

March 18, 2011

Dear Market Participants and Interested Parties:

RE: Stakeholder Consultation on FAC-011-2 “System Operating Limits Methodology for the Operations Horizon” Proposed for Rejection as an Alberta Reliability Standard.

Section 19 of the *Transmission Regulation* requires the Alberta Electric System Operator (“AESO”) to consult with market participants likely to be directly affected by the AESO’s adoption or making of reliability standards, and also requires the AESO to forward the proposed reliability standard to the Alberta Utilities Commission (“Commission”) for review along with the AESO’s recommendation that the Commission approve or reject them.

Accordingly, the AESO is providing notice and seeking comments from market participants on the proposed rejection of North American Electric Reliability Corporation (“NERC”) Facilities Design, Connections, and Maintenance (“FAC”) Reliability Standard FAC-011-2 “System Operating Limits Methodology for the Operations Horizon” (“FAC-011-2”)

Following the AESO’s receipt of and reply to comments from market participants regarding the proposed rejection of FAC-011-2, the AESO intends to forward FAC-011-2 to the Commission for review and rejection as a reliability standard that applies in Alberta.

Applicability of FAC-011-2

FAC-011-2 has been assessed by the AESO as not being applicable in Alberta. The standard requirements are applicable to the Reliability Coordinator and not to any Alberta entities. It requires the WECC Reliability Coordinator to develop a system operating limit methodology.

Summary of FAC-011-2

The purpose of FAC-011-2 is to ensure that system operating limits used in the reliable operation of the bulk electric system are determined based on an established methodology or methodologies.

Implementation of Alberta Reliability Standards

All reliability standards proposed for approval or rejection by the AESO are based on the reliability standards and definitions developed, or approved, and enforced by the North American Electric Reliability Corporation (“NERC”). NERC was certified as the Electric Reliability Organization (“ERO”) for the United States by the Federal Energy Regulatory Commission (“FERC”) under the *US Energy Policy Act of 2005*. NERC has been granted recognition as the ERO by the Minister of Energy in Alberta pursuant to Section 20 of the *Transmission Regulation*.

In accordance with Section 19 of the *Transmission Regulation*, the reliability standards that apply in Alberta are those of the ERO or any other reliability standards to the extent that such reliability standards are adopted by the AESO after consultation with market participants and after receipt of Commission approval.

Further information regarding the AESO's adoption or rejection of reliability standards is available on the AESO website at <http://www.aeso.ca/rulesprocedures/17004.html>.

Request for Stakeholder Comments

Comments and suggestions on the proposed rejection of FAC-011-2 are encouraged.

The attached Stakeholder Comparison Comment Rationale Matrix sets out the following:

- a) link to the complete text of FAC-011-2;
- b) the AESO's rationale with regard to rejection of FAC-011-2;
- c) a 'stakeholder comments' section to be used by market participants when providing written comments to the AESO; and
- d) an 'AESO replies' section that will be used by the AESO to respond to comments received from market participants, if any.

Please use the attached Stakeholder Comparison Comment Rationale Matrix when submitting comments to the AESO on the rejection of FAC-011-2. Only written comments will be considered by the AESO in finalizing the proposed rejection of FAC-011-2.

Please provide written stakeholder comments or questions no later than **April 15, 2011** to Jerry Mossing at ars_comments@aeso.ca.

AESO Replies to Stakeholder Comments

The AESO will be publishing all stakeholder comments received shortly after the comment deadline. Stakeholder comments received along with AESO replies to the comments will be published in April, 2011.

In the event that the AESO does not receive comments from stakeholders regarding the proposed rejection of FAC-011-2, the AESO is expecting to forward along with its recommendation to reject FAC-011-2 to the Commission in May 2011.

Attachments

The following document is attached:

- [Stakeholder Comparison Comment Rationale Matrix](#) for FAC-011-2
- [Copy](#) of FAC-011-2.

Yours sincerely,

Original Signed By

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Attachments