

**ILRAS Working Group
December 6, 2007 Meeting
AESO Offices
Meeting Minutes**

Attendees:

Stakeholders:

Rod Crockford (Encana)	Grant Pellegrin (Valeo Power)	Raj Retnanandan (PICA)
Norman Mills (BP)	Stan Miller (ATCO Electric)	Jim Paton (TCE)
Vince Kostaskey (TCE)	Even Bahry (IPPSA)	Rick Cowburn (UCA)
Dan Macnamara (IPCAA)	Kim Johnston (ATCO Power)	Lynn Meyer (EPCOR)
Marcy Cochlan (TransAlta)	Jack Joys (ADC)	Bruce Roberts (Constellation)

AESO:

Heidi Kirrmaier	Cliff Monar	Paul Barry
Jerry Mossing	Ed Hucman	

Meeting Agenda:

As the ILRAS contract with FortisAlberta expires at the end of Feb 2008, the working group needs to determine the following:

- #1) Is ILRAS needed?
 - Under what circumstances could ILRAS be used?
 - Is it reasonable to use ILRAS to comply with the EUA and Transmission Regulation?
 - Should ILRAS facilitate shortfall conditions and in-market imports?
- #2) If it is agreed that ILRAS is needed, what can be done prior to Feb 2008 deadline?
 - Competitive procurement vs. regulated requirement? Could there be a combination of both and under what circumstances?
 - What happens if the AESO was only able procure only a portion of the total requirements through a competitive process?
- #3) What issues can or need to be addressed at a later date?

Summary of Conclusions and Next Steps:

Conclusions agreed to at the meeting:

- If ILRAS (or suitable alternative service) can be procured competitively, then it can be used for both shortfall and in-market imports;
- Some stakeholders think that mandating the service is not acceptable while others believe that, in the absence of the availability of competitive / voluntary service, it is acceptable to mandate the service.

Next Steps:

- AESO to complete operational studies to confirm what services are required to allow reliable use of the inter-tie (e.g. ILRAS, LSS);
- AESO to run competitive procurement process to acquire necessary services;
- If this is unsuccessful (or only partially successful), then alternative (or additional) approaches need to be evaluated at a later date.
- AESO to arrange meeting with FortisAlberta and certain stakeholders (Encana, IPCAA, etc.) to discuss extension and modification of the current ILRAS agreement in order to enable continued use of the inter-tie as is currently the case until the competitive procurement process can be completed.

Points of Discussion:

#1) Is ILRAS needed?

- Under what circumstances could ILRAS be used?
 - Is it reasonable to use ILRAS to comply with the EUA and Transmission Regulation?
 - Should ILRAS facilitate shortfall conditions and in-market imports?
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- Jerry Mossing (AESO) presented an overview of the various load shed services utilized by the AESO. (Presentation is attached to these minutes.)
 - While ILRAS and LSS are triggered for different events, the two services are also used to maximize the transfer capability of the BC intertie.
 - During system contingencies ILRAS and LSS may prevent the need to proceed to the next level of load shedding services – UFLS.
 - With both ILRAS and LSS services – the maximum import capability on the BC intertie is approximately 800MW. Without ILRAS, intertie capacity drops to 600MW and without either ILRAS or LSS services, intertie capacity drops to 450MW.
 - Current ILRAS service through FortisAlberta is only used for system contingencies and not used to increase transfer capacity for in-market imports.
 - There was general agreement that the Transmission Regulation requires the AESO to restore the interties to their maximum transfer capability. There was also general agreement that some form of ILRAS should continue to exist for system contingencies, but other mechanisms should be investigated to increase the transfer capacity of the intertie. Any investigation into other mechanisms to increase intertie capacity must also be coordinated with the long term transmission planning activities.
 - By and large, it was agreed that it is not desirable to force load customers to provide ILRAS. Any procurement of ILRAS should be done on a voluntary, competitive basis.
 - The AESO Operations Planning group is currently conducting a system study to determine the need for ILRAS and LSS. Study to be completed by March 2008.

#2) If it is agreed that ILRAS is needed, what can be done prior to Feb 2008 deadline?

- Competitive procurement vs. regulated requirement?
 - Could there be a combination of both and under what circumstances?
 - What happens if the AESO was only able to procure only a portion of the total requirements through a competitive process?
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- As noted above it was agreed that ILRAS should still be used for system contingencies. In light of the February deadline, the AESO, Rod Crockford and Dan Macnamara are to meet with Fortis to discuss a possible extension to the current agreement.
 - The discussion with Fortis should investigate all alternatives and other solutions so as to secure an extension to the existing contract.
 - It was also noted that during the discussions with Fortis, that any extension to the existing Fortis agreement may have to contemplate additional extensions as processes to replace the existing services may take up to a year to complete.

#3) What issues can or need to be addressed at a later date?

- If after the AESO has completed its determination on the need and operational make-up of any ILRAS / LSS service, and run the competitive procurement process, the available voluntary service is not adequate, further steps will need to be taken to establish what alternative solutions there are.