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BP Canada supports the AESO's proposal to allocate constrained transmission capacity among generators according to their position in the merit order. This approach is consistent with the ADoE's Transmission Development Policy Paper, which states as its Foundation Principle: "The fundamental goal of the transmission policy is to ensure that consumers are served with reliable, reasonably priced electricity." Any protocol that dispatches higher-priced generation while lower-cost supply is available would violate this principle. Since loads bear the entire cost of transmission assets, it is only appropriate that the AESO accommodate the full output of generators with lower offer prices before making the remaining capacity available to higher priced generation. In fact, the accommodation of negative offers would create a larger field on which to compete for access to transmission before a *pro rata* curtailment of suppliers with identical offers is initiated.

Opponents of the reverse merit order approach cannot credibly argue that its implementation would constitute an unexpected change in circumstances, or that they lack the tools necessary to compete effectively. Prior to the PPA auction, the AEUB wrote in Decision 2000-1: "Entry by competitive generators is important and should not be restricted through the TA's tariff design or terms and conditions of service." Generators -regardless of vintage- can compete for constrained transmission capacity by adjusting their price offer(s). Section 29 of the *Electric Utilities Act* goes no further than to provide "market participants wishing to exchange electric energy and ancillary services a reasonable opportunity to do so." (*emphasis added*) An opportunity is not synonymous with a right. Nor can suppliers claim an implied right to transmission capacity without a corresponding obligation such as the contract demands borne by demand (i.e., DTS) customers.

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