

Mediation Preliminary Report and Action Plan

SCOPE: WHAT WE HAVE DECIDED TO RESOLVE

- Establish a principle based competitive procurement protocol for the transition from market-based acquisition to Article 11.
- Build on the extensive negotiations about the current Article 11 that have already occurred and acknowledging that considerable compromise has gone into these negotiations. The remaining issues include:
 - a. Deeming a unit to be in merit.
 - b. Partial dispatch of a plant.
 - c. Minimum monthly payment for TMR and how it is arrived at.
- Consideration of Maximum TMR/Cost of Service Cap.

INTEREST-BASED NEGOTIATIONS AS A PROCESS

Step 1 – Identify the issue to be resolved

Step 2 – Open and effective communication about the issue that:

- Brings out our underlying principles
- Surfaces our interests and needs
- Enhances our understanding of what is most important to each participant
- Clarifies regulatory and legal boundaries

Step 3 – Generate options for resolution - brainstorming

Step 4 – Test options to identify the best solutions (i.e. The Solution Chat)

1. Best meets as many of the interests of all the parties as possible.
2. Is consistent with our principles.
3. Is legal and complies with regulations.
4. Is better than our BATNA (Best Alternative to a Negotiated Agreement)

PRINCIPLES PROPOSED TO GUIDE OUR NEGOTIATIONS

Fair

Transparent

Consistent

Market responsive

Regulatory compliant

Criteria based

Fixed and variable costs recovered

Genuine last resort

Reasonable

**This list is evolving*

SUGGESTIONS FOR OUR NEGOTIATIONS

- Consider your evolving market reality as you prepare your responses.
- Avoid taking positions.
- Our solution fixes the future. Learn from the past but focus on the future.

MEDIATION ACTION PLAN

Small Groups Work

Objective- To provide a report and recommendations about the following topic:

“Establish a principle based competitive procurement protocol for the transition from market-based acquisition to Article 11”

By: Thursday October 11, 2007 at noon.

To: Certus Strategies
All Participants

Participants- Facilitated by David Gould

- Paul Barry
- Evan Bahry
- Dan Levson
- Grant Pellegrin
- Randy Stubbings
- Carl Fuchshuber

Participant Briefing Papers

The AESO, Load participants, and Generator participants will provide to Certus Strategies and to each other by, Thursday October 11, 2007 at noon, the following:

First, a Briefing Paper using the attached work sheet format that:

1. Expresses their views about
 - Deeming a unit to be in merit
(Worksheet #1)
 - Partial payment for use of a plant
(Worksheet #2)
 - Minimum monthly payment for TMR and how it is arrived at
(Worksheet #3)
2. Identifies options for resolution of these issues that meets as many interests/needs as possible.

Second, any additional information that the participant feels would assist the negotiation.

Third, a Briefing Paper using the attached work sheet format that expresses their views about Consideration of Maximum TMR/Cost of Service Cap *(Worksheet #4)*

WORKSHEET #1

Deeming a unit to be in merit	Summarize your views...
	What are your interests and needs?
	What options do you see for resolution?

WORKSHEET #2

Partial payment for use of a plant	Summarize your views...
	What are your interests and needs?
	What options do you see for resolution?

WORKSHEET #3

Minimum monthly payments for TMR and how it arrived at	Summarize your views...
	What are your interests and needs?
	What options do you see for resolution?

WORKSHEET #4

Consideration of Maximum TMR/Cost of Service Cap	Summarize your views...
	What are your interests and needs?
	What options do you see for resolution?