



June 25, 2009

Dear Stakeholders:

Re: Price Cap Discussion Paper

The AESO has undertaken a review of the pool price cap as outlined in the AESO's February 2009 Update to the Market Roadmap. As a result of this review, the AESO has posted a discussion paper on the website. The paper is posted at [Market > Market Roadmap > Price Cap](#).

The price cap study was initiated by the Market Advisory Committee (MAC), and a price cap sub-committee was formed. The sub-committee conducted a review of the issues that could possibly be created by the \$1000/MWh price cap and presented the results to the MAC. The AESO appreciates the work done by the subcommittee and the valuable input received during the process. It should be noted, however, that the resulting report is an AESO product designed to engage industry in a consultation process and does not necessarily represent the views of the subcommittee.

The discussion paper provides a summary of government policy relating to the price cap, examines whether the price cap level may be interfering with the FEOC operation of the market, and finally examines price caps in other energy markets to provide context for the price cap level.

As a result of the analysis undertaken in the subcommittee and presented in this discussion paper, the AESO does not believe that the current price cap level is a barrier to the FEOC operation of the energy market. However, before a decision is made on whether or not to pursue further work on the price cap file, the AESO would appreciate stakeholder comments on this overall conclusion, as well as the specific issues, analysis and findings raised in this paper. A [comment matrix](#) is attached to this letter to facilitate feedback, and the completed comments should be sent to Kris Aksomititis (Kris.Aksomititis@aeso.ca). The deadline for comments on the paper is July 17th.

Sincerely,

"original signed by"

Kelly L. Gunsch
Vice-President, Market Services

cc: Kris Aksomititis, Market Design Specialist
Cheryl Terry, Senior Advisor Market Policy