



**CUSTOMER INTERCONNECTION PROCESS
PERFORMANCE REPORT
JANUARY 1 – DECEMBER 31, 2008 REPORTING PERIOD**

Date Issued: March 5, 2009



1. Introduction

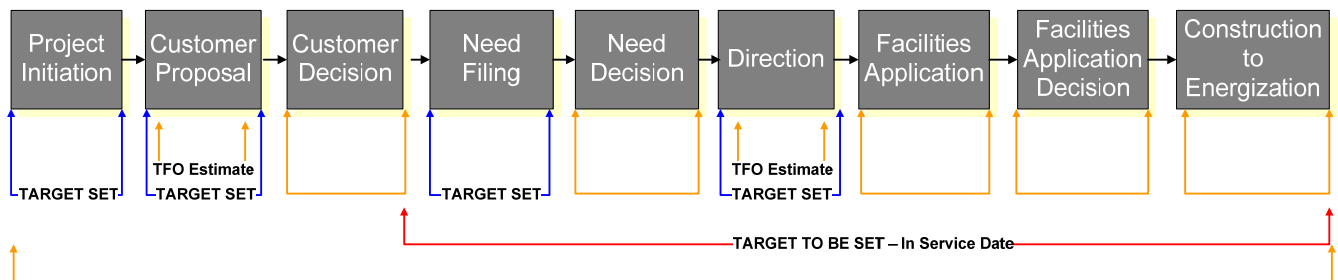
The AESO monitors performance on the customer interconnection process and reports results mid year and year ending. This report provides an overview of performance results for 2008, trends and learnings and the focus for 2009 as a result of those learnings. For more detailed information and graphs on duration times please [click here](#) or access the information through the AESO website and follow the path Customer Interconnections → Reporting → Performance Targets.

Prior to reading this report readers are strongly encouraged to review Appendix A – Interpretation Information, which provides definitions on the phases and other terms used throughout the document as well as information on how to interpret the graphs.

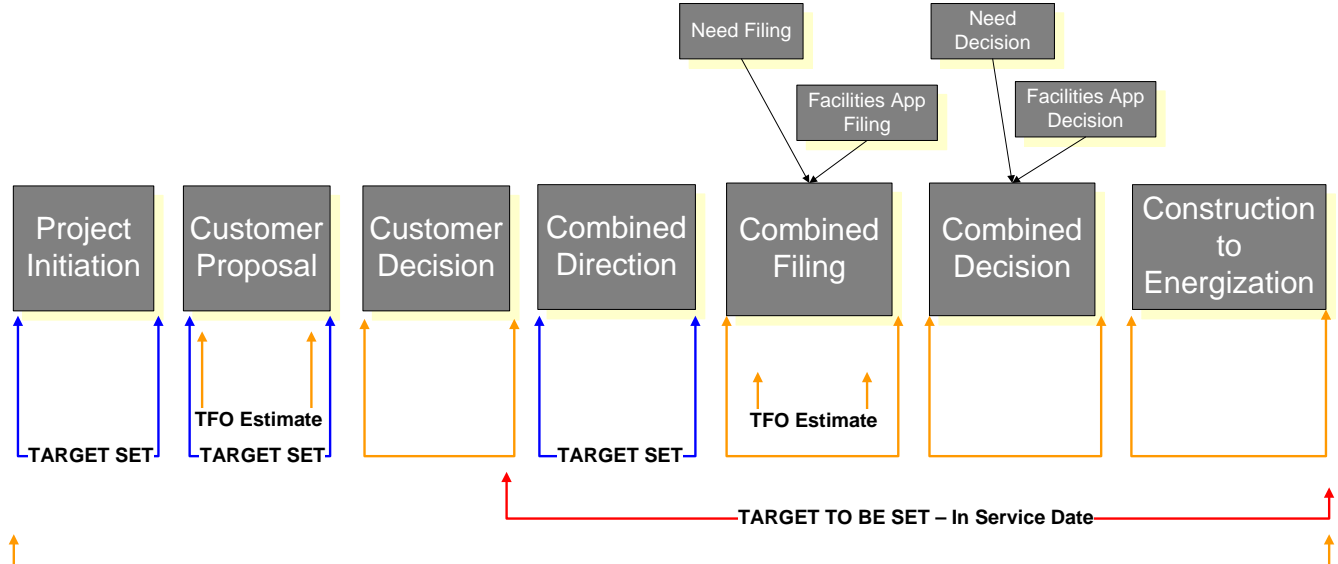
2. Overview of the Performance Targets

The AESO has established performance targets for phases of the customer interconnection process where it has significant control. The diagrams below sets out the phases where performance targets have been established for both the sequential and combined approaches; the blue arrows indicating phases with performance targets and the orange arrows indicating phases where duration time is tracked. In 2009 the AESO will be working with the TFOs to establish targets for the In-Service Date phase as indicated by the red arrows in the diagrams below.

Customer Interconnection Process - Sequential Approach



Customer Interconnection Process - Combined Approach



The table below indicates the performance targets set for the applicable phases.

| Phase | Performance Targets (in days) | | |
|--------------------|-------------------------------|--------|--------|
| | Type 1 | Type 2 | Type 3 |
| Project Initiation | 14 | 14 | 14 |
| Customer Proposal | 60 | 180 | 150 |
| Need Filing | 60 | 60 | 120 |
| Direction | 60 | 90 | 90 |
| Combined Direction | 30 | 60 | 90 |



3. 2008 Summary

Setting public performance targets and publishing the results was a first for the AESO in 2008. As this report demonstrates, we have made improvements in cycle times over the last half of the year.

The most significant improvement can be accredited to our new approach with combined NID and facility application filings. Prior to implementing the combined filing approach the AESO administered projects in a sequential manner whereby the NID and facility applications were filed individually and in a sequential manner and reviewed by the Commission individually and in a sequential manner.

Using the combined filing approach the AESO and TFO develop the NID and facilities application in parallel and execute an integrated approach for the participant involvement notification. Upon completion of the NID, facilities application and the participant involvement notification the AESO and TFO file the NID and facilities application respectively with the Commission and the Commission may review the NID and facilities application in a combined manner. It is expected that the combined approach will continue to improve efficiencies and process cycle times once all the parties (AESO, TFO and Commission) become familiar with the new practices.

The AESO also completed a review of the Interconnection Process in 2008 with much input from stakeholders and is currently summarizing the opportunities for improvement. We will be working on implementing these improvements in 2009.

Our first step towards improved project execution is the combination of Customer Services with Customer Interconnection Project Management. To provide our customers with a single point of accountability and contact for Customer Interconnections, the new team has been created to put increased focus on delivering to our customer commitments.. The Customer Interconnections team is responsible for the delivery of all Type 1, 2 & 3 projects and continued process improvements. In conjunction with providing a stronger focus on interconnection project delivery, over 2009 the AESO will be implementing changes geared towards improving the Interconnection process, providing focus and support for the AESO staff delivering interconnection services, and our project tracking and reporting.

As this report shows, in 2009 we need to focus on tracking and hitting target in-service dates. Interconnection project managers are accountable to execute these projects and we are working to remove obstacles and enable them to deliver on our commitments. We are currently in the process of working with TFOs and improving our systems to provide accurate reporting of in-service date timelines.

The other focus area is the Customer Proposal. We understand how important this document is for our customers to make economic decisions regarding the development of their project. Through the development of this report, we have observed there may be a benefit to distinguish between the different types of generation and load projects to better understand where we need to improve. The high volume of wind projects, and the delays we incurred while determining the complex system reinforcement required to connect these projects, will greatly skew the Customer Proposal phase results. The AESO will look for ways to better report this information going forward. In addition, our Customer Interconnection Planning team is focused on delivering these proposals within the target and are currently exploring other improvements in addition to the substantial contract resources lined up to complete proposals in 2009.



Our organization acknowledges the importance of timely project execution, and has placed a strong emphasis on system access service in our 2009 corporate goals.

4. 2008 Performance Results

This section provides general statistics on the customer interconnection process, a comparison of performance target results between the first half of 2008 and the second half of 2008, an annual performance target summary and a summary of duration times for TFO estimates.

When reviewing this report readers should be cognizant that the volumes, performance results and duration times are based on active projects as at December 31, 2008 and exclude:

- Behind the fence projects
- Customer salvage projects
- Merchant line projects

In addition readers should be aware that project volumes for Type 2 projects are low and interpret the results accordingly.

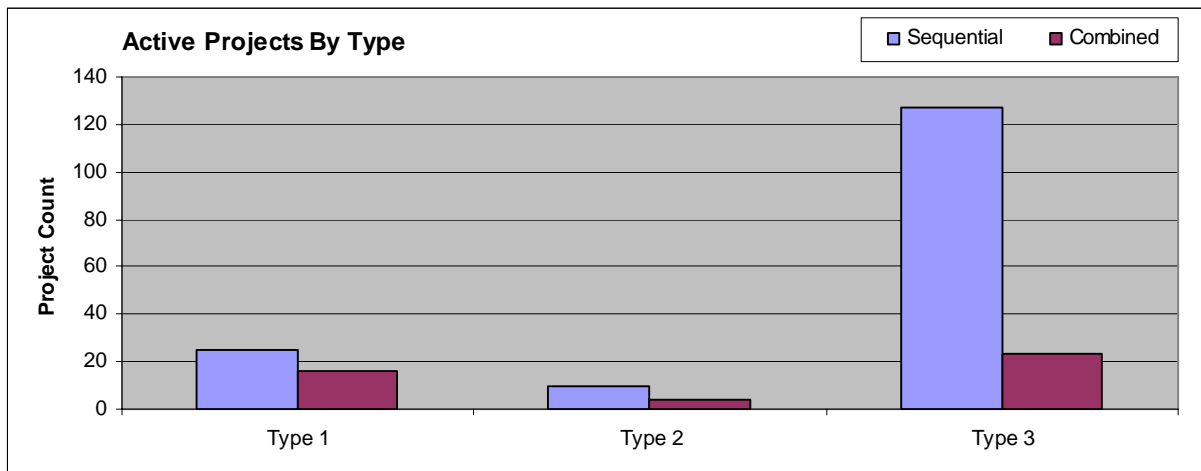
4.1 General Statistics

4.1.1 Active Customer Projects

As at December 31, 2008 there were 191 active projects. The graph below illustrates active projects by project type.

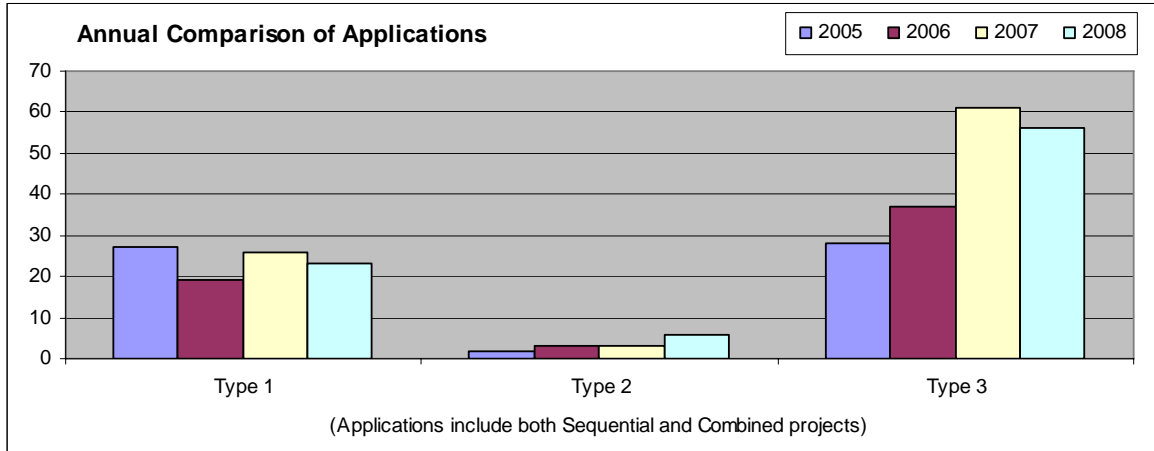
When interpreting this graph in conjunction with other graphs in this report it is important to recognize that the 191 active projects are at various stages in the customer interconnection process; some projects will have completed one or more phases while other projects may not have completed the first phase yet.

In addition the graph below indicates that a large number of projects are associated with the sequential approach only because projects are initially classified as such. As projects proceed through the Customer Proposal phase the AESO will confirm whether the project will be administered in a sequential or combined approach and update the project data accordingly.



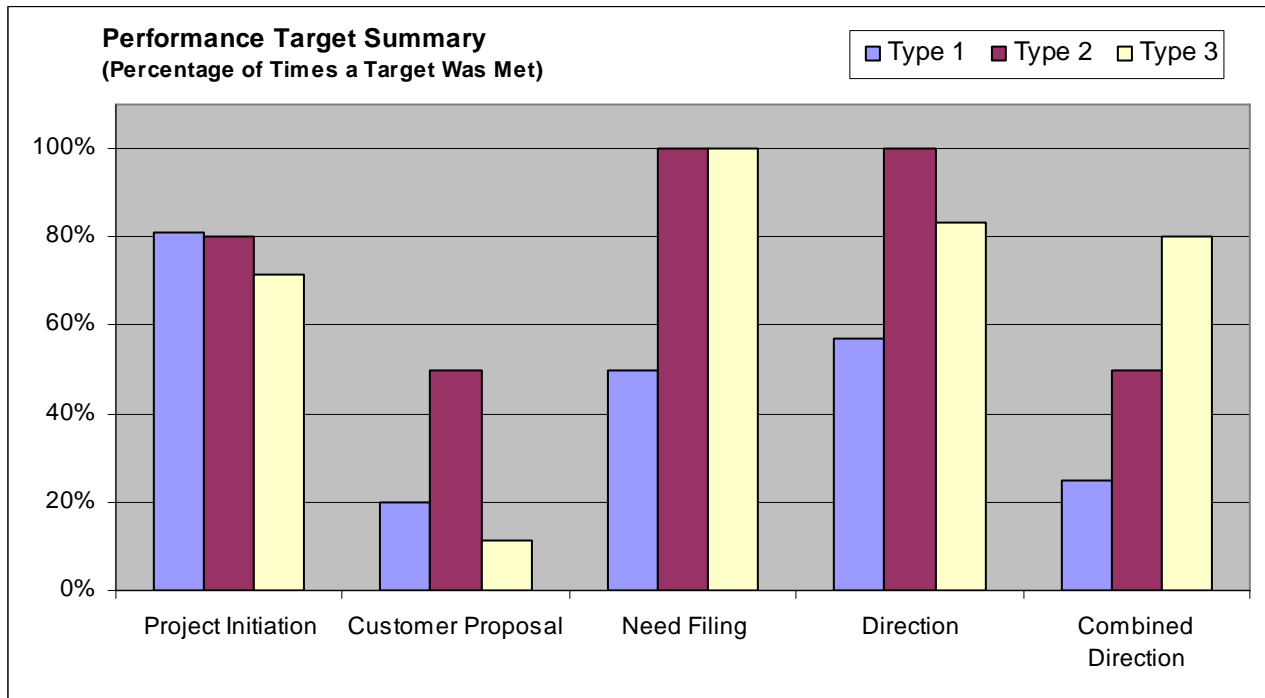
4.1.2 Customer Interconnection Applications

The graph below provides a year over year summary of the number of customer interconnection applications received by the AESO. 2008 resulted in a slight decrease in applications over 2007.



4.1.3 Annual Performance Summary

The graph below provides a performance summary for the phases with targets. The graph is reporting results for the January 1 – December 31 2008 period.



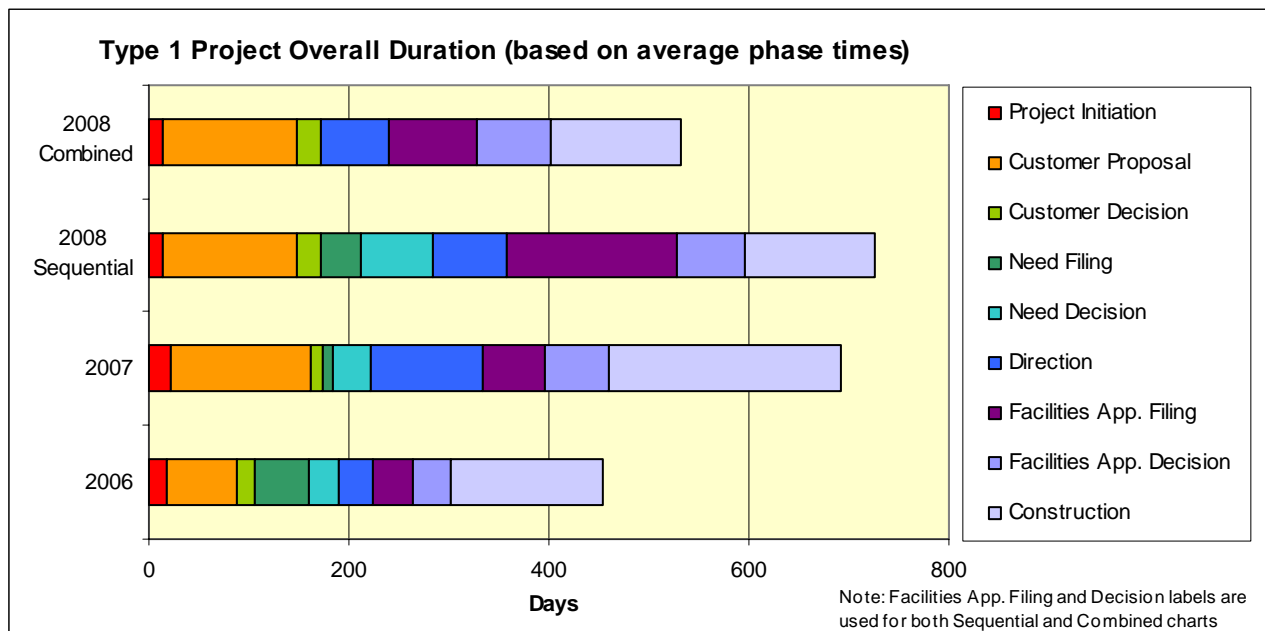
4.1.4 Projects Completing Phases

The table below provides a summary of the number of projects that completed each phase between January 1 and December 31, 2008. This information was presented in graphical format in the prior performance report and has been converted to a table format. The table format is thought to improve readability of the data.

| Phase | Type 1 | Type 2 | Type 3 | Totals |
|---------------------------------|------------|-----------|------------|------------|
| Project Initiation | 21 | 5 | 60 | 86 |
| Customer Proposal | 20 | 4 | 18 | 42 |
| Customer Decision | 21 | 4 | 17 | 42 |
| Need Filing | 2 | 2 | 5 | 9 |
| Need Decision | 5 | 3 | 10 | 18 |
| Direction | 7 | 3 | 12 | 22 |
| Facilities Application Filing | 14 | 2 | 8 | 24 |
| Facilities Application Decision | 13 | 2 | 4 | 19 |
| Construction | 14 | 2 | 7 | 23 |
| Combined Direction | 16 | 2 | 5 | 23 |
| Combined Filing | 5 | 1 | 2 | 8 |
| Combined Decision | 4 | 0 | 0 | 4 |
| Totals | 142 | 30 | 148 | 320 |

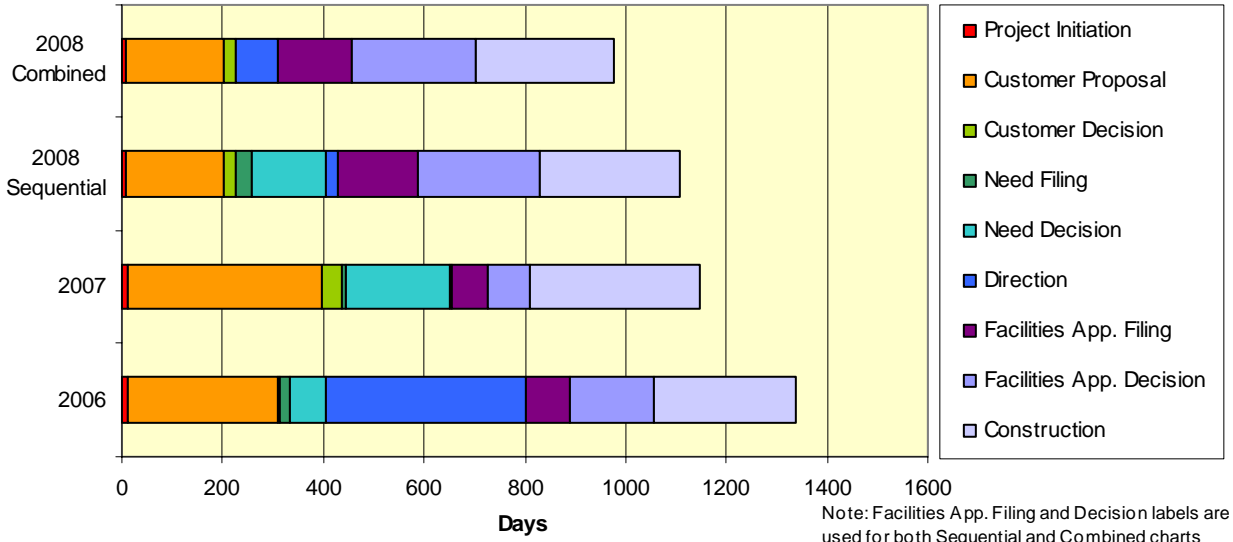
4.1.5 Project Durations

The graphs below provide average duration times for 2006, 2007 and 2008. For 2008 duration times are provided for the combined and sequential approaches¹.

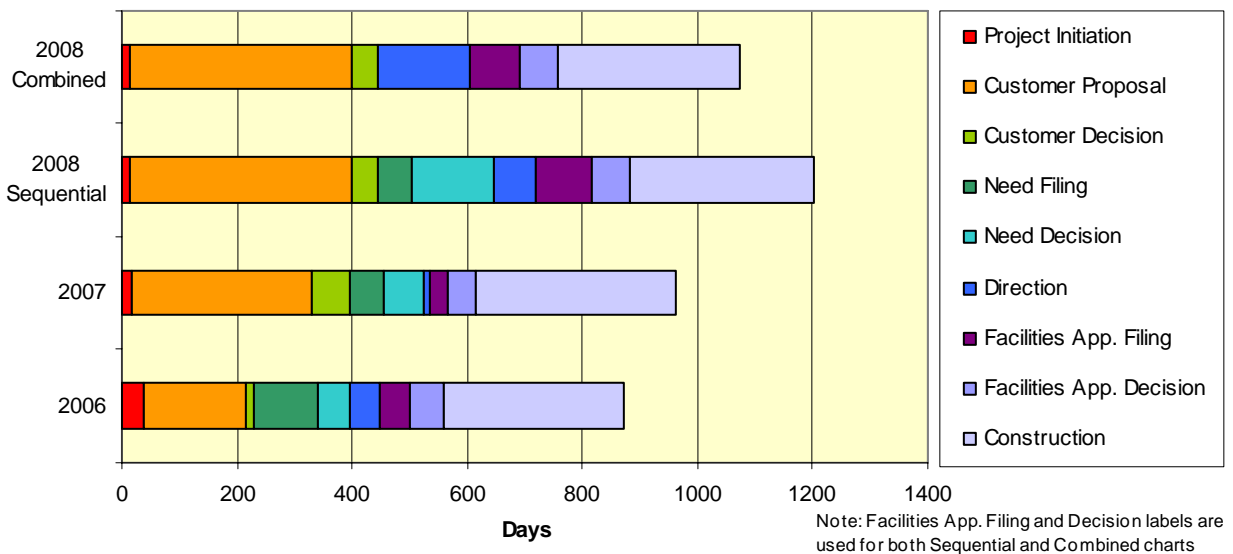


¹ The combined approach was implemented in 2008.

Type 2 Project Overall Duration (based on average phase times)



Type 3 Project Overall Duration (based on average phase times)

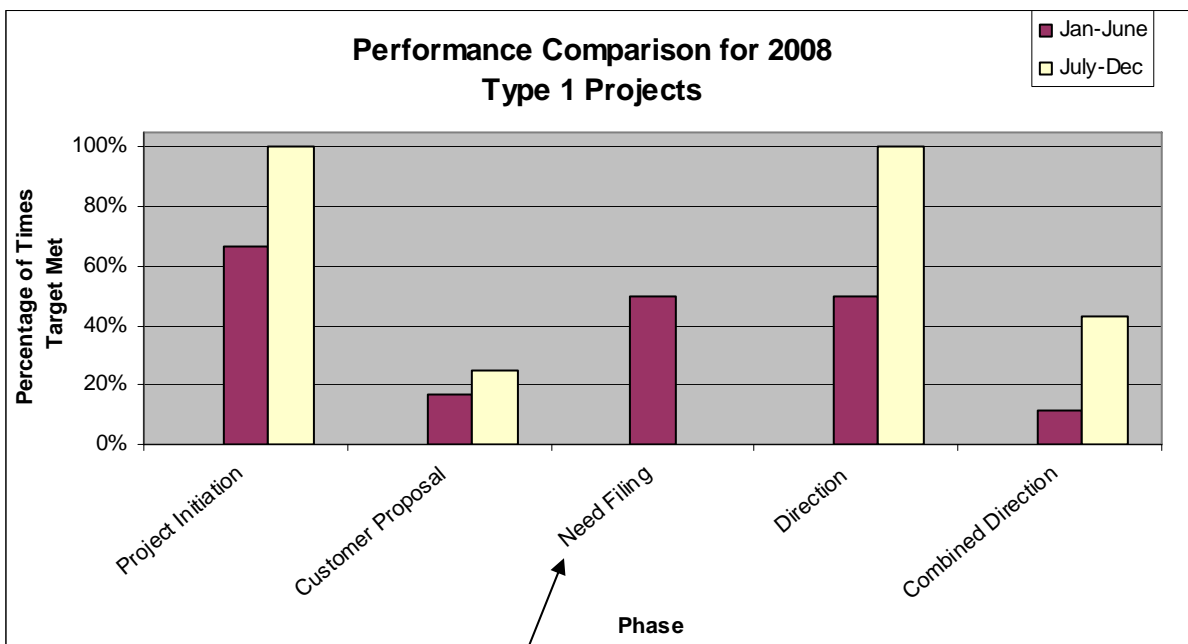


5. Comparison of Performance Targets – First Half to Second Half or 2008

The last performance report issued by the AESO presented results for the January 1 to June 30, 2008 period. The graphs below presents a comparison of performance results between that period and the July 1 to December 31, 2008 period for phases where performance targets were established.

5.1 Type 1 Projects

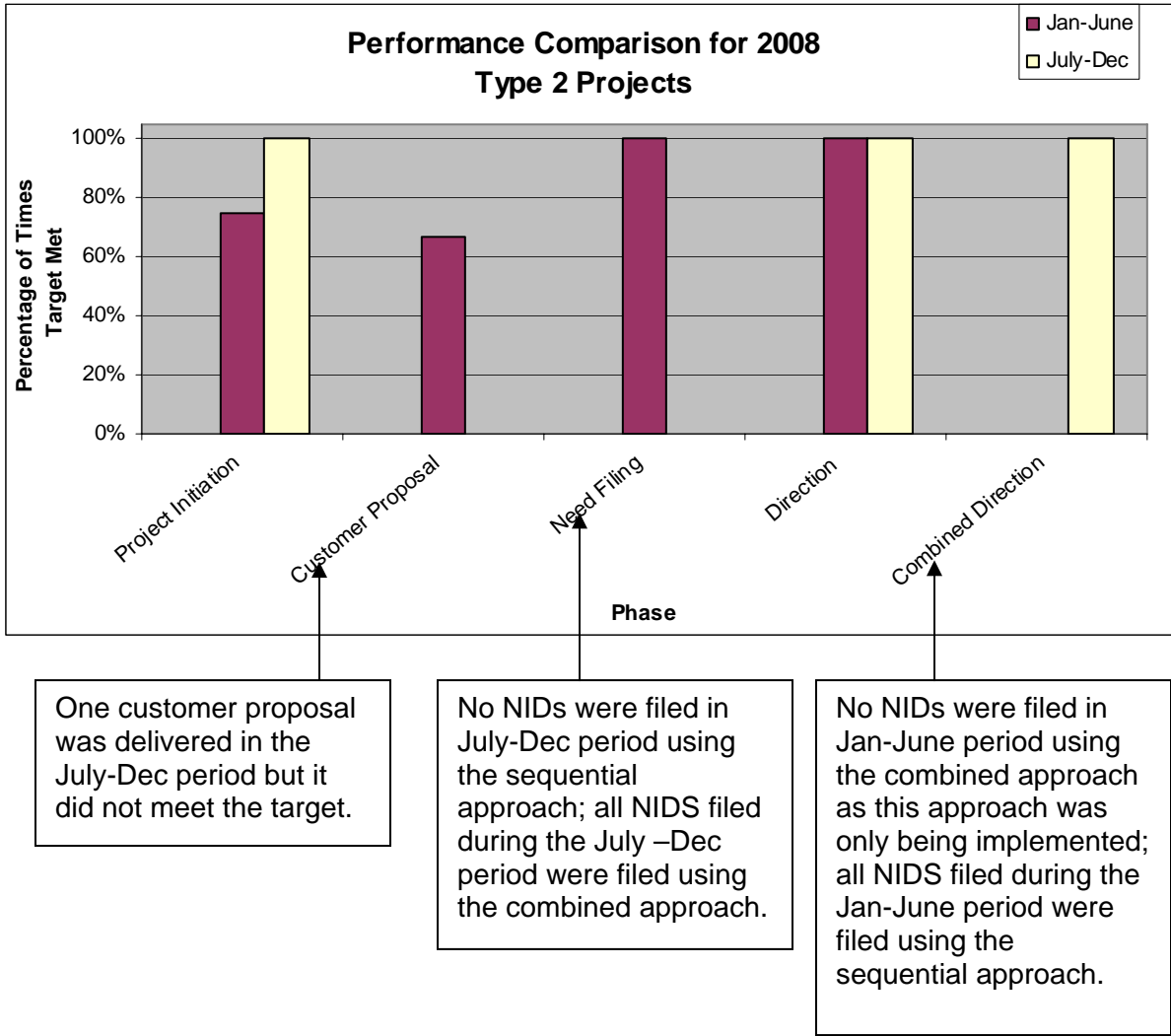
Performance for Type 1 projects improved or remained the same for all the phases.



No NIDs were filed in July-Dec period using the sequential approach; all NIDS filed during the July –Dec period were filed using the combined approach.

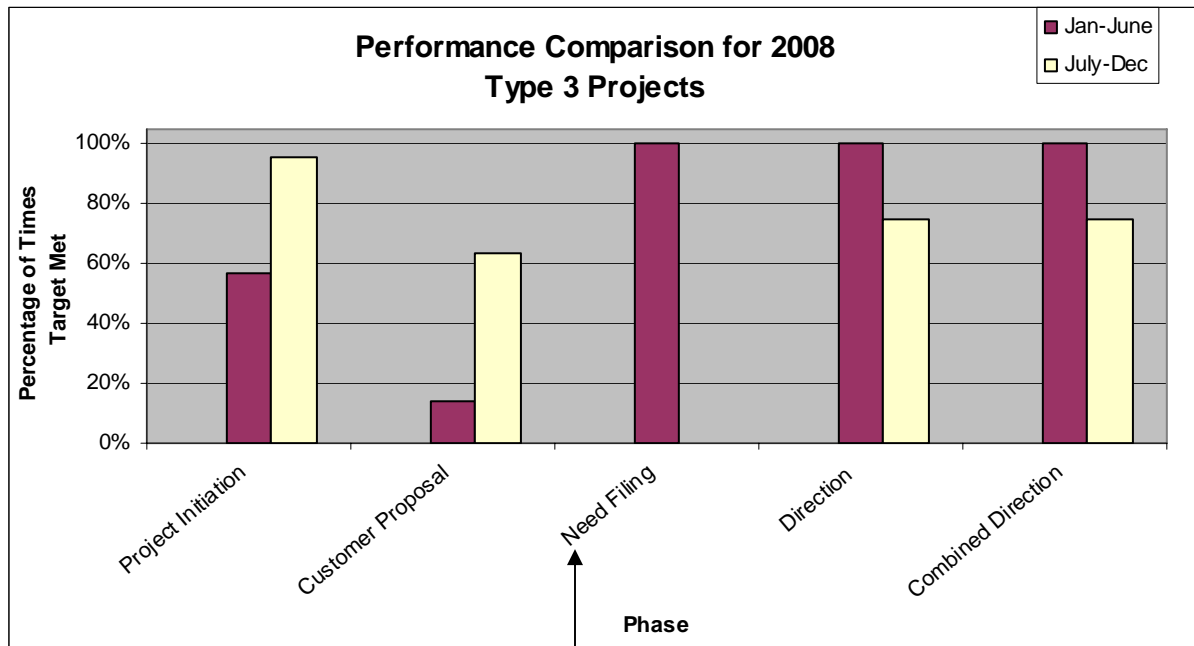
5.2 Type 2 Projects

Performance for Type 2 project remained the same or improved with the exception of the Customer Proposal phase. Readers are again reminded that the volume of Type 2 projects is low.



5.3 Type 3 Projects

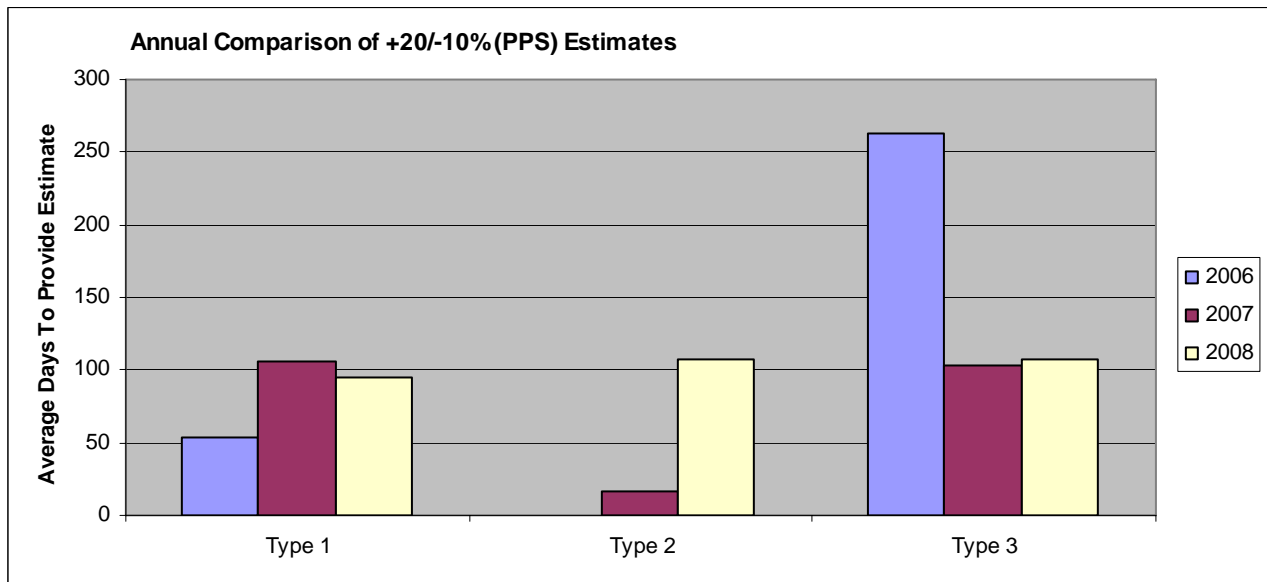
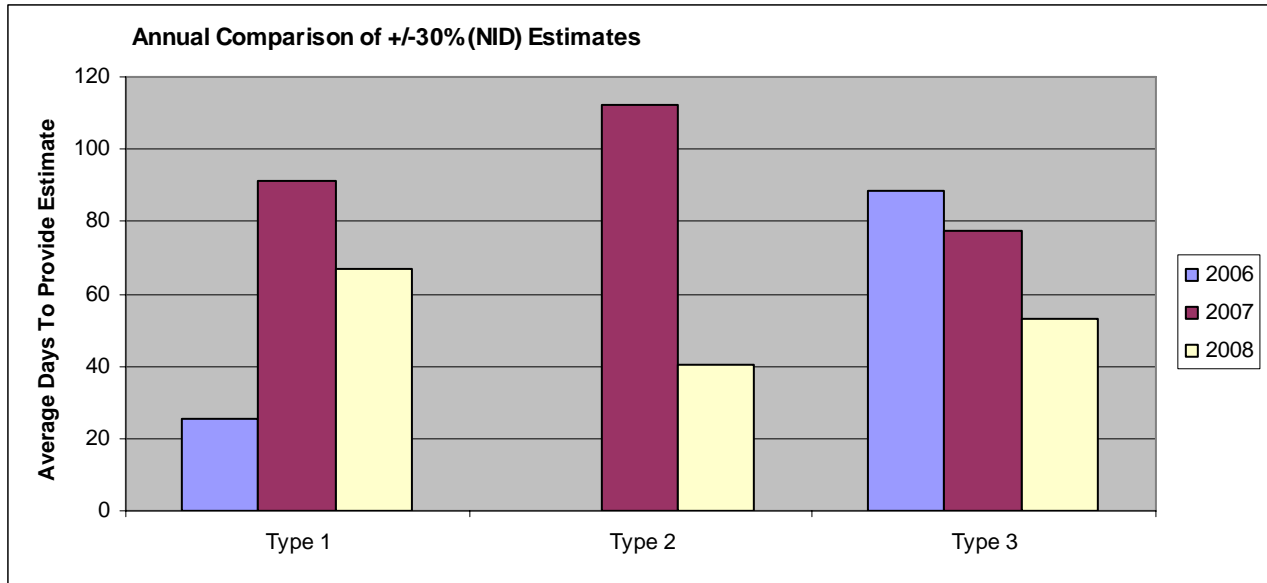
The performance for Type 3 projects improved in two phases during the second half and declined in two phases.



No NIDs were filed in July-Dec period using the sequential approach; all NIDS filed during the July –Dec period were filed using the combined approach.

6. Duration Times for TFO Cost Estimates

The AESO is dependant on the TFO to provide costs estimates during the Customer Proposal and Need Filing phases. The graphs below summarize the average duration times for those estimates over the past three years. 2008 saw performance improvements on duration times for the +/-30% estimates and consistent performance for the +20/-10% estimates.



7. Appendices

Appendix A – Interpretation Information

Purpose

Within Appendix A stakeholders will find information on acronyms, terms, and definitions used in the performance metrics reports as well as instructions on how to interpret the performance metric graphs within the performance reports.

Acronyms

Following is a list of acronyms used within the AESO's Performance Metric reports:

| | |
|------------|----------------------------------|
| AESO | Alberta Electric System Operator |
| Commission | Alberta Utilities Commission |
| DFO | Distribution Facility Owner |
| NID | Needs identification document |
| TFO | Transmission Facility Owner |

Terms

Following is a list of terms used within the AESO's Performance Metric reports:

Customer Interconnection Process – Refers to the administration of customer driven projects and not system reinforcement projects.

Active Project – Means a project where a preliminary assessment application was received from the customer and the project was not been energized as of the ending date of the reporting period, but excludes projects that were cancelled by the customer.

Days – Refers to calendar days.

Type 1 – Refers to Existing Substation projects. Existing substation projects are generally smaller in scale and less complex in nature than other projects. Typically the projects involve the addition of transformers or breakers within an existing substation.

Type 2 - Refers to New DFO Substation projects. New DFO substation projects can be significantly more complex than Type 1 projects and typically involves the construction of a new substation and associated transmission lines to serve distribution loads.

Type 3 – Refers to Industrial Load, Generator, and ISD projects involving a single end use customer. ISD refers to parties with or seeking an industrial system designation.

Sequential – Refers to projects where the AESO files the NID for approval and upon receipt of approval from the Commission directs the TFO to file a facilities application.

Combined – Refers to projects where the AESO and the TFO work on the NID and Facilities application in parallel taking an integrated approach with regard to the participant involvement program and filing the respective applications with the Commission at approximately the same time to facilitate a combined review by the Commission.

Phase Definitions

Following are definitions for the phases referred to in the Performance Reports.

Project Initiation: This phase begins when a Customer Interconnection application is received, and ends when the application has been acknowledged by the AESO.

Customer Proposal: This phase begins when a Customer Interconnection application has been acknowledged, and ends when the AESO delivers a Customer Proposal to the Customer.

Customer Decision: This phase begins when a Customer Proposal is delivered to the Customer, and ends when the Customer informs the AESO that the proposal has been accepted and the project can continue.

Need Filing: This phase begins when the AESO receives the Customer's acceptance of the Customer Proposal, and ends when the NID is filed with the Commission. Note: This phase does not include projects where the NID filing and the Facilities Application filing will be filed with the Commission in a combined manner.

Need Decision: This phase begins when the NID is filed with the Commission, and ends when the Commission renders a decision on the NID. Note: This phase does not include projects where the NID filing and the Facilities Application filing will be filed with the Commission in a combined manner.

Direction: This phase is applicable to projects administered in a sequential manner and begins when the Commission renders a decision on the NID (assumes the NID is approved), and ends when the AESO directs the TFO to file a facilities application with the Commission. This phase does not include projects where the NID filing and the Facilities Application filing will be filed with the Commission in a combined manner.

Facilities Application (App) Filing: This phase is applicable to projects administered in a sequential manner and begins when the AESO directs the TFO to file a facilities application with the Commission, and ends when the facilities application is filed with the Commission. This phase does not include projects where the NID filing and the Facilities Application filing will be filed with the Commission in a combined manner.

Facilities Application Decision: This phase is applicable to projects administered in a sequential manner and begins when the Commission receives a facilities application from the TFO, and ends when the Commission renders a decision on the facilities application and issues a permit and license to build the facilities. This phase does not include projects where the NID filing and the Facilities Application filing will be filed with the Commission in a combined manner.

Combined Filing: This phase is applicable to projects administered in a combined manner and begins when the AESO directs the TFO to commence work on its facilities application and ends when the AESO notifies the TFO to file its facilities application with the Commission. During this phase the AESO works on its NID and files the NID with the Commission at approximately the same time the TFO files its facilities application with the Commission.

Combined Decision: This phase is applicable to projects administered in a combined manner and begins when the AESO and TFO file the NID and facilities applications, respectively, with the Commission and ends when the Commission renders decisions on each.

Construction: This phase begins when the Commission issues a permit and license to build the facilities, and ends when the facilities are energized.



TFO Cost Estimates

The AESO is dependant on TFO cost estimates when completing two phases:

- +/- 30% cost estimates during the Customer Proposal phase
- +20/-10% cost estimates during the Need Filing phase

The AESO tracks and reports on aggregated average duration times for all TFOs for each estimate type and for each process type². Duration time is defined as the time between the AESO's request for the estimate to receipt of the estimate from the TFO.

² +/-30% estimates for existing substation projects are not tracked and therefore will not be reported. The AESO does not request this level of estimates for existing substation projects as TFOs provide this information in the Interconnection Proposal.