



November 5, 2007

Sent via e-mail

Dear Stakeholders:

Re: AESO ILRAS Review Process

On October 18, 2007, the AESO issued a discussion paper on changes to the procurement of Interruptible Load Remedial Action Scheme (ILRAS) service. Based on comments received to-date, we have concluded that that the subject would benefit significantly from discussions among interested parties to further define the issues and develop alternatives to or modifications of the approaches put forward in the paper.

To facilitate these discussions we intend to establish a working group made up of stakeholders from the generator, direct-connected load, and distribution facility owner communities, as well as the UCA. The working group will first focus on defining the issues associated with the ILRAS service including its impact on the fair, efficient and openly competitive operation of the electricity market. Following those discussions, the AESO will update its discussion paper, and enter into broad consultation with stakeholders on the issues and the alternatives to address them. Based on the results of the consultation, the AESO will prepare a recommendation on the resolution of this issue. The overall objective is to reach industry consensus.

In order to facilitate the discussions of the working group, we would appreciate feedback specifically on the following questions:

- should ILRAS be used for only supply shortfall conditions or also used for normal market operations to enhance the ability to import energy from neighbouring jurisdictions?
- does the use of ILRAS as an interim measure to partially restore the capability of the interties align with legislation and the Transmission Regulation?
- are the views on the preceding dependent on:
 - whether the ILRAS service is procured through a competitive process or through a regulated service?
 - whether imports are able to set price in the Alberta competitive electricity market?

We intend to launch the working group in the next two weeks. If you are interested in participating, please contact April Walters at april.walters@aeso.ca or (403) 539-2463.

Sincerely,

“original signed by”

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