

September 12, 2011

To: Alberta Utilities Commission (“AUC” or “Commission”)

Re: Notice of Filing - Proposed Rejection of North American Electric Reliability Corporation (“NERC”) Reliability Standard:

Facilities Design, Connections and Maintenance “System Operating Limits Methodology for the Operations Horizon” FAC-011-2.

(“Final Proposed NERC FAC-011-2”)

1. The Alberta Electric System Operator (“AESO”) is forwarding and recommending that the Commission reject attached NERC FAC-011-2 for application as an Alberta Reliability Standard pursuant to Section 19 of the *Transmission Regulation*.
2. 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*.
3. In accordance with Section 19 of the *Transmission Regulation*, the reliability standards that do not apply in Alberta are those of the ERO or any other reliability standards to the extent that such reliability standards are rejected by the AESO after consultation with market participants and after receipt of Commission approval of such rejection.

Summary of NERC FAC-011-2

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

Summary of AESO Consultation

5. On March 18, 2011, the AESO posted on its website and into its stakeholder newsletter a [Letter of Consultation](#) requesting comments from market participants and interested parties on the proposed rejection of NERC FAC-011-2.
6. On April 21, 2011, the AESO posted the [Stakeholder Comments](#) received in response to the March 18, 2011 Letter of Consultation. All written comments received by the AESO were in support of the proposed rejection of NERC FAC-001-2.
7. On August 11, 2011 the AESO posted its [reply](#) to the written stakeholder comments received on the March 18, 2011 Letter of Consultation. In that letter the AESO confirmed that the only comments received were in support of the proposed rejection of NERC FAC-011-2 and

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attached Final Proposed NERC FAC-011-2. In the AESO's opinion, comments of this nature did not warrant the provision of a specific reply.

Rationale for Rejection of NERC FAC-011-2

8. Please see the AESO's March 18, 2011 Letter of Consultation for a summary of the proposed rejection of NERC FAC-011-2.
9. Please see the AESO's August 11, 2011 Reply Letter that confirmed no changes were made to NERC FAC-011-2 as a result of stakeholder comments.

Attachments to Notice of Filing

10. The following documents are attached to this Notice of Filing:
 - a) [Letter of Consultation](#) dated March 18, 2011, forwarded to market participants that the AESO considers likely to be affected by the proposed rejection of NERC FAC-011-2, and which was posted on the AESO website on March 18, 2011;
 - b) [Stakeholder Comments](#) on the March 18, 2011 Letter of Consultation posted on the AESO website April 21, 2011, setting out the written comments received, the name of the market participant or other parties who submitted each comment, and the date on which the comment was submitted;
 - c) [AESO Reply Letter](#) posted on the AESO website on August 11, 2011; and
 - d) [Copy](#) of NERC FAC-011-2.

Yours sincerely,

<original signed by>

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Attachments