

**Revised AESO Recommendation Paper - Operating Reserve
 Market Redesign
 Stakeholder Comment Matrix
 April 1, 2010**

The AESO has released a revised Operating Reserves Market Redesign Recommendation Paper in response to feedback received on the January 2009 Recommendation Paper. Given the changes made to the recommendations, the AESO is soliciting stakeholder feedback on the revisions by April 16th, 2010. The changes from the previous paper are highlighted in the matrix below.

Date: April 16, 2010
Stakeholder: AltaGas Ltd.
Contact: Jason Beck
Phone: 403.691.7048
Email: Jason.Beck@AltaGas.ca

| Section | Subsection | Stakeholder Response |
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| 3.2 Market Framework | 3.2.1 Add to the Suite of D-1 OR Products Hourly products are the revised recommendation for both Active and Standby instead of a shaped product with selling logic. | |
| | 3.2.3 Standby Baseload On and Off Peak Premium is set based on a clearing model rather than pay as bid. Premium establishes a merit order for activation. | |
| 3.3 | 3.3.2 A reasonable procurement schedule | Assuming that all markets open at 9:00, it appears that the Active |

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| <p>Procurement Process and Timing</p> | <p>The trading schedule has been revised. The revised schedule has 10 minutes between closes for baseload markets and 20 minutes between closes for hourly markets.</p> | <p>Baseload Reg market opens and closes at the same time.</p> <p>AltaGas believes that all markets should open at 9:00 and that the first market should close at 9:10.</p> |
| <p>3.4 Market Framework</p> | <p>3.4.4 5 MW minimum blocks</p> <p>The AESO will consider assets less than 5 MW for participation in the Supplemental market. Aggregators will also be considered. The ISO Rules consultation will further develop these concepts and standards.</p> | <p>AltaGas agrees with the AESO that this section requires further consultation.</p> <p>AltaGas supports allowing assets less than 5 MW to provide Supplemental reserves, but is concerned about a theoretical cap on providers (200 1 MW providers, as an example). This cap needs to be justified as there does not appear to be any evidence that a large number of providers jeopardizes system integrity or presents any market challenges.</p> <p>In addition, how is it that assets less than 5 MW will be permitted to provide reserves, but when an OR market closes, transactions for 1 or 2 MW will be cancelled?</p> <p>Also of concern is what happens if a generator's capacity is 3-4 MW? How will it meet its dispatch if it is automatically ramped up to 5 MW? Further clarification of these matters is required.</p> <p>In conclusion, AltaGas would note that it supports allowing aggregators to sell Supplemental reserves.</p> |
| <p>3.6 Multiple Buyers</p> | <p>3.6.2 AESO facilitate third party asset substitution</p> <p>There are issues concerning confidentiality of sellers that must be resolved prior to enabling third party asset substitution. The AESO is committed to finding a practical</p> | |

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| | <p>solution for third party asset substitution and will continue to pursue this issue.</p> | |
| <p>5.0 Consultation and Implementation Process</p> | <p>5.0 Phased Implementation</p> <p>Following the comment period, the AESO plans to initiate changes to the OR market design in a phased manner. It is expected this will facilitate a smoother transition to the revised market design.</p> | |
| | <p>5.1 Changes to Current Practices</p> <p>The first step in the OR Redesign is to move all procurement to D-1 within the current market design. In addition, the AESO will begin improving the transparency of the OTC market by providing pricing information after the close of the OTC market.</p> | |