

**Memorandum of Understanding Re: ILRAS 'Bridging' Arrangement
December 17, 2007**

Representatives of parties that are directly affected by the Interruptible Load Remedial Action Scheme (ILRAS) agreement between FortisAlberta and AESO met on December 17, 2007.

Attendees:

Rod Crockford (Encana)	Grant Pellegrin (Valeo Power/ ADC)
Miles Stroh (FortisAlberta)	Rick Cowburn (UCA)
Mike Pashak (FortisAlberta)	Dan Macnamara (IPCAA)

Heidi Kirrmaier (AESO)	Ed Hucman (AESO)
Jerry Mossing (AESO)	

Parties agree that it is reasonable for the ILRAS service agreement between FortisAlberta and the AESO as amended January 11, 2007 to remain in place, until the earlier of August 31, 2008 or until such time as the AESO has made alternative arrangements for suitable support services for the operation of the BC-AB inter-tie. Notwithstanding, if steps are underway but not completed by the AESO prior to August 31, 2008, parties will consider a further extension of the agreement.

Although parties accept the above to be a reasonable interim measure, this does not mean they ultimately endorse the terms of the existing agreement. In particular, the compensation structure is not considered appropriate.

Alternative Arrangements:

At the "ILRAS Working Group" meeting held on December 6, 2007, stakeholders and the AESO agreed that in order to ultimately resolve the issue, that:

- the ideal long term solution was for the AESO to acquire ILRAS or an effective alternative service on a voluntary basis, through a competitive procurement process;
- the AESO will complete its operational off nominal frequency study and create technical requirements for the load services required to support the maximum import transfer capability on the BC inter-tie and islanded operation;
- if a competitive procurement process does not result in sufficient support services, then a supplemental or alternative approach will be considered. If this is the case, the ILRAS Working Group will be reconvened to further address the matter.

Timelines:

The AESO is committed to finalizing the aforementioned operational studies in the first quarter of 2008, and will initiate the appropriate procurement process appropriate as soon as practicable thereafter. It is expected that if it is successful, another 6 months may be required in order to fully implement and operationalize the service(s).