



March 11, 2010

Dear Market Participants and Interested Parties:

Re: AESO Reply to Stakeholder Comments - Proposed Level II Removal of Existing ISO Rules Section G8 Limitation of Liability (“G8 Removal”)

In accordance with the Alberta Utilities Commission (“AUC or “Commission”) Rule 017, please find attached the AESO reply to stakeholder comments regarding the G8 Removal. The proposed G8 Removal being recommended for internal AESO approval in March of 2010 is attached. Please note that the G8 Removal was initially distributed for consultation on January 28, 2010.

Transition of Authoritative Documents (“TOAD”) Reform

The G8 Removal is the result of specific changes and reforms with respect to the TOAD Project. The AESO is proposing to eliminate duplication, address conflicts and gaps and improve clarity among and within its three authoritative document domains: the ISO rules, the ISO tariff and the Alberta Reliability Standards. Information on the TOAD project can be found on the AESO website at www.aeso.ca.

Elimination of Duplication in the Electric Utilities Act

A review of Section G8 revealed that it:

- i) duplicates the limitation of liability provided in the *Electric Utilities Act* (“EUA”);
- ii) does not reflect the current reality of the rights and obligations of the AESO and market participants; and
- iii) attempts to address the issue of liability between parties external to the AESO.

It was determined that the legislative provisions regarding limitation of liability are sufficient and that the ISO rules do not need to duplicate or elaborate on such provisions.

AESO Reply to Stakeholder Comments

The AESO is required to provide responses to market participant comments pursuant to Section 8 of the Alberta Utilities Commission (“Commission”) Rule 017. [Click here](#) to access the comment-reply matrix for the G8 Removal.

As outlined above, the proposed removal of General Section 8 (“G8”) of the ISO Rules – Limitation of Liability provisions duplicated the provisions set out in the EUA. In addition, G8 states that no person has any liability to another as actions resulting from activities including scheduling, determination of merit order, or information published through the AESO in accordance with ISO rules. Section G8 also sets out broad obligations for market participants and acknowledges that nothing prevents the AESO, the Market Surveillance Administrator or any market participant from initiating or pursuing an action or claim for non-monetary relief.



Stakeholder comments were received regarding the removal of the limitations between persons and as well as the provision stating that nothing prevents the AESO, the Market Surveillance Administrator or any market participant from initiating or pursuing an action or claim for non-monetary relief.

Section 90 of the EUA sets out the limitation protection of the AESO. It is the AESO's opinion that the AESO does not need to restate these provisions in an ISO rule nor does the AESO have the authority to limit liability between persons. In light of the above, after careful consideration of the comments received from market participants, the AESO has determined that the G8 Removal will continue as proposed.

For ease of reference, the following Table is hyperlinked to provide assistance in directing stakeholders to the summary of the G8 Removal and attachments. The attached summaries provide more information on the G8 Removal, including a brief explanation of the reason why G8 should be removed.

| Rule Number | Description | Level | Most relevant stakeholder interest |
|-------------|---|-------|------------------------------------|
| G8 | Limitation of Liability | II | All Market Participants |

Pursuant to Section 9 of Commission Rule 017, please note the following:

1. The AESO will be filing the G8 Removal with the Commission on March 29, 2010.
2. Market Participants, as defined in the EUA, may object to an ISO rule filed with the Commission within 10 days of the publication by the Commission of the notice of filing of the ISO rule, in accordance with Section 20.4 of the EUA; and
3. The G8 Removal is proposed to be effective on April 15, 2010, in accordance with Section 20.3 of the EUA.

Yours sincerely,

Original Signed By

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Final Proposed LEVEL II ISO Rule Changes

Level II changes are changes that are expected to have a moderate or low impact on the industry or the ISO, and generally require little or no effort by stakeholders for implementing a solution. They are provided to stakeholders to review to ensure that the expected impact is reasonable, to identify unrealized impacts and/or to provide notice of the potential change in administrative processes.

| ISO Rule Section G8 – Limitation of Liability | |
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| Rule Section/Number | G8 – Limitation of Liability |
| Summary of ISO Rule | G8 – Provides for a limitation of liability between the AESO and market participants. |
| Summary of Amendment | The AESO proposes to remove this section as the relevant content is either duplicated in the <i>Electric Utilities Act</i> , no longer applicable or deals with subject matter too far removed from the AESO and therefore, does not need to be contained within an ISO rule. |
| Level | II |
| Explanation of Confidentiality | None |
| Proposed Effective Date | April 15, 2010 |
| AESO Contact | Regulatory Services, Evelyn Kelly, evelyn.kelly@aeso.ca , (403) 539-2468 |
| Attachments | See attached: Rationale Document for final Removal of ISO Rule G8 |