



October 12, 2010

Dear AESO Reliability Committee

Re: Alberta Reliability Standards (ARS) development and Implementation Schedule

Over the past months the AESO has received feedback from many stakeholders that the pace of ARS development and the subsequent implementation timelines are becoming increasingly difficult to meet. While initial ARS development was focused on ISO applicable standards, it is now becoming more focused on those applicable to Transmission and Generation facility owners and operators.

With the vast majority of the functional workgroup activity now having been completed, the AESO has moved into a drafting and consultation environment. We understand that the sheer volume of reliability standards that market participants need to review and comment on has become difficult to manage, particularly over the past few months. In order to ensure that quality is maintained and due diligence is given to the development process by the market participants, the AESO has determined that it is in the best interests of the industry to take a more measured approach to implementation and development.

The Alberta interconnected electric system remains safe and reliable with all necessary reliability monitoring and reporting being captured through the current AESO Rules, Standards and OPP's. As such, a delay in the ARS does not in any way jeopardize the safety of our provincial grid. However, implementation of ARS will ensure consistency and clarity in the approach going forward and align us more closely with the broader North American industry.

The plan going forward is for the AESO to proceed with standard development based on a risk based prioritization, the order of which will be communicated to industry over the coming weeks. This prioritization will focus initial development and implementation on the standards that in the view of the AESO are the most critical to maintain and monitor a safe and reliable electricity grid. The more measured approach will allow for additional consultation where required, greater internal AESO review and clarification, as well as ensuring that affected market participants will be able to dedicate the necessary time to ensuring compliance, rather than managing their implementation risks through mitigation plan submissions.

The AESO is committed to serving the interests of the power industry and believes that this approach will deliver the best outcome from a reliability and quality perspective.

Yours truly,

Original signed by

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Vice President Operations