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April 4, 2007

Laura Letourneau
AESO
2500, 330 – 5th Avenue SW
Calgary, AB T2P 0L4

Dear Laura;

Re: Comments to "Market and Operational Framework for Wind Integration in Alberta"

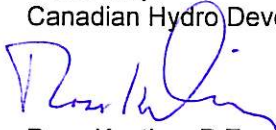
Canadian Hydro Developers, Inc. has reviewed the draft (March 7, 2007) Market and Operational Framework for Wind Integration in Alberta and have the following comments:

1. We commend the AESO in their diligent efforts to work with stakeholders to integrate greater amounts of wind capacity into the generation mix in Alberta. The subject framework is a tremendous start in this regard, and will form the basis for detailed policies and procedures to be developed. An implementation schedule should be added to the Framework.
2. Cost allocation is generally the most interesting subject for stakeholders. Canadian Hydro agrees with the proposed allocation:
 - Diversity: No direct cost allocation. Need signals to encourage wind generators to locate appropriately. Could divide the province and "cap" certain areas? Could also provide some guidance regarding the possibility of Power Management in certain geographic areas?
 - Forecasting: Costs allocated to wind generators. On what basis? Are existing plants treated differently than new facilities? Once the pilot is completed, will AESO contract the forecasting service and charge wind generators based on installed capacity? The cost's to forecast, monitor and update the AESO are of concern. The wind farms would have to be monitored 24 hours per day, 7 days per week. If the forecast is not accurate will penalties be applied?
 - Regulating Reserves & Load Following: Costs allocated to load.
 - Wind Generator Power Management: Costs allocated to wind generators. But MUST ensure existing facilities are grandfathered and exempt from any form of ramp-rate limiting and/or curtailment. Most existing facilities have not been equipped with the hardware required to manage output (short of tripping the plant) and often retrofitting is expensive or not feasible. Some of the older facilities have fixed-price long term contracts which can not afford the added costs/losses associated with ramp-rate limiting or curtailment. If the system can not take all the power being generated from the wind farms and the AESO calls for wind generation to be dispatched down or off, how is this going to be achieved to ensure it is fair to all the Companies involved?

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3. Appendix III provides a path forward to removing the 900 MW threshold, including a list of critical issues to be resolved. We agree with items 1 and 2. However, tasks 3 and 4 indicate power management to be implemented. We have always understood that power management would be a "last resort" in the tool box, and suggest these words be deleted from both sentences. In addition, a statement regarding tools to be developed to encourage diversity; and a position developed for timing and acquisition of necessary regulating reserves & load following services should be included.

Yours truly,
Canadian Hydro Developers, Inc.



Ross Keating, P.Eng
President and COO