery items in customer owned substation including but not limited to transformers and breakers. • Delivery schedule of WTG’s outlined in the Purchase Agreement and compare to the proposed in ISD for consistency. • WTG Purchase Agreement should be for the full size of the facility proposed. If staging is contemplated in Purchase Agreement it will be compared to the proposed in ISD for consistency. 	<p>CanWEA – Oppose</p> <p>This presumes that the interconnection application of the AESO/TFO has also been filed and approved. It is not reasonable to expect the proponent to move to procurement if a major approval such as that for the interconnection has not been received. The word “may” is voluntary. The standard should be worded “should” or “will”.</p> <p>We do wonder why at this stage of a project when all approvals have been received and the TFO has the funds to build the interconnection that they don’t just give notice to the proponent that they are proceeding to construct the interconnection. We are not sure what evidence of procurement adds to the situation at this stage.</p> <p>Equipment contracts would always be confidential. Alternatives may be a press release or a letter from the equipment supplier. It is important to note that confidentiality is a requirement of the supplier as well as the purchaser; thus, we believe this requirement is unacceptable.</p> <p>We note that the milestones above apply only to wind energy, and we seek clarification from the AESO with respect to the nature of similar milestones for all other generating technologies.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p>	<p>Note: the following responses provided are intended to provide clarity and supporting rationale regarding the original proposal presented by the AESO to stakeholders in May 2006. Upon review of the comments from stakeholders, research from other jurisdictions, EUB practices along with internal business unit discussions has lead the AESO to consider several refinements to the proposed sequencing process milestones including the revision or removal of several components of the original business practice proposal.</p> <p>The original intent of introducing the demonstration of procurement and construction milestones was in response to perceived expectations from stakeholders that there should be stringent requirements developed to manage those projects that have been allocated transmission capacity but are not reasonably proceeding with the development of their project (“hoarding capacity”). As noted above as a result of a number of considerations such as:</p> <ul style="list-style-type: none"> • the varied response from stakeholders • complexity in applying the requirements to other projects (load or generation) • practices applied in other jurisdictions • EUB practices • AESO internal planning and operation considerations <p>the AESO is planning to remove the proposed criteria.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>ENMAX – Support No mention of 15% project cost/liquidated damages in the above. We feel that as long as a credible ‘proof of procurement’ is presented, the AESO should be able to determine if this gate has been met.</p> <p>The schedule for this stage should be as public as possible, not necessarily identifying suppliers but allowing third parties to contest the procurement schedule (see also ROFR comments below.)</p> <p>AESO must be notified of any changes to this status. Any change in status (e.g. turbine supplier rebid, delays on major substation equipment) should result in a published AESO review. While we sympathize with the confidentiality concerns of participants, it should not allow chronic supplier delays to permit capacity hoarding.</p> <p>EPCOR – Indifferent</p> <p>PKS – Oppose This is completely outside the AESO’s mandate and totally inappropriate for the AESO to require details of commercial arrangements “behind the fence”. The AESO’s role is to provide transmission access from the customer’s substation to the transmission grid and should be done in coordination with the customer to properly establish an in-service date based on equipment delivery times. The current impediment to defining an in-service date is the AESO’s ever changing criteria on what capacity is available and which interconnection process will be used.</p> <p>Spirit Pine Energy – Position not indicated</p>	<p>As outlined above, the intent of the milestone was to address the concern of “capacity hoarding” raised by customers. It was not intended to be an attempt to access confidential information of its customers.</p> <p>The AESO understands stakeholders’ concerns regarding the transmission system expansion timelines but submits that external circumstances outside the AESO’s control have a larger impact on transmission construction timelines, which in turn may impact customer in-service dates. For instance, delays as a result of right-of-way negotiations, system operation concerns which may require further investigation, or requests by other industry stakeholders to review previously approved facility applications may have a significant impact on facility development.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>TCE – Support While demonstration of procurement will help the AESO manage the interconnection queue it should not be used to manipulate in-service dates in a congested area and alter another customer's ability to connect to the system. Requesting generator purchase agreements should not force the AESO to make decisions about project in-service-dates for which they are not qualified. The generation developers should manage the project in-service-date and the AESO should focus on building transmission facilities to relieve congestion.</p> <p>Vision Quest – Oppose Equipment contracts would always be confidential. Alternatives may be a press release or a letter from the equipment supplier. Any procurement requirement presumes that the interconnection has been approved by the EUB as it is not reasonable to expect the proponent to move to procurement if this key approval has not been received. We do wonder why at this stage of a project when all approvals have been received and the TFO has the funds in hand to build the interconnection that TFO does not just give notice to the proponent that they are proceeding to construct the interconnection. In our view the proponent has a contract with the TFO by virtue of having made the CCA payment and having signed the CCA agreements. We expect the TFO to proceed to first of all file the application to the EUB upon having a signed CCA and payment, and then on approval by the EUB, proceed to construct. Is not the signed CCA and payment evidence of procurement of the interconnection? If the proponent doesn't want the TFO to proceed to construct upon receiving notice then they can take action to delay or cancel the work. We are not sure what evidence of equipment procurement adds to the situation at this stage. To us the risks all appear to be on the side of the proponent and not with the AESO or TFO.</p> <p>West WindEau – Oppose DISCUSSION POINT: It is presumed that the list is illustrative only and that any reasonable demonstration of procurement will be acceptable.</p> <p>RECOMMENDATION: We suggest that, a letter from a company officer indicating that the conditions have been met or, where it does not conflict with non-disclosure agreements (NDA's) between the proponent and the vendor, a letter from the vendor or EPC</p>	<p>As noted above, the proposed milestone was intended to manage concerns of customers securing transmission capacity and not proceeding with the construction of their generating facility in the timely fashion. The AESO was not proposing to change its current practice of working with the customer with the interconnection request including in-service date requests.</p> <p>Please see the comments provided in response to PKS above.</p> <p>Please see the comments provided in response to CanWEA above.</p> <p>The AESO acknowledges the comments from West Windeau and will</p>

AESO Proposal	Stakeholder Comment	AESO Response
	contractor indicating similar information should be sufficient for the AESO. This would prevent confidentiality concerns yet reflect the desired milestones. Most of the specific equipment related to construction and interconnection is contained in the IP proposal so suppliers are known and part of public record by this stage of the process.	consider them in future versions of the proposed business practice.
3.0 Project construction milestone: demonstration of construction		
<p>Within 120 days of P&L approval of interconnection facilities. (in order to maintain place in Position 1) Failure to comply, notification letter issued. Failure to comply within 30 days (commencing on notification date) project is dropped to Position 2.</p>	<p>CanWEA – Oppose If a proponent has signed equipment procurement contracts then why do</p>	<p>Note: the following responses provided are intended to provide clarity and supporting rationale regarding the original proposal presented by the AESO to stakeholders in May 2006. Upon review of the comments from stakeholders, research from other jurisdictions, EUB practices along with internal business unit discussions has lead the AESO to consider several refinements to the proposed sequencing process milestones including the revision or removal of several components of the original business practice proposal.</p> <p>.</p> <p>The original intent of introducing the</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>you need a demonstration of construction? Construction should be commenced within a reasonable time. Similar to the federal Wind Power Production Incentive, we believe a 1-year time period is reasonable given the reality of potential construction delays.</p> <p>It is highly likely that actual construction will not begin within 120 days of approval for numerous reasons. 120 days is too short particularly if it falls in late fall and construction is unlikely to commence until after spring breakup. Furthermore, the construction of the interconnection by the TFO is also unlikely to begin within 120 days of interconnection approval. We would like to suggest that the proponent supply a schedule of completion with the major dates of procurement and construction within 120 days of receiving approvals, with construction to be completed against quarterly updates to the AESO and the TFO.</p> <p>Once again, we look for clarification from the AESO with respect to the nature of similar milestones for all other generating technologies.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Oppose 120 days from P&L is not appropriate. P&L can take over 180 days, introducing uncertainty in the construction schedule. Construction is also seasonally dependent on wind, temperature and ground conditions, so certain windows of opportunity may close if a decision is delayed.</p> <p>We suggest this milestone should be negotiated with the AESO but be no more than 1 year from P&L approval.</p> <p>EPCOR – Oppose Please see EPCOR’s responses to Items 1.0 and 2.0 above.</p> <p>PKS – Oppose Same principles apply as in Question 2.1</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support See comments to 2.0. As well, 120 days may be too short, especially given some geographical, environment, weather and labor challenges that can exist in</p>	<p>demonstration of procurement and construction milestones was in response to perceived expectations from stakeholders that there should be stringent requirements developed to manage those projects that have been allocated transmission capacity but are not reasonably proceeding with the development of their project (“hoarding capacity”). As noted above as a result of a number of considerations such as:</p> <ul style="list-style-type: none"> • the varied response from stakeholders • complexity in applying the requirements to other projects (load or generation) • practices applied in other jurisdictions • EUB practices • AESO internal planning and operation considerations <p>the AESO is planning to remove the proposed criteria.</p> <p>Please see comments provided to TCE above.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>Alberta. TransCanada would propose changing this to 180 days to better accommodate these challenges while still maintaining the principle of demonstrating progress.</p> <p>Vision Quest – Oppose If a proponent has signed equipment procurement contracts then why do you need a demonstration of construction? It is highly likely that actual construction will not begin within 120 days of approval for numerous reasons. We would challenge that the construction of the interconnection by the TFO is also unlikely to begin within 120 days of interconnection approval. There must be a milestone compelling the TFO to move to construction.</p> <p>West WindEau – Oppose DISCUSSION POINT: Timing of Generator performance: Time frame is too short given turbine procurement cycles and seasonality of construction.</p> <p>RECOMMENDATION: We recommend 270-days from P&L approval plus 90 days for remedy (total of 1-year from P&L approval) from dates supplied in original construction schedule supplied at completion of step 2.</p> <p>DISCUSSION POINT: Consequence of Failure to Perform:</p> <p>RECOMMENDATION: See comments for item 2.0 (above).</p>	<p>Please see the comments provided in response to CanWEA above.</p>
3.1 Project construction milestone: demonstration of construction		
<p>Demonstration of construction may include:</p> <ul style="list-style-type: none"> • Confirmation that payment for Wind Turbine Generators (WTG) has begun as per WTG Purchase Agreement Schedule • Site preparation, temporary roads and foundation construction has begun 	<p>CanWEA – Oppose Order placement for equipment requires a down payment at the time of order, usually anywhere from 10-50% of the total anticipated cost. This may be generalized to all long lead time equipment and not just wind turbines. Construction is seasonal and must work with restrictions such as road bans and environmental requirements such as breeding seasons for certain bird species.</p> <p>Again, terms between the vendor and purchaser of the turbines is confidential. We believe that if a proponent is held to a certain standard of disclosure, then the TFO should also be held to the same.</p>	<p>Please see comments regarding the procurement and construction milestones provided above.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>Once again, we look for clarification with respect to the nature of similar milestones for all other generating technologies.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Support We have concerns that a requirement that payment has ‘begun’ may be too dependent on the deal structure. Similarly, just observing temporary roads and other auxiliary construction progress may be a meaningless gesture. We would suggest a sunk-cost measure or earned value measure rather than arbitrary activities.</p> <p>EPCOR – Indifferent</p> <p>PKS – Oppose Same principles apply as in Question 2.1</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support See comments to 2.1.</p> <p>Vision Quest – Oppose If a proponent has signed equipment procurement contracts including downpayments then is a demonstration of construction required? Order placement for equipment requires a downpayment at time of order of magnitude 10% of cost. This may be generalized to all long lead time equipment not just turbines. Construction is seasonal and must work with restrictions such as road bans and environmental requirements such as breeding season for certain bird species. Where is the demonstration on the part of the TFO that they have started construction?</p> <p>West WindEau – Oppose RECOMMENDATION: As per item 2.1 above, based on issues related to confidentiality and NDA’s in place.</p>	

AESO Proposal	Stakeholder Comment	AESO Response
4.0 Interconnection queue & wind project treatment		
<p>Customers may continue to file their Preliminary Assessment Applications (PAA) for wind generation projects</p>	<p>CanWEA – Support Proponents do so knowingly at their own risk.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Support</p> <p>EPCOR – Support Given the potential for the level of the Reliability Threshold for wind to be amended or refined going forward, it is appropriate that the AESO’s processes continue to facilitate and accommodate new wind power projects entering the queue.</p> <p>However, the constraints on overall development to be constrained by any Reliability Threshold highlight the need for the AESO to ensure the standards and criteria for maintaining and advancing projects in and through the queue impose sufficient obligations and expectations on project proponents to differentiate between projects willing and able to proceed from those whose commitments may be less firm or speculative. In this respect, the AESO’s separate proposals to allow a 30 day “grace period” for proponents to respond at certain stages would be a counterproductive step that should be rejected and revised as per EPCOR’s comments discussed elsewhere in this response.</p> <p>PKS – Support</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support TransCanada believes that the mandate of the AESO is to provide System Access to generation developers. As such the AESO should continue to accept applications for System Access and find ways to allow generation to enter the market. Furthermore, the AESO should be dealing with the applications on a first come, first serve basis in congested areas.</p> <p>Vision Quest – Support We support this because proponents would do so knowingly and at their own risk. If they don’t proceed then they lose their application fee but their loss is much more than the AESO application fee. The AESO must appreciate that proponents expend money and effort over many years in developing their potential windfarm sites before</p>	<p>Stakeholders generally supported this position. The AESO proposes to continue accepting System Access Service applications for wind generation projects. Outside the provisions outlined in the May stakeholder session, all applicants must comply and will be subject to the tariff and all applicable AESO business practices and technical requirements.</p> <p>The AESO acknowledges that development of generating facilities requires extensive funding. The AESO neither wants to curtail the output of windfarms or inhibit the development of</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>making application to the AESO for interconnection. The AESO application fee is not a significant expense relative to other expenses such as option payments to secure the land, installation of meteorological towers, analysis of wind data over several years, and preliminary design of the windfarm. Albertans have always been mavericks and it is not the mandate of the AESO to curtail such entrepreneurial spirit. It seems that not only does the AESO want to curtail the output of windfarms but also to curtail the development of windfarms. We have long believed that the role of the AESO and the EUB should be to encourage, facilitate and help, and with the propensity to say yes rather than no.</p> <p>West WindEau – Support DISCUSSION POINT: The AESO needs to recognize that the 900MW threshold and interconnection queue are two distinct and separate issues. A project that is today within the 900 MW threshold should not be in a position to bar other projects from interconnecting if the allotted projects fails to reach project development milestones.</p>	<p>the wind industry. To the contrary, the AESO’s mandate and commitment is to facilitate development of all forms of generation.</p>
4.1 Interconnection queue & wind project treatment		
<p>Customers may continue to pay their customer contribution and “commit” early to their project</p>	<p>CanWEA – Support CanWEA is concerned with any AESO interconnection business practice that provides a “trump card” for developers which allows them to lock up capacity by making an interim cash payment without first achieving milestones towards actual project development and interconnection. While CanWEA agrees that financial capability and commitment should be an important measure of the seriousness of the proponent, we believe appropriate weighting also needs to be given to other development milestones. We understand the statement in section 4.1 to mean that the AESO will permit proponents to enter the interconnection queue process even while there is insufficient operational or transmission capacity available. Under such a scenario, we agree that proponents should be allowed to proceed knowingly at their own risk.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Support</p> <p>EPCOR – Support</p>	<p>A majority of stakeholders supported this provision but also expressed concerns that the management of such a process seems complex. Stakeholders also noted that there is insufficient detail regarding the operational considerations of the proposed business practice. For instance there is insufficient detail and certainty regarding allocation of project capacity, project costs, interconnection requirements and timelines and how the practice will be applied in various other circumstances. Stakeholders also outlined their concerns regarding the mechanisms to sufficiently demonstrate “commitment” and under what circumstances the AESO would</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>PKS – Support</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Oppose TransCanada does not support the payment of a customer contribution to obtain capacity on the transmission system. Customers should, at minimum, be granted the option of providing a letter of credit rather than being forced to pay the entire customer contribution for capital that may not be expended for months or even years to come. Customers should be accepted into the queue on a first come first serve basis and be removed from the queue if they do not meet commercial and technical information deadlines in the development of the project. The AESO should also be careful in accepting customer contributions from customers that are not within the threshold cap as payment of a customer contribution may create false expectations that capacity will be available shortly or guaranteed.</p> <p>Vision Quest – Support Same response as provided in Section 4.0.</p> <p>West WindEau – Position not indicated DISCUSSION POINT: The concept of “committing early” and moving up to Position 2 is inconsistent and contradictory to the proposed Business Practice. If it were accepted, it would nullify and render the new Business Practice useless. Running two business practices with different criteria will lead to a state of chaos.</p> <p>The existing practice of giving a priority ranking based on a cash payment for the contribution has the undesirable effect of encouraging parties to “queue-jump” and “hoard capacity” since the cash payment is totally refundable if the interconnection facilities are not constructed.</p> <p>RECOMMENDATION: The remedy to this problem is to require substantial and concrete demonstration</p>	<p>make commitments back to the customer. The AESO proposes to review the practice of “early commitment” and investigate other options prior to drafting the next version of the interconnection sequencing process.</p> <p>As noted above the AESO will investigate other possible options including financial commitments prior to drafting the next version of the sequencing process. Note the AESO has asked the stakeholder community to provide comments regarding the use of Letters of Credit (LoC’s) for those customers that are above the 900 MW threshold, in accordance with a letter sent out on August 17, 2006. The results of that consultation will be taken into consideration in future drafts.</p> <p>Please see the comments provided to Vision Quest above in Section 4.0</p> <p>Please see the comments provided in response to CanWEA above.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>of project development before the AESO notionally reserves capacity for a project or finally assigns capacity for a project. West Windeau strongly recommends that under the new sequencing process all parties in the queue will be staged according to the dual development and security performance requirements, regardless of whether such parties have previously “committed” or not. It would be unfair and discriminatory to use two different standards for determining any interconnection sequence.</p>	
4.2 Interconnection queue & wind project treatment		
<p>Pre May 8th, 2006 wind interconnection requests (and don't interconnect) – the AESO will refund their application fees. The refund provision will be in effect for 180 days following the May 8th, 2006 stakeholder session.</p>	<p>CanWEA – Support Applications made under the pre-2006 tariff have this right at any time. It is only those who applied in early 2006 that this applies to. In future, refunding of application funds and CCA monies should occur after the review if there is insufficient capacity to address the application.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Support</p> <p>EPCOR – Support</p> <p>PKS – Support</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support This seems like a good business practice as the AESO has now changed the rules for interconnection.</p> <p>Vision Quest – Support Applications made under the pre 2006 tariff have this right at any time less expenditures to date if they went with a time and materials approach. It is only those who applied in 2006 that this refund window would apply to. The 2006 onwards approach is to refund the fee in its entirety when the project proceeds but is not repaid if the project does not proceed.</p> <p>West WindEau – Support</p>	<p>To clarify, only those projects that were “committed” to a tariff that had provisions for the Hourly Application Fee (i.e. 2005 tariff) option would have been allowed a refund of a portion of their application fee.</p> <p>The majority of stakeholders who submitted comments support the proposed solution.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>RECOMMENDATION: The AESO should refund application fees in any situation where there is a lack of available transmission capacity. The Transmission Policy and Regulation directs the AESO to make transmission capacity available for generation and that such should not be an impediment to generation development. Hence, a reasonable presumption to the payment of the application fee is that capacity will be available.</p>	
5.0 AESO Position Regarding First Right of Refusal		
<ul style="list-style-type: none"> • Customers in a higher position are informed about another project about to commit and move up in priority • AESO position <ul style="list-style-type: none"> o Administratively complex o May lengthen interconnection process o Creates another race o May be partially managed with a public interconnection queue 	<p>CanWEA – Support Affected proponents should have 21 days to commit. The complexity comes if they have not received CCA documents to consider and would need 21 days from when they receive the documents. We believe deadlines should only be imposed outside of agency action on the proponents obligations once a trigger has been set. As a courtesy, potential agency delays should be removed from inclusion in the time clock. Changing the deadline to 21 days only lengthens it by a short time given that the first in the queue may have been at this already for 120 days. It does not create a race in most cases, rather it establishes a single preferred candidate and removes doubt. There will be fewer races once the queue is more transparent as applicants will be entering the queue with a better understanding of the risk and obligations before making an application.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Support</p> <p>EPCOR – Oppose</p> <p>PKS – Oppose This totally circumvents the interconnection process, which all project developers rely upon to carry out their activities. If a project developer has been in the interconnection process for an extended period of time, why should all other parties yield to their indecision? I agree that it would be administratively complex and may be resolved with a public interconnection queue.</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support TransCanada supports what is understood to be the AESO’s position, that the AESO is opposed to a First Right of Refusal being implemented. First Right</p>	<p>As noted above the AESO proposes to review the “early commitment” considerations prior to drafting the next version of the sequencing process. Although the AESO will review the “early commitment” practice and its corresponding implications, the AESO still has reservations regarding the implementation of a first right of refusal process. Although it has been suggested that such a proposal would not pose as an administrative burden, the AESO suggests otherwise. The AESO submits the administrative complexity lies in a process to manage subsequent “early commitment” requests to the original request. For instance effectively managing the 21 day notification period for each successive “commitment” by a customer would be far too complex to administer.</p> <p>The AESO submits a publicly available interconnection queue will provide sufficient information to customers for their decision making purposes.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>of Refusal is too complex for the value it potentially brings and it goes against the first come first served principle as well. TransCanada supports a public queue with the milestone requirements and timelines. . The AESO should be required to keep a public queue up to date in congested areas.</p> <p>Vision Quest – Support Affected proponents should have a minimum 14 clear days to commit. The complexity comes if they have not received CCA documents to consider and would certainly need at least 14 clear days from when they receive the documents. The question in context only refers to the action to commit. The right of first refusal should also apply at all steps in the process. If some other milestone evidence is required in addition to the CCA and payment then in a similar fashion the affected proponents should have the right to provide required evidence and maintain their queue position.</p> <p>West WindEau – Support DISCUSSION POINT: The need for an explicit “first right of refusal” is diminished if the AESO commits to a dual-performance (development and adequate security) criteria for assigning queue positions. That is because the “right of refusal” is implicitly embedded in the performance criteria used to determine the queue position. For example, a party that has not achieve the milestones required in Position 3 should, by virtue of the published Business Practice, be on notice that other parties that complete such milestones will advance to Position 4 and therefore move up to a higher ranking. Clearly, the former can maintain its position in the queue if it too is able to meet the necessary performance milestones (hence the implied right of refusal).</p> <p>However, the need for a “right of first refusal” is pronounced if the AESO does not use a single common set of criteria to assign queue positions. If, for example, the AESO creates a “fast-track” to a high rank by waiving the development milestone criteria and relying solely on a cash contribution then there is no longer a common set of rules where parties can maintain their rank by performing as required. Instead, parties will have no choice but to compete for position based on the “fast-track” tactic of making cash contribution payments. Clearly, in this instance the party that is being “jumped” should be afforded the same opportunity to “fast-track” to a high ranking. The AESO claims that this would be complex to administer and we agree – it would however be the only fair solution.</p> <p>RECOMMENDATION:</p>	

AESO Proposal	Stakeholder Comment	AESO Response
	<p>If the AESO wishes to reduce the administrative burden and create an efficient process, then it must implement only one criteria for assigning queue positions and that criteria must include some measure of substantive project development progress.</p>	
6.0 AESO Position Regarding Public Interconnection Queue		
<p>Projects not on the public record</p> <ul style="list-style-type: none"> Generic customer name, transmission planning area (project location), load or generation, resource type (for generation projects) and requested capacity <p>Projects on the public record</p> <ul style="list-style-type: none"> Customer name, legal land description, load or generation, resource type (for generation projects) and requested capacity <p>Updated monthly</p>	<p>CanWEA – Support/Oppose All projects with a signed CCA should be published and the following information should be made available:</p> <ul style="list-style-type: none"> * proponent's identity * requested capacity * the interconnection point (i.e. line or substation) * requested inservice date <p>The queue should be updated to show their progress through the milestones.</p> <p>Projects without signed CCAs should be identified in the queue with somewhat lesser detail (particularly exclusion of the proponent's identity).</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Oppose Need ISD information. Once project has reached stage 3 it should become public. We are contending for a limited public resource and it should be addressed in a transparent fashion.</p> <p>EPCOR – Support For projects on the public record, EPCOR believes the interconnection queue should also state the requested in-service dates.</p> <p>PKS – Oppose This list should be based solely upon projects that have submitted application to the AEUB for permit and license, when it essentially comes into the public domain. Prior to that, any project information should be held in confidence by the AESO unless the project developer has provided written consent to disclose the project information.</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Support</p>	<p>It appears that stakeholders generally support the public distribution of an interconnection queue although there is differing opinions about the information that should be made available in the proposed queue. It appears stakeholders are seeking some details which may not be on the public record (e.g. in an application that has been filed with the EUB). As outlined in AESO's original proposal, the interconnection queue should only include those projects that are on the public record. The AESO will consolidate stakeholder recommendations and will propose the categories of information which will be contained in the queue in the next draft of the sequencing process.</p> <p>As noted at the start of this section, the AESO agrees with this position.</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>A Public Queue improves visibility and clarity. TransCanada supports keeping the project name confidential until the customer announces that the project is proceeding. TransCanada also supports displaying milestones and dates they are required to be completed by, to assess the market and other party's activity levels and commitment.</p> <p>Vision Quest – Support All projects with a signed CCA should be considered “public”. The interconnection point, i.e. line or substation, should also be disclosed. Requested or negotiated inservice date should be disclosed. “Public” should mean a project which has made application to a regulatory entity whether municipal, provincial or federal. The Queue should also identify the next required action items and timeline by the proponent, AESO and TFO.</p> <p>West WindEau – Oppose DISCUSSION POINT: We support a transparent public record and disagree that the name of the proponent be withheld as part of the public disclosure.</p> <p>RECOMMENDATION: The queue should be published on the AESO website and updated a frequently as possible, but no less than once a month. The queue should contain all projects that have submitted a PAA. The capacity of the transmission system and the engineering resource of the AESO is a public asset. As such upon application the name of the proponent should be published to avoid any appearance of impropriety. This will reduce the number of inquiries to the AESO for simple information. At the very least when the AESO makes the “need information” filing with the EUB, the project is by default made public and it should be included on the queue list as such from that point forward. The progress through the sequencing process should also be detailed so that a monthly review of project status is guaranteed and the queue remains vibrant.</p> <p>As part of making the interconnection queue public, the AESO should also indicate total, interim reserved, finally assigned and available transmission capacity throughout the system.</p>	<p>The AESO agrees that customer project information would only be made public when the interconnection proposal has become part of the public record.</p> <p>Please see other responses provided in this section.</p>
7.0 AESO “discretion”		
<ul style="list-style-type: none"> • In Service Date (ISD) management • “Typical / Reasonable” vs. 	<p>CanWEA – Oppose We believe that ‘Discretion’ is another word for acting unilaterally and without consultation. We would like to request that AESO explain what is</p>	<p>As noted in the Electric Utilities Act (the EUA) along with the AESO's terms and</p>

AESO Proposal	Stakeholder Comment	AESO Response
<p>"Requested" ISD</p> <ul style="list-style-type: none"> • Interconnection complexity <ul style="list-style-type: none"> o Due to transmission congestion o Project size • Resource management 	<p>intended by this statement, as we are currently concerned that the term is too open-ended.</p> <p>The AESO should not view its discretion as a means to "re-write the rules". The reasonable use of discretion requires that the AESO apply its judgment within the rules that have been set out. Therefore, it is important that the AESO clearly identify in the Business Practice document the areas where ambiguity may appear and how the AESO might review the situation and make a determination. That judgment must however meet the principles and purposes of the framework, not create a new framework.</p> <p>We believe the AESO either needs to define what is intended by the term 'Discretion', or remove it. Fundamentally, we believe the discretion of the AESO should be managed by the Act and the regulations under which it governs.</p> <p>We also note that the text in section 7.0 seems to imply that the AESO should have the discretion to manage transmission congestion. In our view, the AESO should be compelled to respond and resolve congestion issues on a timely basis.</p> <p>ENEL/WPI – Please see comments provided in Section 1.0</p> <p>ENMAX – Support Due to the complexity of any major construction project, discretion must be allowed for. They AESO should publicly reveal where they have exercised discretion to the extent possible.</p> <p>EPCOR – Support EPCOR notes and supports that the AESO's exercise of any discretion with respect to managing the interconnection queue is to be subject to there being no negative impact on project in-service dates.</p> <p>PKS – Support Same principles apply as in Question 2.1</p> <p>Spirit Pine Energy – Position not indicated</p> <p>TCE – Oppose TransCanada opposes the use of discretion in the development of a queue, as this can lead to allegations of favoritism or improper behavior. The rules of</p>	<p>conditions the AESO may exercise discretion – acting reasonably in the application of its tariff or in compliance with its obligations under the EUA. The AESO's intent was to provide clarity and transparency to the stakeholder community regarding the different circumstances in which the AESO may use its discretion in managing interconnection projects.</p> <p>The inclusion of AESO discretion was intended as a means of managing unforeseen circumstances encountered in interconnection projects. The AESO also submits it has defined the implications and circumstances in which discretion would be applied. As noted in the AESO's May 8 presentation, the AESO would apply discretion as outlined in the sequencing document so long as the customer was not adversely affected.</p> <p>It is the AESO's experience that the development of business practices and processes cannot contemplate every possible scenario that may be encountered. Operational flexibility as allowed in the tariff and the EUA are</p>

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	<p>entering or leaving the queue should be such that AESO discretion is not needed.</p> <p>Vision Quest – Position not indicated The Transmission Regulation directing a congestion free system under N-0 must be the prime directive. This is not complexity, this is simplicity – focus on getting the new transmission facilities built. Inservice dates must be reasonable cognizant of expected approval timelines and interconnection and system upgrade construction requirements. Inservice dates in a project are subject to ongoing refinement as the delivery dates and completion dates of equipment and construction depend on availability of equipment and contractors at the time of order versus quotation and being subject to prior sale. The lack of resources at the AESO or TFO should not be a consideration as the expectation of proponents is that the work is done either internally or consultants/contractors are hired to manage waitlists to be a reasonable length. The AESO and TFO must commit to turnaround times for process steps and milestones.</p> <p>West WindEau – Oppose DISCUSSION ITEM: The AESO should not view its discretion as a means to “re-write the rules”. The reasonable use of discretion requires that the AESO apply its judgment within the rules that have been set out.</p> <p>RECOMMENDATION: Therefore, it is important that the AESO clearly identify in the Business Practice document the areas where ambiguity may appear and how the AESO might review the situation and make a determination. That judgment must however meet the principles and purposes of the framework, not create a new framework. The final Business Practice Document should include plenty of scenarios to illustrate the circumstances when the AESO might apply it discretion and in what way.</p>	<p>necessary to effectively manage interconnection requests and ensure non-discriminatory and efficient access to the AIES.</p> <p>As outlined above the AESO makes every reasonable effort to ensure customers are interconnected to the AIES as per the customer’s interconnection request. The AESO also submits that the onus is also on the customer to work together with the AESO to understand the interconnection processes, process milestones and interconnection cycle times in the creation of reasonable interconnection expectations and effective management of a project’s progress through the various stages of the interconnection process.</p> <p>Please see the comments provided at the start of Section 7.0.</p> <p>The AESO will review the detail</p>

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	<p>DISCUSSION POINT: Table 3 attempts to illustrate such examples where the AESO may apply discretion; however, the examples lack sufficient clarity and raise concerns that the rules may be applied differently for different parties.</p> <p>In-service date Management: It's not clear how the AESO can alter the project's "queue position" and have no impact on capacity or RAS scheme allocation since these are based on the queue position. Is the AESO trying to say that they may alter the "construction sequence" (What is built in what order.) but doing so will not change the allocation of T-capacity or RAS schemes? In other words, the priority ranking should be based on the timing for reaching Position 1 but the AESO may alter the construction of interconnection facilities in order to provide a more efficient system development.</p> <p>RECOMMENDATION: West Windeau supports the latter and requests the AESO clarify its intentions.</p> <p>DISCUSSION POINT: Differences in Typical ISD versus requested ISD: It's not clear what is intended. Again, we believe the AESO is trying to make a distinction between "construction sequencing" and queue position for purpose of transmission allocation and RAS schemes.</p> <p>RECOMMENDATION: Provide more concise description of what is intended.</p> <p>DISCUSSION POINT: Interconnection complexity: Again it appears that the AESO is drawing a distinction between "construction sequencing" and queue position for purposes of transmission allocation and RAS schemes.</p> <p>RECOMMENDATION: Provide more concise description of what is intended.</p> <p>DISCUSSION POINT: AESO Resource Management: It would appear that the AESO is trying to indicate that it may allocate (human) resources (i.e. engineering resources) in a sequence that differs from the projects position in the queue if doing so will result in a more efficient system planning process.</p> <p>RECOMMENDATION:</p>	<p>provided in this section and investigate other methods of demonstrating its intent.</p>

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	<p>The statement should be clarified that if such an event is to occur, the queue position for purposes of transmission capacity and RAS scheme allocations is not affected. i.e. there should be a distinction between project planning sequence and “queue” sequence.</p>	
Additional Comments		
	<p>CanWEA – We believe there needs to be a mechanism whereby the AESO/AEUB/TFO are held to the same standard of accountability as the project proponent.</p> <p>ENEL/WPI/WPI – Please see comments provided in Section 1.0</p> <p>EPCOR – As the current process stands, proponents that may not have any likelihood (or intention) of ever proceeding can nevertheless avoid having to make any material commitments until later stages of the AESO’s process. This creates the potential for the AESO’s time and effort to be diverted away from projects that enjoy firmer levels of support and commitment by their backers, and potentially needless delays or interruptions to the schedules of those projects. To address this concern, EPCOR believes the AESO should establish provisions at the outset of the process whereby project proponents would have to include, through either reference to their credit rating or ability to provide another form of financial security, an indication of their financial standing and commitment to the project.</p> <p>EPCOR also urges the AESO to consider establishing timelines and targets relating to its responsibilities to provide information or acknowledgements to proponents at various stages of the process. The existing process imposes obligations only on project proponents to provide information within certain timeframes (30, 60 or 90 days depending on the stage). Establishing reasonable and appropriate targets for the AESO’s activities would provide greater certainty for project proponents.</p> <p>TCE – TransCanada encourages the AESO to further investigate the FERC Open Access Transmission Tariff queue process management as applied in other jurisdictions to leverage learning’s from other ISOs that have considerable experience in this type of issue over many years in multiple jurisdictions.</p>	<p>The AESO intends to investigate possible areas where compliance timelines for the AESO may be applicable in the next version of the sequencing business practice.</p> <p>The AESO acknowledges the comments provided by EPCOR. The AESO will investigate other alternatives as they relate to the current interconnection process and will include any revisions as part of the next draft of the sequencing determination document.</p> <p>The AESO is currently reviewing the practices and processes from other jurisdictions to determine if similar practices can be employed by the AESO.</p>

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	<p>TransCanada believes that projects should be accepted and maintained in one queue (rather than multiple queues at various positions) on a first come first serve basis, from the original application date and that queue position should not be adversely impacted by activity outside of the customer's control (i.e. AESO and TFO staff priorities, EUB processes). Projects should not be able to pass other projects in the queue unless the other project has failed to meet a milestone deadline, in which case it is either removed from the queue or moved to the bottom of the queue. Simply completing milestones in less time than other projects should not advance you past those projects which complete their milestones in the allotted timeframe.</p> <p>TransCanada notes that the proposed process (based on paying a customer contribution) as the basis for assigning capacity is in contradiction with rules proposed earlier in 2006 on constraint management that curtail generators where there is insufficient capacity on the basis of their in-service date (i.e. last to be commissioned is the first to be removed under a RAS).</p> <p>Vision Quest – While the context for this renewed emphasis on the Queue appears to be the wind industry it is important to consider that the Queue applies to all interconnections, i.e. all forms of generation and also load. The AESO should ensure that the milestones and process steps are workable or are expanded to cover all interconnections.</p> <p>We would suggest that a flow chart style of diagram be used to clarify the decision points and considerations/milestones at each such point. In words this is complex and convoluted and any tool which can add process clarity would be welcomed. In the instant circumstance we would observe that there are many proponents which have signed CCA agreements and made payments to the TFO. Differentiating between numerous parties requires the AESO to look to evidence other than the CCA and payment. To us the other key evidence is the state of advancement of the generating facility through the regulatory process steps from application to the municipality through to approval by the EUB.</p> <p>We find it discouraging that the AESO still refers to the queue as a means of</p>	<p>The AESO acknowledges that there are benefits of a first-come first-serve approach. The AESO is concerned that adopting this approach may reduce any of the operational gains attained through the redesigned interconnection process.</p> <p>The AESO has done a preliminary review but has not determined the full impact of adopting TCE's proposed changes.</p> <p>The AESO has reviewed the proposed constraints management rule and suggests the proposed treatment does not conflict with the proposed rule.</p> <p>The AESO agrees with VisionQuest and submits that this may be possible if the compliance milestones are simplified as noted by the AESO in Sections 2 through 4 above.</p> <p>The AESO is aware of its obligations as outlined in the EUA and the</p>

AESO Proposal	Stakeholder Comment	AESO Response
	<p>determining where a project is in the stacking order for severity of RAS schemes. The mandate of the AESO is to provide an unconstrained system under normal operating conditions, i.e. no RAS. That a proponent may want to proceed with their project ahead of the system improvements required to fulfill the AESO mandate does not in any way relieve the AESO of the obligation to eliminate transmission congestion. And we would add that the AESO should execute on their obligation on a timely basis. In other words, a RAS scheme accepted by a proponent in order to advance their project on a timely basis must not be an excuse for the AESO and TFO to delay system improvements.</p> <p>West WindEau – DISCUSSION POINT: At various stages, the AESO requires the Customer to provide security to cover the expected costs of interconnection. As with any purchasing decision the Customer should be provided with as much information about these expected costs as early as possible. It would be unfair for any interconnection process to ask Customer to simply write a blank cheque for the cost of interconnection.</p> <p>RECOMMENDATION: When the AESO and the TFO develop their final IP, it should include full details of the costs that will be secured by the Customer, including TFO/AESO engineering and cancellation costs under the PPS work as well as the facility costs.</p>	<p>Transmission Regulation. The planning, design and development, approval and construction of new transmission facilities are all lengthy processes. The AESO is making every effort to comply with the requirements of the Transmission Regulation and build transmission facilities in a timely manner. The AESO on the other hand cannot and will not impede requests from a customer who requests interconnection to the system prior to a transmission upgrade. The customer requesting system access service assumes responsibility to understand and accept the operational and commercial implications along with the commercial and regulatory risks that may impact their operation. The AESO submits that such requests in advance of transmission system development will continue and the AESO is simply being prudent in the development of transparent practices that can be applied to all customers on a consistent basis.</p> <p>As per the requirements of the Transmission Regulation, the AESO and TFOs are working together to develop common project cost reporting which will ensure all customers receive the same level of detail regarding their interconnection requests.</p>

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	<p>If the Customer provides cash payment as security before the point in which it is required by the Tariff (i.e. before the start of construction), then the Customer should be able to provide a staged payment (e.g. the greater of 10% of contribution or \$1 million) and receive the elevated priority associated with a cash payment security. Such an approach would not unnecessarily add to the cost of the project by tying up working capital of the proponent for extended periods of time, yet demonstrate substantial commitment to the project.</p> <p>DISCUSSION POINT: The Table 2 document is difficult to read and includes various suggestions that are not acceptable.</p> <p>RECOMMENDATION: Attached to these comments is a recommended alternative Table 2 of the Project sequencing Process document. It is intended to reflect many of the comments herein in a format that would replace or enhance Table 2. (Alternatively, the table format is overly restrictive to the amount of information recorded about each Position. AESO might consider abandoning a table format and use a chronological format listing all the elements applicable at each Position)</p> <p>DISCUSSION POINT: The project sequencing Business Practice affects all AESO Customers, not only wind generators.</p> <p>RECOMMENDATION: The AESO should release a comprehensive Business Practice that provides the generic process for all Customers as well as the specific milestones that will be implemented for each type of generation. It should also be clear that the milestones established for other types of generation do not disadvantage wind generation. Likewise, the public stakeholder process should be comprehensive. All Customers should be notified and provided an opportunity to comment on the Business Practice. It would be unfair if the AESO conducted a second stakeholder consultation that leads to further changes in which West Windeau or the wind industry has not been provided notice.</p>	<p>The AESO will review the proposed changes and update the proposed sequencing process where feasible.</p> <p>As noted in Sections 2-4 above, if the AESO is to review the need for the proposed procurement and construction milestones the AESO will investigate the opportunity to develop milestones which would consistent across all generation resources.</p>

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	<p>Greenwind Power Corp Is there a risk that people later in the Q will get connected before people earlier in the Q due to transmission constraints on the earlier person's WPF? What in the queue management process prevents "queue jumping" particularly among committed projects?</p>	<p>Wind power projects that are queued within the 900 MW threshold will be connected as their interconnection is ready for service. If system reinforcement is required to accommodate the proponent's entire wind power facility's capacity, then the system reinforcement must be in place prior to energization or the proponent may be interconnected with a Remedial Action Scheme (RAS). Note RAS requirements may vary due to the system upgrades contemplated in an area or system operational considerations that may be unique to the interconnection point. However, if a separate project further back in the queue (and within the 900 MW threshold) is ready for service sooner, then it may be energized first if there is capacity within the threshold for both projects. If, however, there is not enough capacity for both, then the project that is further back in the queue will not be connected. In committing capacity, AESO establishes priorities based on the date the customer has paid their customer contribution amount.</p>