

November 3, 2011

Dear Market Participants and Interested Parties:

**RE: AESO Reply to Stakeholder Comments on Consultation for Proposed Alberta Reliability Standard:
Resource and Demand Balancing Contingency Reserves BAL-STD-002-AB-0
("BAL-STD-002-AB-0")**

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 proposed reliability standards to the Alberta Utilities Commission ("Commission") for review along with the AESO's recommendation that the Commission approve or reject them.

Accordingly, the AESO issued a [Stakeholder Consultation Letter](#) on September 27, 2011 providing notice and seeking comments from market participants on proposed BAL-STD-002-AB-0.

The AESO's reply is set out in the attached AESO Replies document, and a summary of the stakeholder comments received and the AESO's reply to these comments is included below.

In addition, the final proposed BAL-STD-002-AB-0 ("Final Proposed BAL-STD-002-AB-0") is attached.

Summary of proposed BAL-STD-002-AB-0

Please see the AESO's September 27, 2011 Stakeholder Consultation Letter for a summary of proposed BAL-STD-002-AB-0.

AESO Reply to Stakeholder Comments

The AESO received written comments from one stakeholder in response to proposed BAL-STD-002-AB-0 attached to its September 27, 2011 Stakeholder Consultation Letter. The AESO's replies to these comments are summarized below:

1. ATCO Power requested the AESO provide details clarifying the calculation for the amount of required contingency reserve; specifically when the interconnection is carrying both imports and operating reserves. ATCO Power provided the example: "does the calculation factor in the impact of a sudden loss of the interconnection?" In response to this comment, the AESO referred ATCO Power to Table 1 of OPP 402 *Supplemental and Spinning Reserves Services*, for details on Alberta's contingency reserve requirements and the calculations of such requirements.

No changes have been made to Final Proposed BAL-STD-002-AB-0 as a result of these stakeholder comments.

Forwarding Final Proposed BAL-STD-002-AB-0 to the Commission

Pursuant to Section 19 of the *Transmission Regulation*, the AESO intends to forward Final Proposed BAL-STD-002-AB-0 to the Commission on November 21, 2011, with the AESO's recommendation that the Commission approve Final Proposed BAL-STD-002-AB-0 as an Alberta Reliability Standard.

Final Proposed BAL-STD-002-AB-0 is proposed to be effective on October 1, 2012.

Attachments to AESO Reply

1. [AESO Replies](#) to the September 27, 2011 Stakeholder Consultation Letter, including stakeholder comments; and
2. [Clean](#) copy of the Final Proposed BAL-STD-002-AB-0.

Yours sincerely,

Original Signed By

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Attachments