



August 5, 2005

Sent via e-mail

Interested Parties
AESO 2005-2006 General Tariff Application

Dear Stakeholder:

Re: AESO 2007 Terms and Conditions of Service

As part of its 2005-2006 General Tariff Application (GTA), the Alberta Electric System Operator (AESO) comprehensively updated and revised its terms and conditions of service (Ts&Cs). The Alberta Energy and Utilities Board (EUB) is expected to issue a decision on the AESO's 2006 GTA by September 1, 2005, with Ts&Cs to be effective January 1, 2006.

Although the AESO is satisfied that the Ts&Cs as approved will be appropriate and effective to govern the services provided by the AESO, the AESO expects to file further refinements to its Ts&Cs as part of its 2007 GTA. As several parties provided comments on the AESO's Ts&Cs during the 2005-2006 GTA proceeding, the AESO invites interested parties to participate in a consultation process to develop the AESO's 2007 Ts&Cs to be filed to be effective January 1, 2007.

The AESO does not expect that this consultation process will develop major policies (such as investment policy) to be implemented through the Ts&Cs. The main objective of the consultation is ensuring clarity, consistency, and transparency in the AESO's Ts&Cs.

The AESO proposes to start this Ts&Cs consultation in late August, as other AESO consultation processes will be initiated after the EUB issues its decision on the AESO's 2005-2006 GTA. The AESO proposes an initial meeting to discuss Ts&Cs changes with stakeholders, followed by a consultation process according to the following schedule:

1. Aug 4, 2005 Schedule and process letter (this letter) distributed.
2. Aug 24, 2005 Consultation meeting with interested parties to discuss 2007 Ts&Cs revisions, at the AESO's offices (2500, 330 – 5th Ave SW, Calgary) from **1:30 pm – 4:30 pm**.
3. Sep 14, 2005 Discussion paper distributed by the AESO on Ts&Cs changes based on discussion at August 24 consultation meeting.

4. Oct 3, 2005 Stakeholder comments to be provided on the AESO's September 14 discussion paper.
5. Oct 19, 2005 First draft of 2007 Ts&Cs distributed by AESO in response to October 3 stakeholder comments.
6. Nov 2, 2005 Stakeholder comments to be provided on first draft of 2007 Ts&Cs.
7. Nov 16, 2005 Second draft of 2007 Ts&Cs distributed by AESO in response to November 2 stakeholder comments.
8. Nov 30, 2005 Consultation meeting with interested parties to review second draft of 2007 Ts&Cs revisions and propose final revisions, at the AESO's offices in Calgary.
9. Dec 15, 2005 2007 Ts&Cs filed with EUB as part of AESO's 2007 GTA.

All comments provided by stakeholders will be posted on the AESO's website.

It is possible that this process could lead to a proposal for a negotiated settlement filing for the AESO's 2007 Ts&Cs. However, if the Ts&Cs are filed as part of a litigated proceeding, the AESO recognizes that parties retain the right to argue their positions in such a proceeding before the EUB, whether or not they participate in this consultation process.

Parties who wish to participate in this consultation process should indicate their intent to do so, by 4:00 pm on Friday, August 18, 2005 to Maureen Winslow at maureen.winslow@aeso.ca or (403) 539-2463. The AESO welcomes comments from parties on the proposed schedule and notes that it is subject to change, should any urgent matter not related to this consultation arise.

Information on the AESO's 2006 Ts&Cs is available on the AESO's website at www.aeso.ca by following Quick Links > Current Regulatory Activities, in the "AESO 2006 General Tariff Application - Application No. 1363012" section.

If you have any comments or questions on this process, please contact me at (403) 539 2465 or john.martin@aeso.ca, or Randeep Nota at (403) 539-2468 or randeep.nota@aeso.ca.

Yours truly,

John Martin
Manager, Regulatory

cc: Jamie Cameron, Alberta Energy and Utilities Board
Rob Senko, AESO
Randeep Nota, AESO