



Sent via e-mail

August 23, 2007

Dear Stakeholders;

Re: Negotiated Settlement Process to Finalize Article 11 – Compensation for Ancillary Services

On August 3, 2007, the Alberta Energy and Utilities Board (EUB) issued Decision 2007-062 approving the AESO's request to initiate a negotiated settlement process (NSP) in respect of Article 11 of its tariff.

Briefly, Article 11 addresses compensation by the AESO for the provision of ancillary services by market participants where the AESO requires such services to maintain system security. Article 11 was last approved on an interim basis on November 15, 2005 in Decision 2005-125.

The purpose of this NSP is to update the interim Article 11 to the extent required to ensure it is just and reasonable for all affected participants, and present the updated article to the EUB for final approval. If the NSP is not successful, the AESO has been directed by the EUB to submit an application proposing the final version of Article 11 by October 31, 2007.

The AESO agrees with the comments from some interested parties suggesting that an independent facilitator would enhance the likelihood of a successful negotiation, and to this end, has retained Certus Strategies to facilitate the process.

If you wish to be an active participant in the NSP, please register with April Walters at april.walters@aeso.ca on or before September 5, 2007. Please include in your reply the following:

- 1) which organization you represent;
- 2) which individual from your organization will be the signatory to the settlement, should one be reached;
- 3) the names of others in your organization who may participate in the discussions.

Once you have registered, you will be contacted by Certus Strategies and advised of the next steps in the process. You will also receive an outline of the information required to assist the discussions going forward, prior to the first meeting which will take place in September (date to be confirmed).

Information relating to this NSP will be posted on the AESO website at www.aeso.ca, and is accessible by following the path Tariff ► Current Applications ► Ancillary Services Article 11 Settlement. The original application for amendment of Article 11 which led to EUB Decision 1005-125 is also available by following the path Tariff ► Previous Applications ► Article 24 Amendment.

If you do not wish to be an active participant in the NSP but want to monitor the process, you may do so by reviewing information posted on the AESO website as indicated above.

If you have any other questions or comments please contact either of the following:

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We look forward to working with you.

Sincerely,

“original signed by”

Doyle Sullivan, P. Eng
Director, Regulatory Services