

Powering Alberta



Reliable Power
Reliable Markets
Reliable People

AESO Annual General Meeting
May 14, 2009

Powering Alberta



David Erickson
President & Chief Executive Officer (Interim)

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Strategic Objective # 1



Transmission System Development

“To build appropriate transmission capacity in a timely manner to meet the forecast needs of Alberta, facilitate competitive markets and meet the challenges of provincial economic aspirations”

Achievements and Path Forward



Approximately \$3.2 billion in transmission system reinforcements underway. \$800 million to be commissioned over the next 18 months.

- **KEG Upgrade and Downtown Edmonton**
- **Industrial Heartland Reinforcement**
- **4th and 5th Circuits to Fort McMurray**
- **Southern Alberta Transmission Development**
- **Edmonton – Calgary Transmission Reinforcement**
- **Long-term Transmission System Plan**

Customer Interconnections



- **Process improvements continued**
- **87% of 2008 customer survey respondents noted improvements**
- **Launched multi-year, strategic approach to addressing all aspects of customer relationship and improving delivery of our products and services**

Strategic Objective #2



Market Development and Operations

*“Stabilize the market and regulatory frameworks
to enhance confidence of investors
and market participants”*

Achievements and Path Forward



2008

- Advanced key market initiatives including developing, consulting with stakeholders and filing market rules for:
 - Long term adequacy, congestion management, reliability unit commitment and generator outage coordination
- Market Advisor Committee
- Rule 6.6. (Dispatch Tolerance) review

2009

- Intertie: Implement market rules, OPPs, and develop systems to facilitate dispatchable imports and exports
- Implement FEOC Regulation
- Advance Operating Reserves Market Redesign, Demand Response, Market Suspension

Strategic Objective # 3



Operations

“Ensure that the Alberta Interconnected Electric System is operating in a safe, reliable and economic manner”

Achievements and Path Forward



24/7 System Control Centre at the heart of reliable system and market operations

2008

- Effectively operate the system within tight electric system conditions
- Operational efficiency and excellence as evidenced by the very positive results of the 2008 NERC readiness audit
- System restoration preparedness (2 industry wide drills in the year)
- Wind integration initiative staged over a number of years
- Reliability Standard development and implementation

2009

- Wind integration
- Rules implementation
- Reliability Standard development and implementation

Strategic Objective # 4



Information Technology

*“Establish a technology roadmap
for aging market and operations systems”*

Achievements and Path Forward



Replace the aging Energy Management System (EMS) and improve performance of other priority systems

- **EMS replacement project 50% complete and on target for delivery in late 2009**
- **Stabilizing aging tools and systems**

Develop an integrated vision for IT requirements

- **Created strategic vision for IT systems required for market operations**

Strategic Objective # 5



Public Education and Outreach

“Be viewed by stakeholders as a leader and facilitator of Alberta’s competitive electricity market and the reliable operation and development of the AIES”

Achievements and Path Forward



Develop and deliver broad-based initiatives to increase awareness of the AESO, the Alberta electricity infrastructure gap and the industry

- **Public Outreach provides background and context and builds support for transmission planning initiatives**
- **Met with over 2000 stakeholders and members of public in approximately 300 open houses and group meetings in 2007 and 2008**
- **Produced and aired educational video program on ACCESS TV**
 - program available on DVD
- **2nd edition of Powering Albertans sent to 1.2 million Albertans**
- **Magazine and DVD distributed to over 120 schools and libraries**
- **Recruitment of six Regional Advisors**

Powering Alberta



Todd Fior
Vice President, Finance

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Budget Review Process



- Objective of the process is to consult with stakeholders on the AESO's Business Plan (development of business priorities and related budgets for next two years (2010 – 2011))
- Transmission Regulation A/R 86/2007 authorizes AESO Board to approve budgets for Own Costs (General and Administrative and Capital), Ancillary Services Costs and Transmission Line Loss Costs
- Well established annual process which provides stakeholders with transparency of the AESO's planning process and increased understanding of the AESO's operations
- The AESO's five year Strategic Plan is the foundation on which the AESO's Business Plan is developed
- Stakeholders are invited and encouraged to participate in the process

Budget Review Process – Major Steps



Step	Activity
1.0 Notice to Stakeholders	Initiate annual consultation process
2.0 AESO Draft Business Priorities	Present draft business priorities and solicit stakeholder feedback
3.0 Develop Own Costs, Ancillary Services and Line Loss Costs Forecasts	Develop Own Costs (G&A/Capital budgets), Ancillary Services and Line Loss Cost Forecasts
4.0 Technical Review Meeting	Present and solicit feedback on own costs budget, ancillary and line loss costs forecasts.
5.0 AESO Board Decision	Draft AESO Board Decision Document. AESO Board meets with stakeholders to discuss issues. AESO Board issues final decision.

2008 AESO Operating Costs



(\$ million)	2008 Actual	2007 Actual	Variance	Variance %
TFO Wires Costs	499.0	441.2	57.8	13
Ancillary Services Costs	311.9	235.8	76.1	32
Transmission Line Loss Costs	220.6	183.8	36.8	20
AESO General and Administrative Costs (Includes Other Industry Costs)	88.9	68.4	20.5	30
Total Operating Costs	1,120.4	929.2	191.2	21

2008 AESO Revenues (Cost Recoveries)



(\$ million)	2008 Actual	2007 Actual	Variance	Variance %
Transmission Tariff	1,094.2	910.0	184.2	21
Energy Market Charge	22.6	14.0	8.6	61
Other	3.6	5.1	(1.5)	(29)
Total Revenues	1,120.4	929.1	191.3	21

2009 AESO Budgeted Revenues (Cost Recoveries)



(\$ million)	2009 Budget	2008 Actual	2008 Budget
Transmission Tariff	1,094.0	1,094.2	1,061.6
Energy Market Charge	26.4	22.6	16.5
Other	5.0	3.6	6.3
Total Revenues	1,125.4	1,120.4	1,084.4

Our Goals for 2009



- **Build transmission in support of the competitive market, economic prosperity and reliable service**
- **Improve Customer satisfaction**
- **Keep the lights on and the market functioning**

Questions?

