

February 11, 2009

Alberta Electric System Operator
2500, 330 – 5th Avenue SW
Calgary, Alberta T2P 0L4

Attention: Doug Simpson

Re: January 15th Rule 6.6 Review Update Paper

Dear Mr. Simpson,

AltaGas appreciates the opportunity to participate in the discussion with respect to the Rule 6.6 review and apologizes for the lateness of its submission. The issue affects the affiliates of AltaGas Income Trust that participate in the Alberta power market. In regard to your January 15th, 2009 Update Paper, AltaGas has provided comments in the comment matrix attached.

AltaGas generally supports the recommendations and looks forward to their implementation. However, our comments will reflect a concern with the treatment of small deviations from dispatch.

We look forward to continuing the consultation process and I am available at your convenience to discuss our comments. Please feel free to contact me at 403-691-7048.

Yours truly,



Jason Beck

Manager - Regulatory Projects

Enclosure

Stakeholder Comment Form

Rule 6.6 Review – Recommendation Update

Date of Request for Comment: February 2, 2009
 Period of Consultation: January 15, 2009 to February 2, 2009

Stakeholder: **AltaGas Ltd.**

| Recommendation | Stakeholder Comments |
|---|---|
| 1 The AESO recommends that steady state dispatch compliance is based on the unit integrated average MW output for each clock 10 minute period | AltaGas supports this recommendation |
| 2 The AESO recommends that the maximum delay time to start ramping be increased to 10 minutes and | AltaGas supports this recommendation |
| 3. Participants submit a ramp profile for each of their generating assets. | AltaGas supports this recommendation |
| 4. The rule will contain language that prohibits intentional deviation from the dispatch level. Checks for intentional non-compliance include deviation and price correlation, synchronization to the grid, intentionally operating at a different level than the dispatch level | <p>AltaGas appreciates the AESO choosing to move away from its original recommendation of enforcing compliance of small offer blocks, but remains concerned about unintended consequences on small (<10MW) generators under this recommendation. While AltaGas supports the prohibition on ‘gaming’ the system and altering the price signal, the language of the recommendation leaves no room for small generators who are simply operating within the limitations of their business infrastructure.</p> <p>If, due to this rule change, natural gas peaking plants are forced to operate a 24/7 trading desk or outsource trading operations, the cost of doing business goes up considerably. This may</p> |

| Recommendation | Stakeholder Comments |
|----------------------|--|
| | <p>result in operators leaving the industry altogether, reducing system diversity and degrading system integrity. It may also lead to a consolidation of trading operations into fewer hands, raising competition and insider information concerns.</p> <p>AltaGas Ltd. would note that, under this recommendation, operations of these plants would only be slightly altered, but operating costs would climb considerably. AltaGas Ltd. would question the benefit of monitoring and pursuing small generators for dispatch violations that other market participants have termed ‘noise’ in return for a marginal improvement to system integrity.</p> <p>AltaGas would also remind the AESO that notwithstanding dispatch tolerance rules, all market participants have an obligation to conduct themselves in a manner consistent with FEOC principles and are subject to the scrutiny of the MSA. Therefore, they are already prohibited from any “gaming” activities and consequently, specific language in rule 6.6 regarding intentional deviation from dispatch levels may not be necessary.</p> |
| 5. Next steps | |
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