

Market Services Update Stakeholder Session

October 24, 2011

Agenda

Introductions General update on market initiatives	Kelly Gunsch
System Access update	Gord Nadeau
Price Restatement Period	Hameed Zaman
<i>* * * Coffee Break * * *</i>	
Generator and Transmission Outage Reporting	Hameed Zaman
Minimum Stable Generation	Hameed Zaman
Competitive Process update	Elizabeth Moore
<i>Questions & Answers</i>	

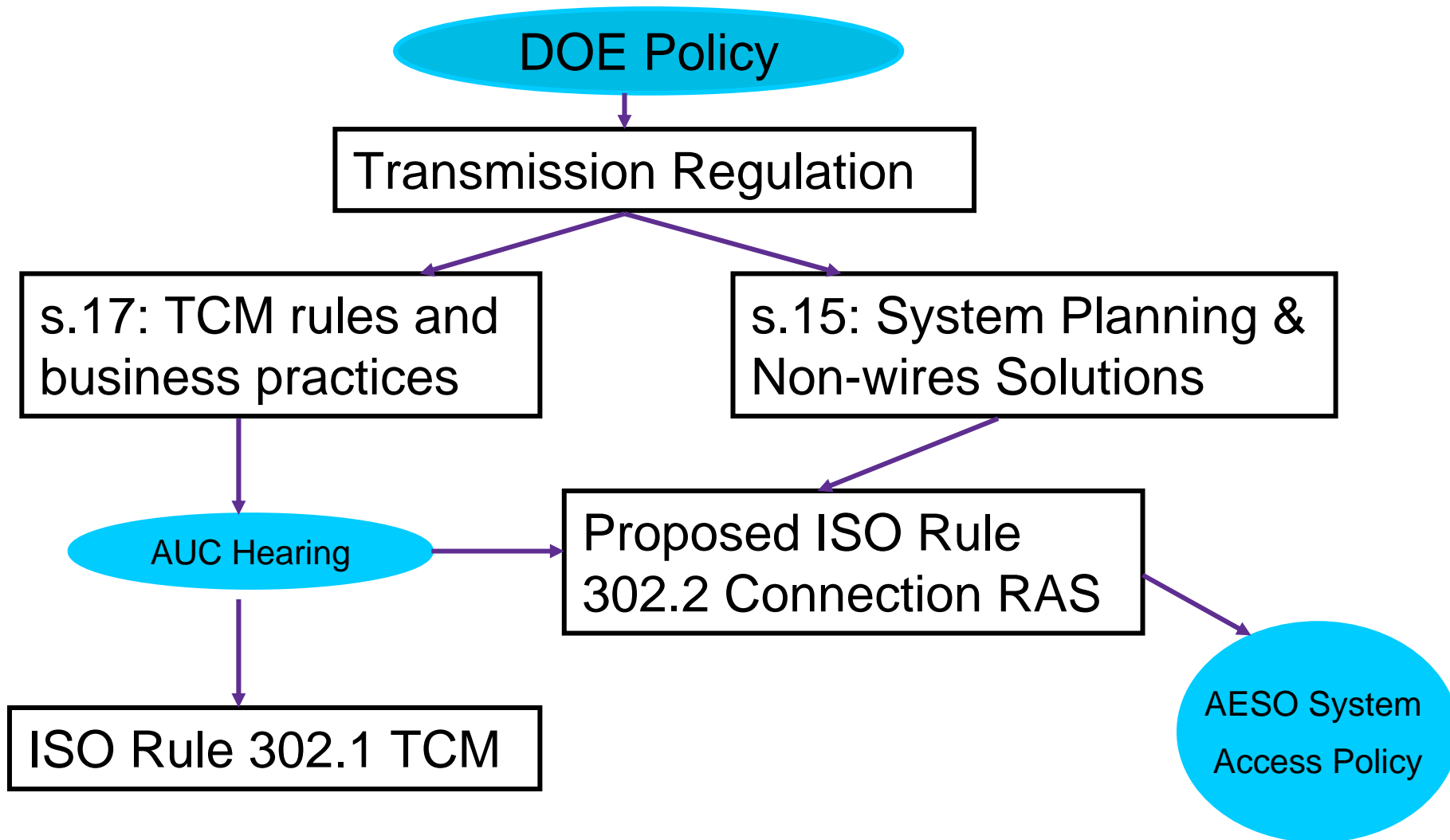
General Update

- Demand Response
- 500 Series OPPs
- Wind Integration
- Interties
- Supply Surplus
- Operating Reserve Market Redesign
- Market Suspension

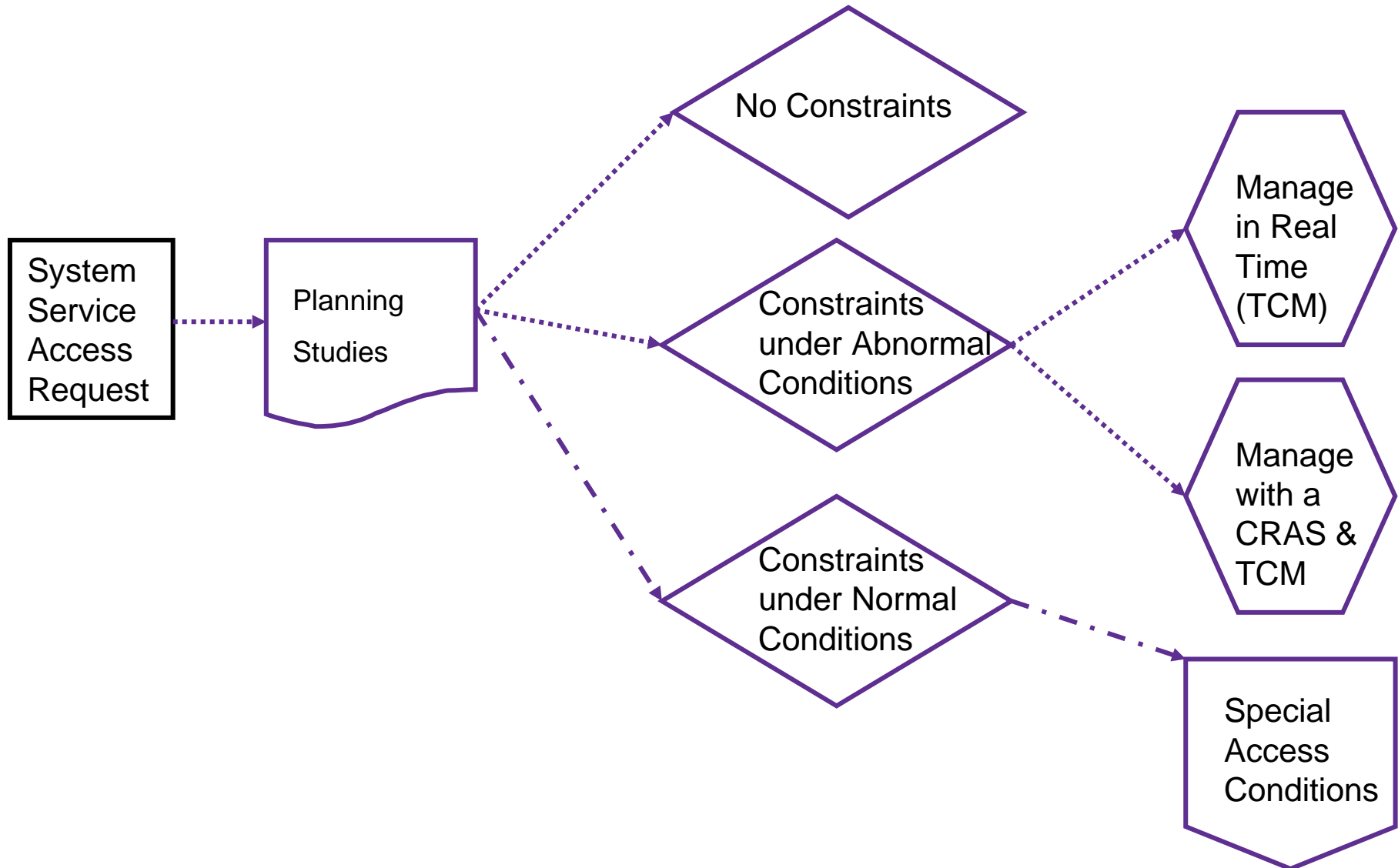
Transmission Constraints Management (TCM) and System Access Policy

Gordon Nadeau
October 24, 2011

Transmission Constraints Management (TCM) Overview



AESO System Access Proposal: Transmission Constraint Conditions



AESO System Access Proposal: Reasonable Access

- A customer connection will be allowed if three conditions can be met:
 - The AESO has a plan to relieve the constraints in a timely manner
 - The market participants impacted by the constraint have the ability to compete for system access through their offers
 - The AESO can operate the system in a practical manner during the constraint period
- If all three conditions are not met, the customer connection will be delayed until they can be met
- The proposal is intended to provide reasonable access to all market participants

AESO System Access Proposal: Abnormal Constraint Conditions

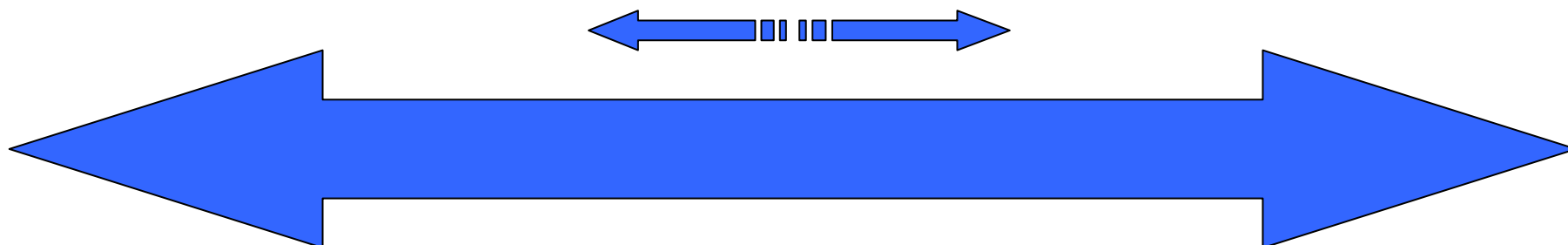
- If the transmission constraint can be managed in real time, then the AESO will allow the connection to proceed
- If a Connection RAS is needed and operable, then the AESO will allow the connection to proceed and will document the RAS in the NID filing for the connection

Spectrum of Potential System Access Approaches

**Delay access until
system enhanced**

**Allow access with
conditions**

- CRAS allows system access
- Other alternatives



AESO System Access Proposal: Normal Operating Conditions



- If a connection causes transmission constraints under normal operating conditions, the AESO will not allow the connection to proceed until there is a publicly available plan to alleviate the constraint

- The AESO has received some initial stakeholder feedback on System Access business practices which has been incorporated into the proposed TCM and System Access paper
- The TCM and System Access paper and the AESO Connection RAS comment and response matrix will in combination fully respond to stakeholder comments on the proposed Connection RAS rule
- The AESO will be seeking additional comment on the connection policies outlined in the TCM and System Access paper to determine whether the business practices outlined are addressing stakeholder questions and concerns.
- Any comments or questions should be directed to gordon.nadeau@aeso.ca or ph: 403-539-2568

Thank you

Price Restatement Period

Hameed Zaman

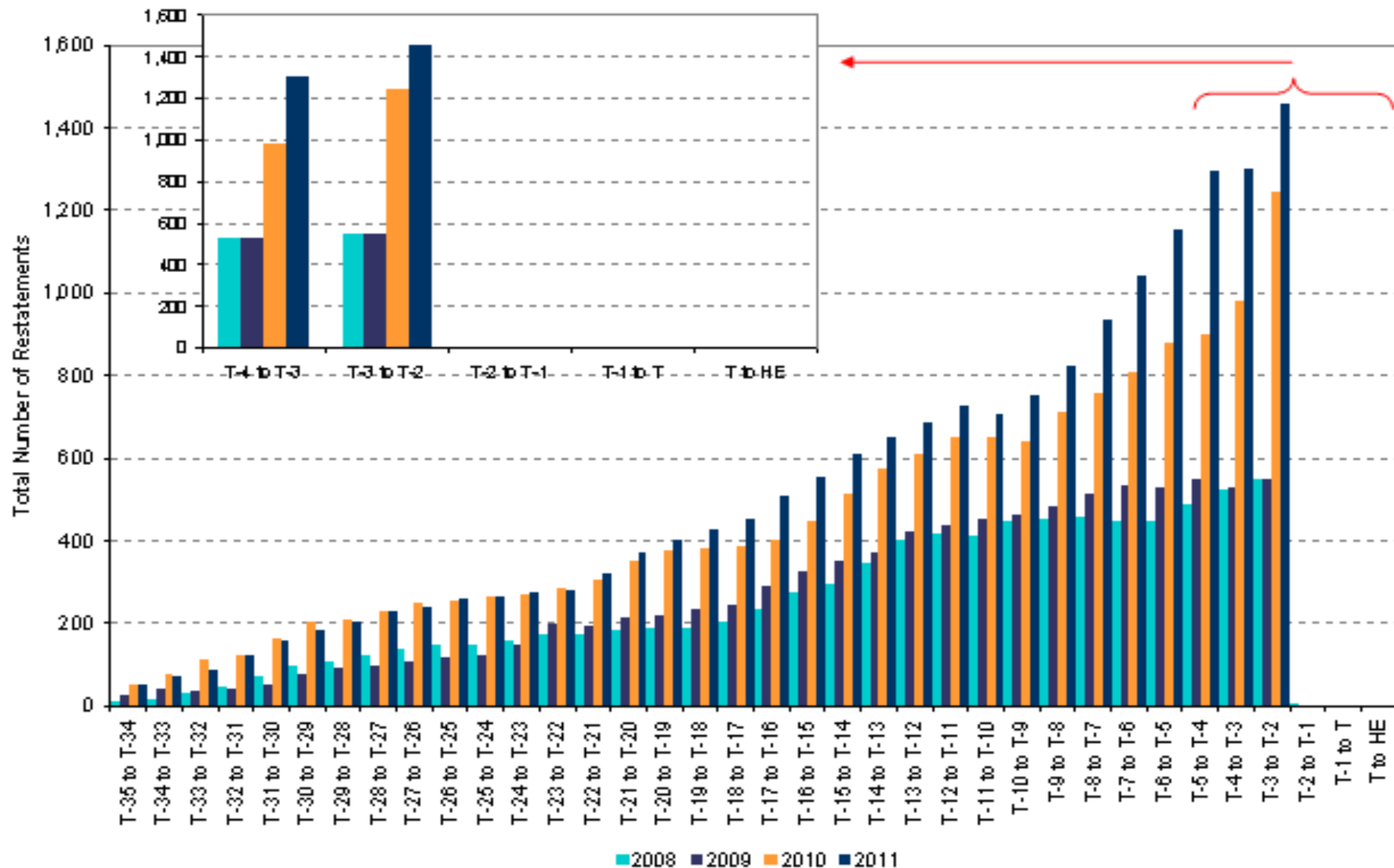
October 24, 2011

- Background and Reasons for Review
- An Analysis of Current Restatement Activity
- Impacts of Changing the Price Restatement Period
- Options for a Revised Price Restatement Period
- Next Steps

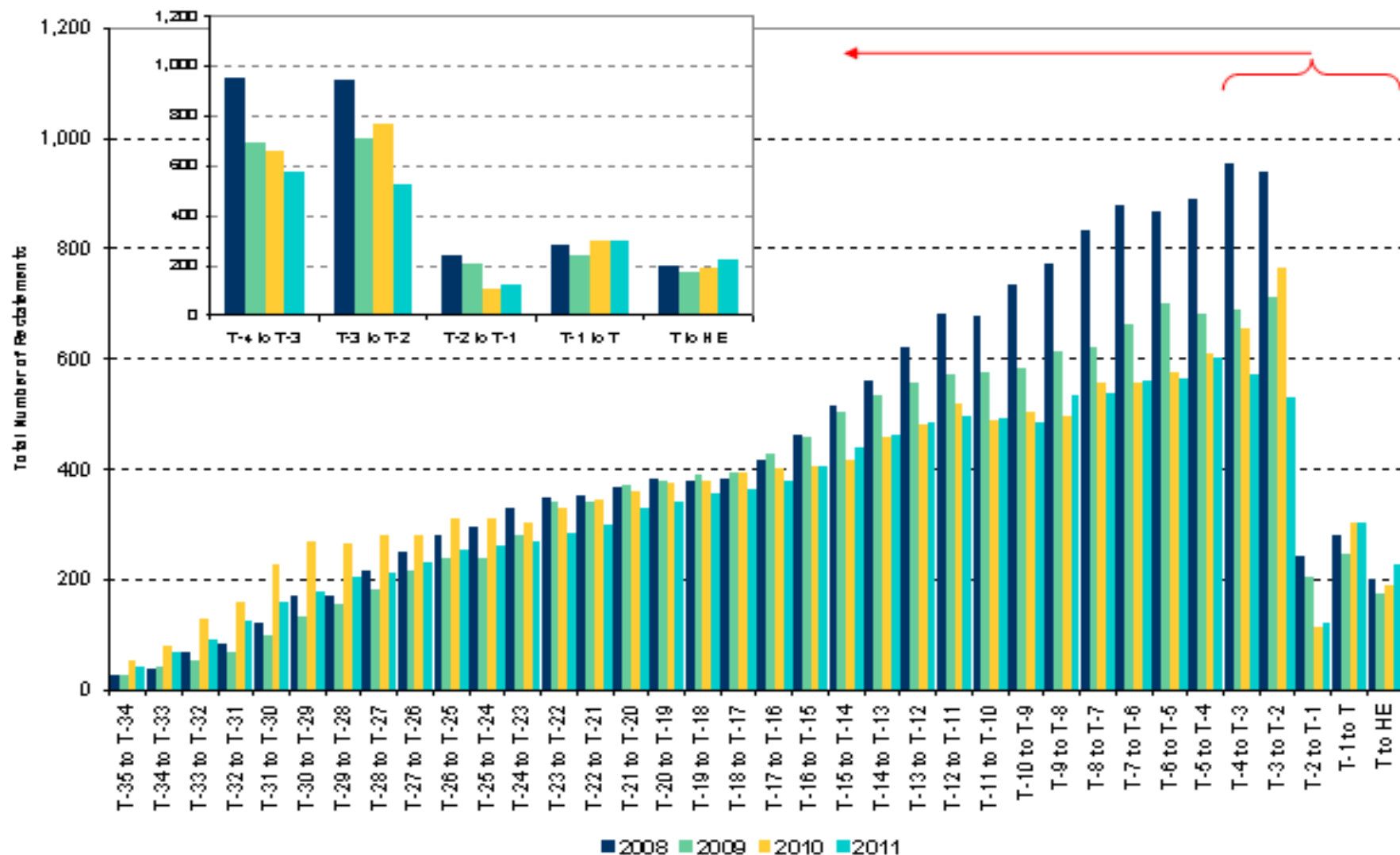
Background and Reasons for Review

- Current price restatement period
- Reasons for review
 - Potential alignment with ongoing market initiatives
 - Continuing enhancement of the FEOC operation of the market

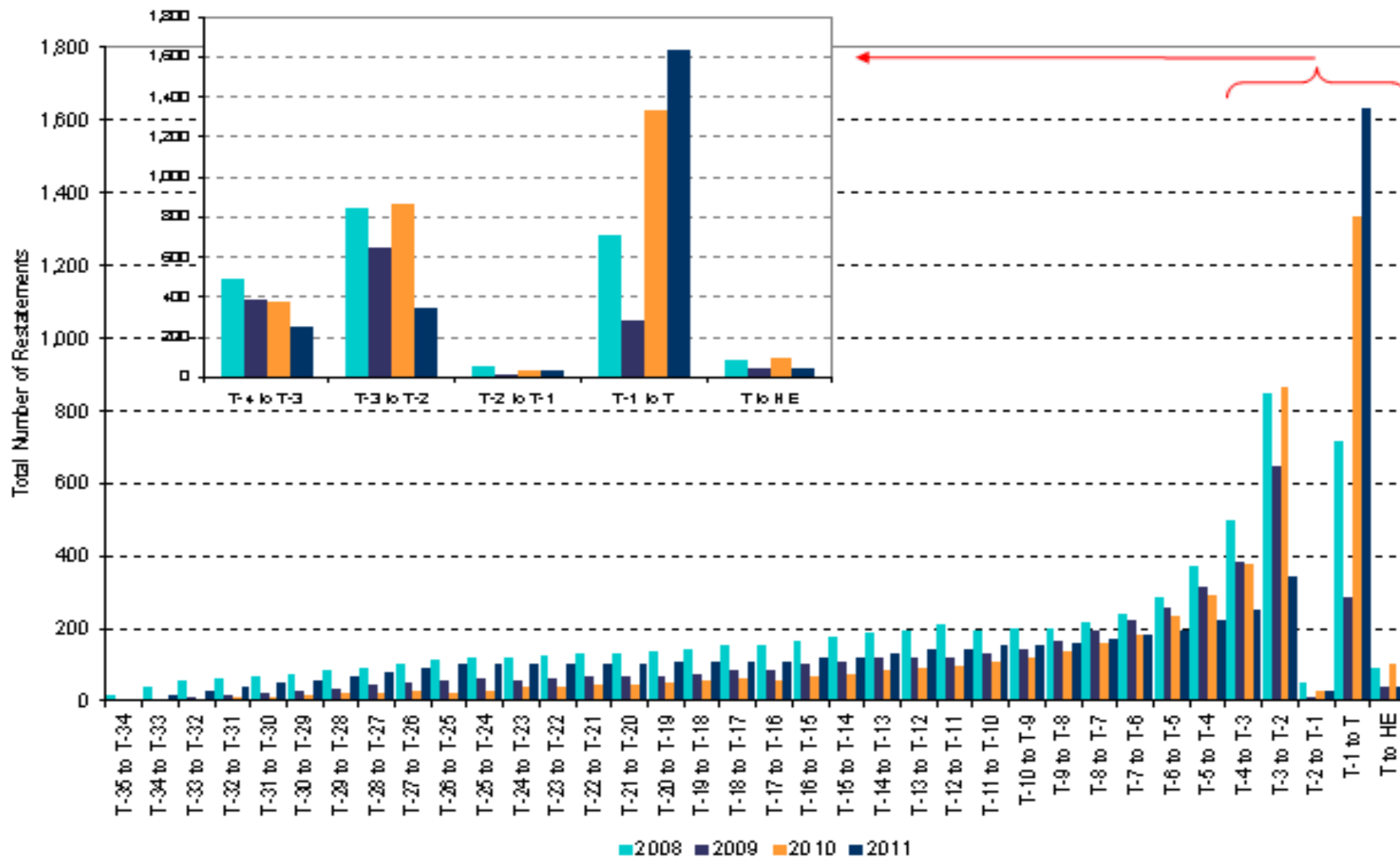
An Analysis of Current Restatement Activity – Price restatements by T minus for the month of April



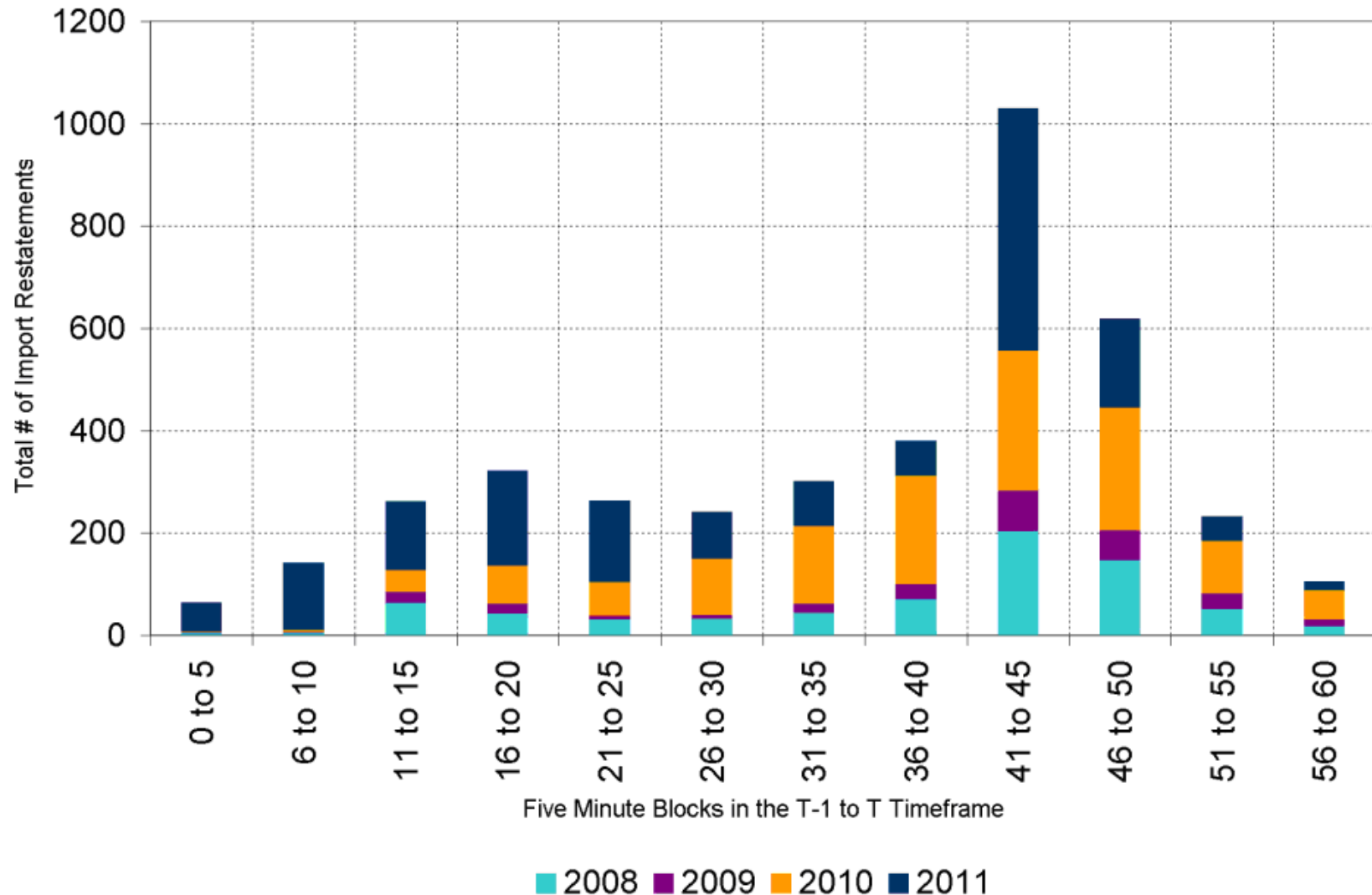
An Analysis of Current Restatement Activity – Volume restatements by T minus for the month of April



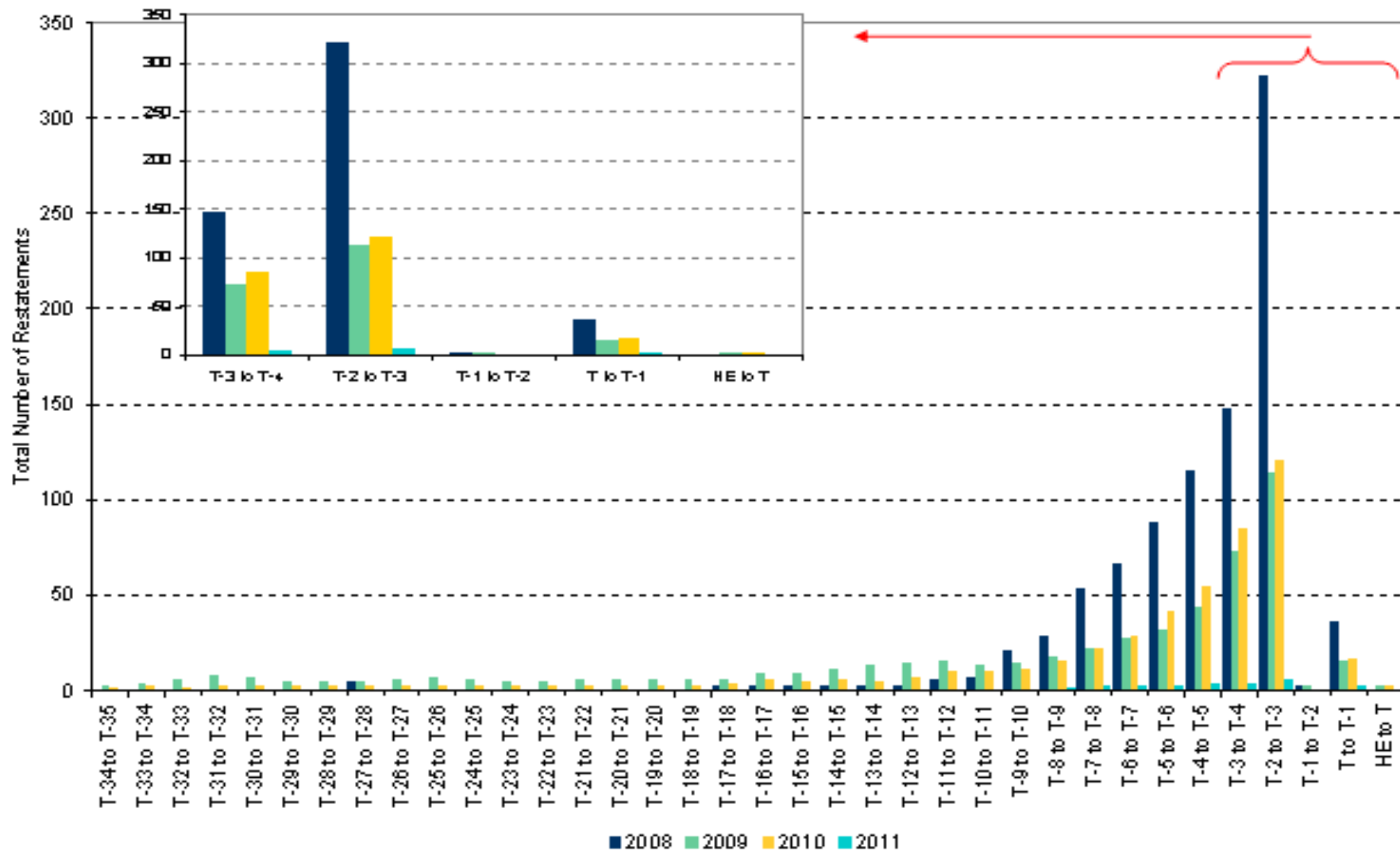
An Analysis of Current Restatement Activity – Import restatements by T minus for the month of April



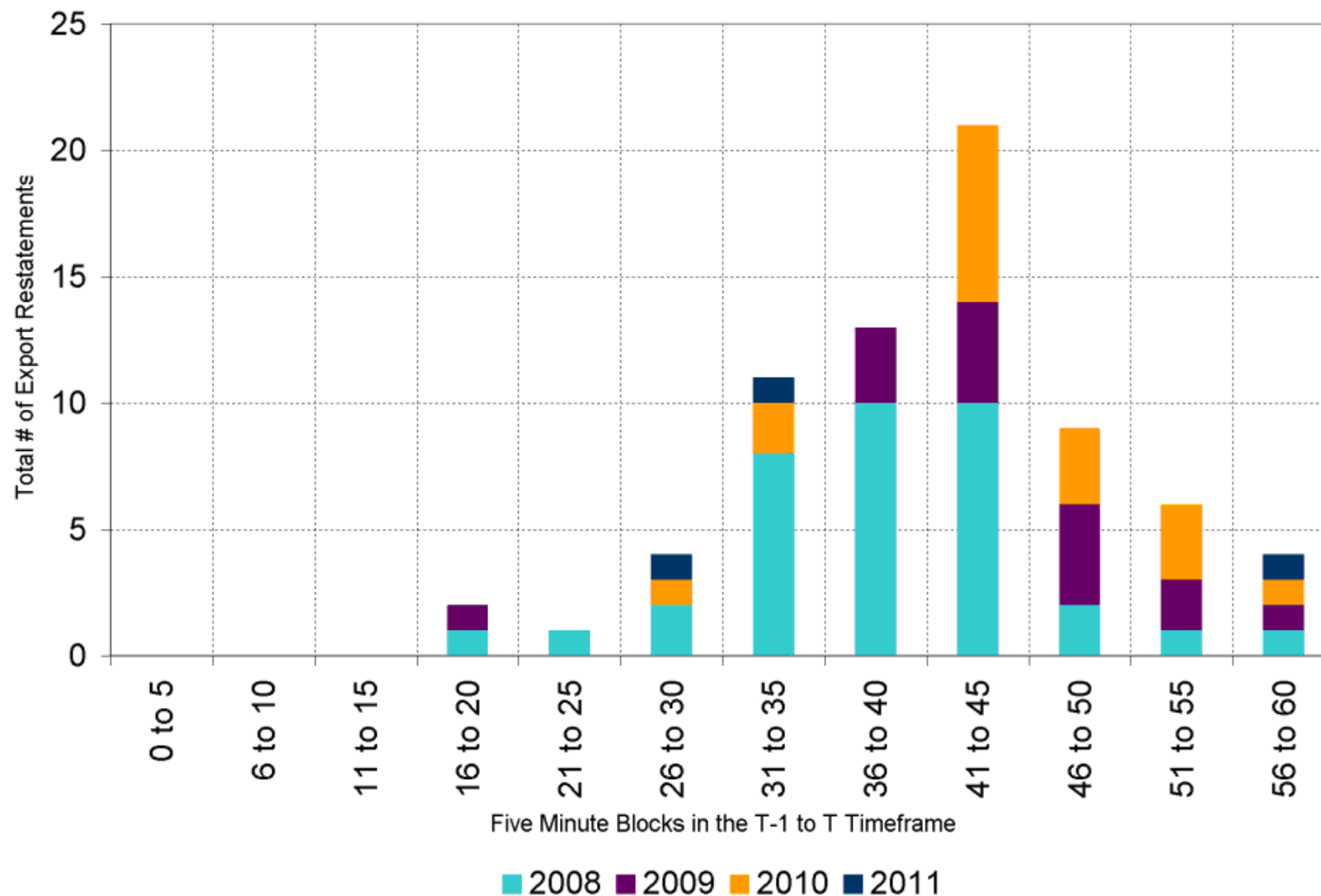
An Analysis of Current Restatement Activity – Import restatements within T-1 and T by five-minute blocks for the month of April



An Analysis of Current Restatement Activity – Export restatements by T minus for the month of April



An Analysis of Current Restatement Activity – Export restatements within T-1 and T by five-minute blocks for the month of April

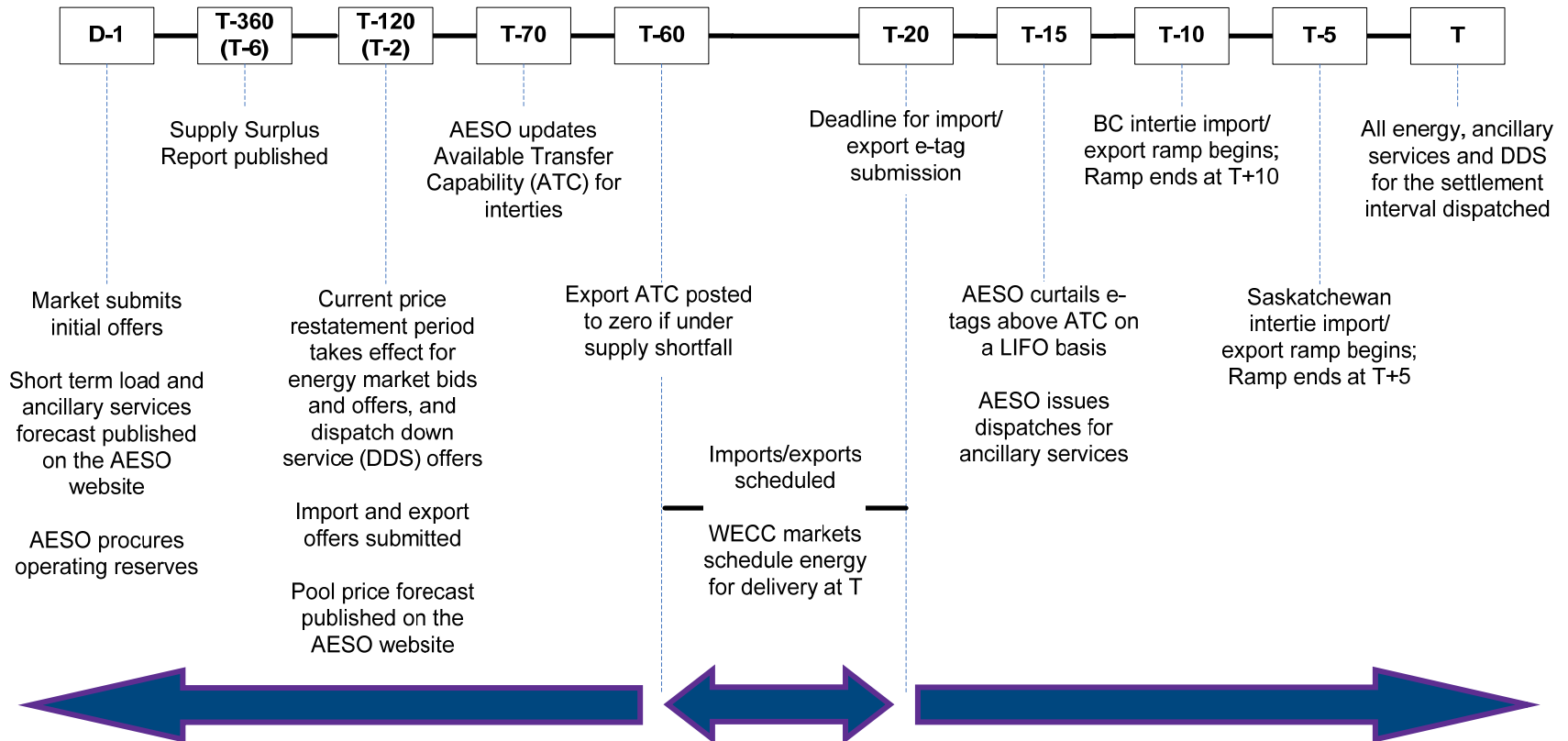


Impacts of Changing the Price Restatement Period

- Three areas impacted by a change to the price restatement period
 - Intertie Scheduling
 - Wind Power Integration
 - System Operations

Options for a Revised Price Restatement Period

- A market timeline and three options ranges to consider



- Initiate AESO's stakeholder consultation process
- Discussion paper posted to the AESO website in November for stakeholder comments
 - Stakeholder feedback requested on whether a change is desirable, potential options for a revised price restatement period and any other impacts whether positive or negative
- Further stakeholder consultation as required to determine final recommendations
- Please direct any comments or questions to hameed.zaman@aeso.ca

Thank you

Generator and Transmission Outage Information

Hameed Zaman
October 24, 2011

- Background and Reasons for Review
- Stakeholder Comments on Recommendation Paper
- Implementation Update and Next Steps

- Provide market participants with outage information in a FEOC manner
- Work to date
 - Discussion paper published – January 2011
 - Stakeholder comments reviewed
 - Recommendation paper published – July 2011
 - Stakeholder comments received

Stakeholder Comments on Recommendation Paper

- Outage submission by TFO to the AESO
- GFO and TFO outage reporting by the AESO
 - Remove breakdown of coal units by 200 MW and 350 MW groups
 - Increase the current average coal unit outage placeholder from 325 MW to 350 MW
- Major projects and critical transmission infrastructure (CTI) outage information reporting

- AESO responses to stakeholder comments on the recommendation paper
- Review OPP 600 series and assess impacts to related ISO rules and procedures
- Evaluate system impacts for GFO and TFO outage report enhancements
- Formalize the process for reporting major projects and CTI outage information
- Please direct any comments or questions to hameed.zaman@aeso.ca

Thank you

Minimum Stable Generation

Hameed Zaman

October 24, 2011

- Background and Reasons for Review
- Summary of Feedback from MSG Workgroup Sessions
- Proposed Definition of Minimum Stable Generation and its Application
- Next Steps

- Current definition
 - “minimum stable generation (MSG) means the minimum generation level that an asset can be continuously operated at without becoming unstable”
- Supply surplus consultations indicated a review was required
- Workgroup sessions conducted to solicit MSG requirements

Summary of Feedback from MSG Workgroup Sessions

- Accommodate generators with onsite industrial processes
- Ability to manage MSG in real time
- Similarities with available capability (AC)
- Environmental permits
- Auditing MSG restatements
- Application of MSG under normal operations
- Definition of AOR

Proposed Definition of Minimum Stable Generation and its Application

- Sample definition

- “minimum stable generation means the minimum generation level that an asset can be continuously operated at without becoming unstable, or

in the case of an asset that is integral to onsite industrial processes, the minimum generation level that the asset can be continuously operated at without becoming unstable or incurring a forced to shut down of onsite processes”

Proposed Definition of Minimum Stable Generation and its Application

- MSG submitted as part of the offer submission through the Energy Trading System (ETS)
- MSG volume cannot be split over more than one offer block and must be in the lowest priced block with non-zero volume
- MSG can be restated in real-time for acceptable operating reasons similar to AC
- MSG restatements will audited using a similar process as used for AC restatements
- MSG will continue to apply only under supply surplus, transmission constraints management and dispatch down service

Proposed Definition of Minimum Stable Generation and its Application



Energy Submission

Ancillary Service

DDS Submission

Maintenance

Constraints

Outage Scheduling

Data Entry

Enter New Submission for Sample Asset Inc.(SAI) Source for Jun 24,2011

01

24

Block 0

	Flex Block - Check box to turn on														DDS Offer	AC	MSG	
	Block 0	<input checked="" type="checkbox"/>	Block 1	<input checked="" type="checkbox"/>	Block 2	<input checked="" type="checkbox"/>	Block 3	<input checked="" type="checkbox"/>	Block 4	<input checked="" type="checkbox"/>	Block 5	<input checked="" type="checkbox"/>	Block 6	<input checked="" type="checkbox"/>				
	\$/MWh	MW	\$/MWh	MW	\$/MWh	MW	\$/MWh	MW	\$/MWh	MW	\$/MWh	MW	\$/MWh	MW				
01	0.0	255	10.06	255	12.06	255	14.06	255	14.46	255	41.06	270	43.96	288		288	20	Best
02	0.0	255	10.06	255	12.06	255	14.06	255	14.46	255	41.06	270	43.96	288		288	20	Best
03	0.0	255	10.06	255	12.06	255	14.06	255	14.46	255	41.06	270	43.96	288		288	20	Best
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08	0.0	255	10.06	255	32.06	255	38.06	255	39.06	255	40.06	265	53.06	288		288	20	Best
09	0.0	255	10.06	255	32.06	255	38.06	255	39.06	255	40.06	265	53.06	288		288	20	Best
10	0.0	255	10.06	255	32.06	255	38.06	255	39.06	255	40.06	265	53.06	288		288	20	Best
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16	0.0	255	10.06	255	32.06	255	38.06	255	39.06	255	40.06	265	53.06	288		288	20	Best

Proposed Definition of Minimum Stable Generation and its Application

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Next Steps

- Consultation on MSG definition and associated rules through the ISO rules consultation process in November 2011
- Implementation of system changes expected in Q1 2012
- Please direct any comments or questions to hameed.zaman@aeso.ca

Thank you

Competitive Process Overview

Elizabeth Moore, Director Competitive Process

October 24, 2011

- Guidance
 - Legislative mandate
 - Desired outcome
- Business Arrangement
- The Process
 - Terminology
 - Key agreements
 - Key adjustments
 - Evaluation overview
- Process stages
- Go forward schedule

Legislated Mandate

- Government of Alberta Provincial Energy Strategy 2008
- Transmission Regulation 24.2 (2) 2010

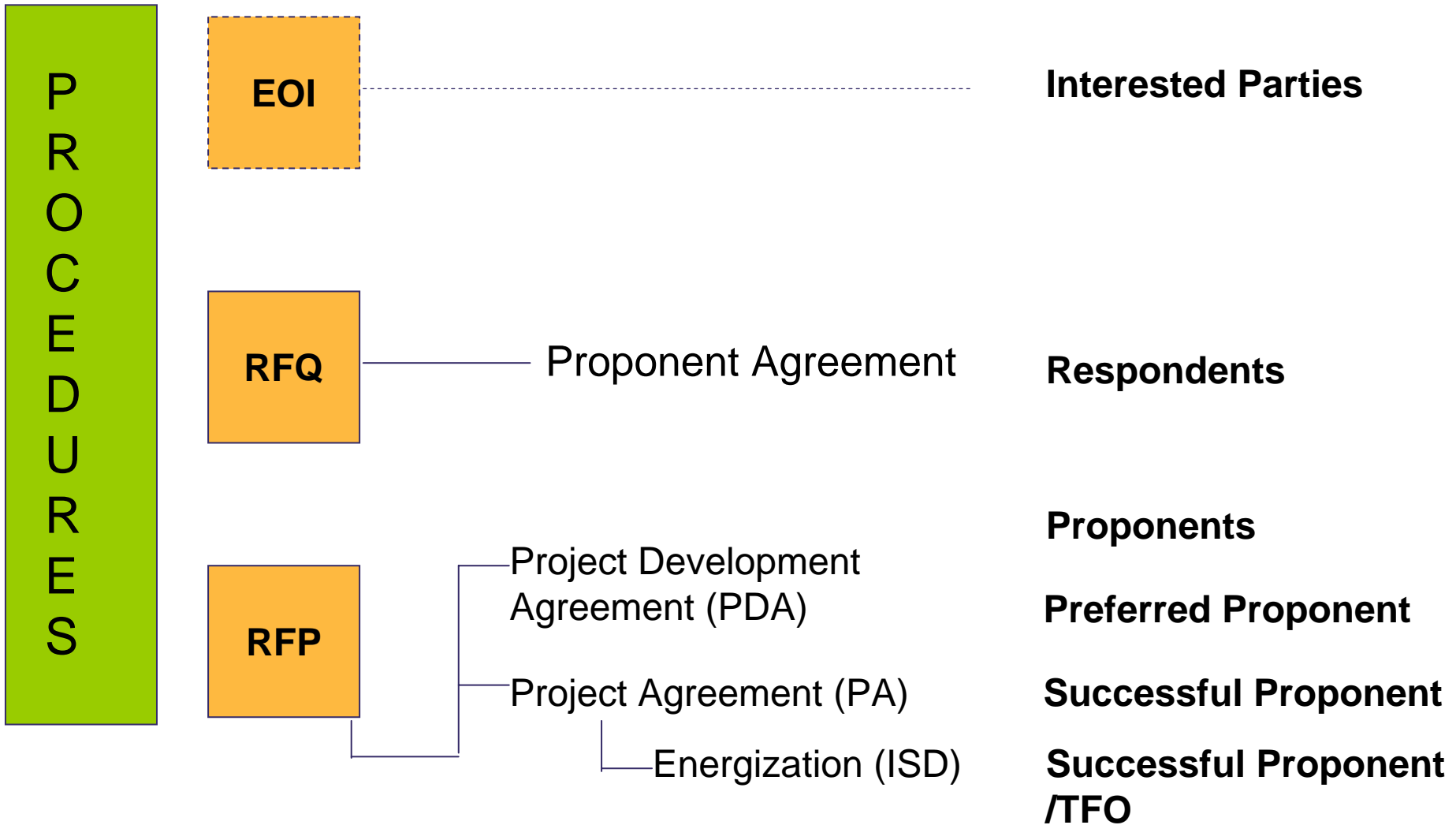
Desired Outcome

- “To create a fair, transparent, and openly competitive opportunity for incumbent and new market participants to develop, own, and operate CTI”

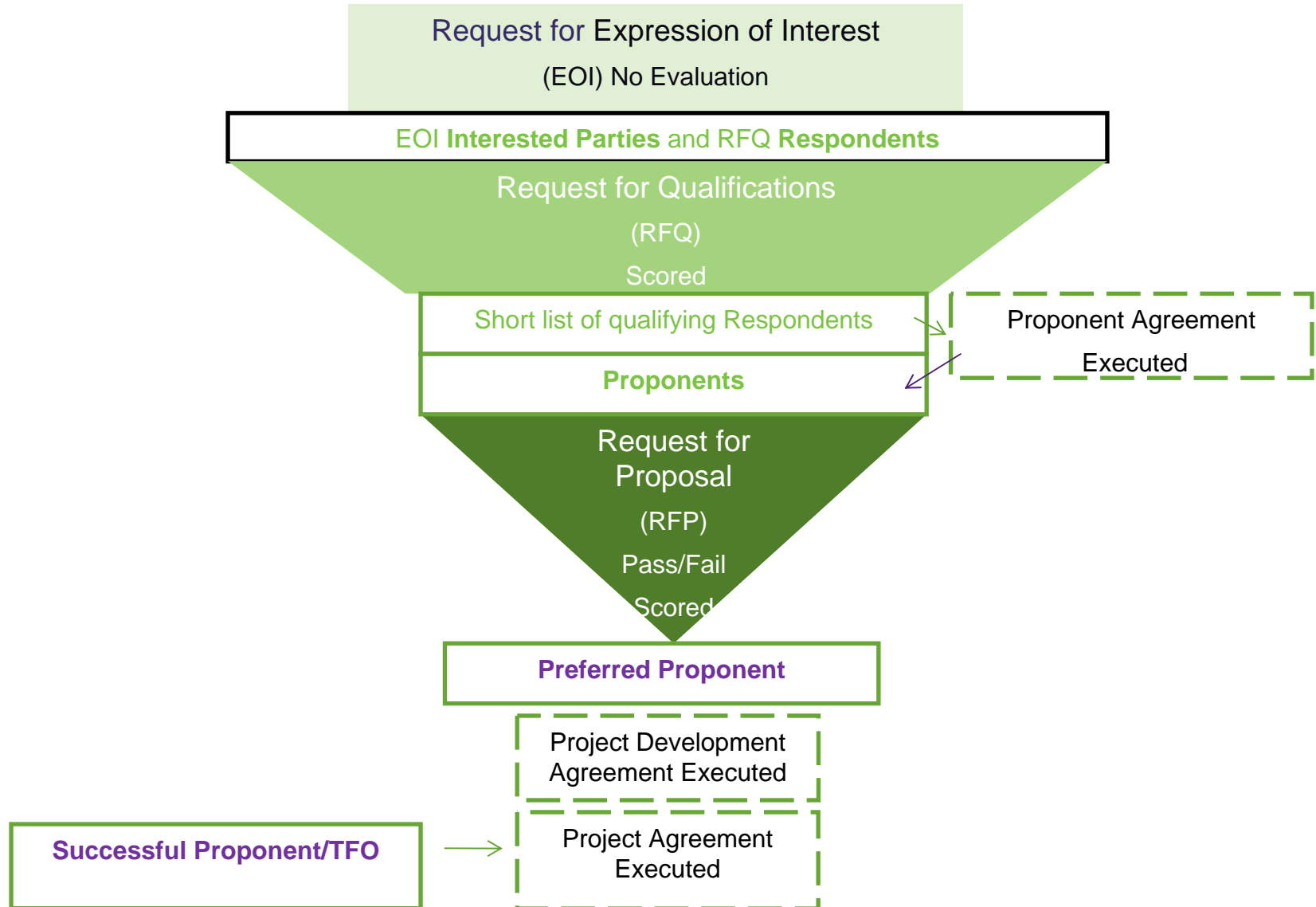
- Covers life cycle of project
- Long term arrangement
 - Project Development Agreement
 - Project Agreement
- Counterparties
 - AESO
 - Preferred proponent/successful proponent
- Allocation of risk
 - To party who can best manage it

- Process procedures
- Expression of Interest (EOI)
- Request for Qualification (RFQ)
 - Proponent Agreement
- Request for Proposal (RFP)
 - Project Development Agreement
 - Project Agreement

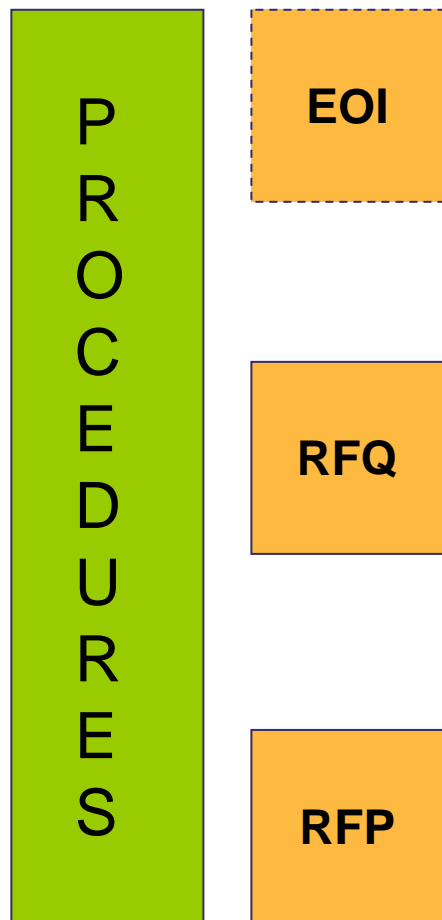
Terminology

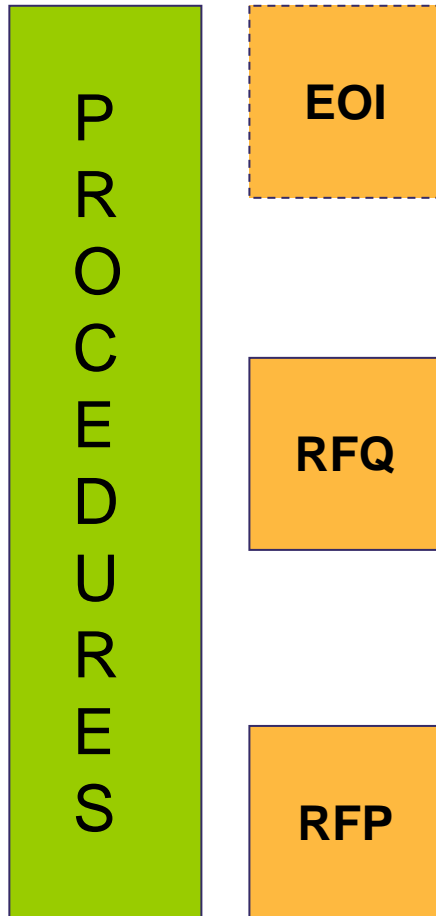


The Process



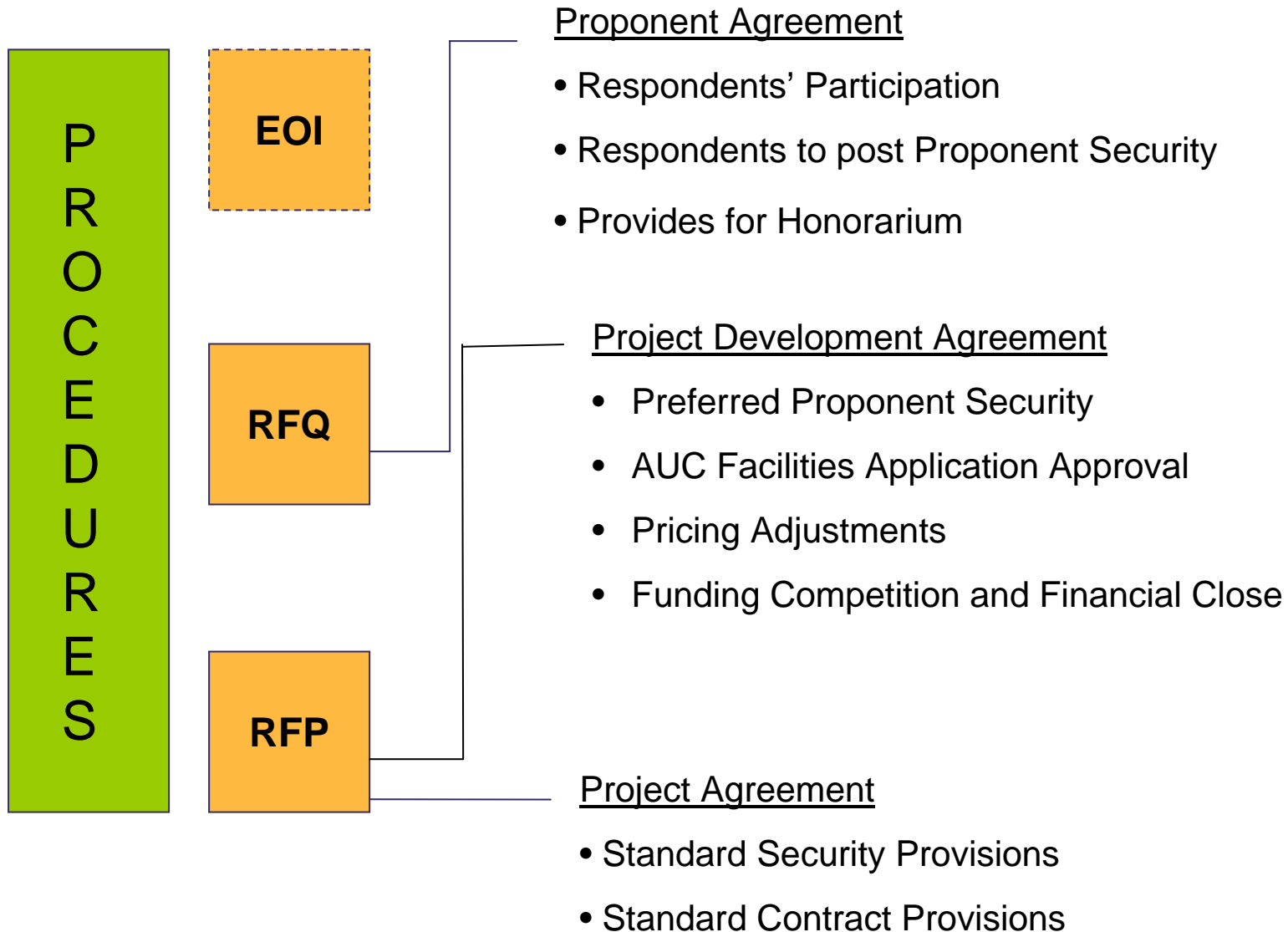
The Process



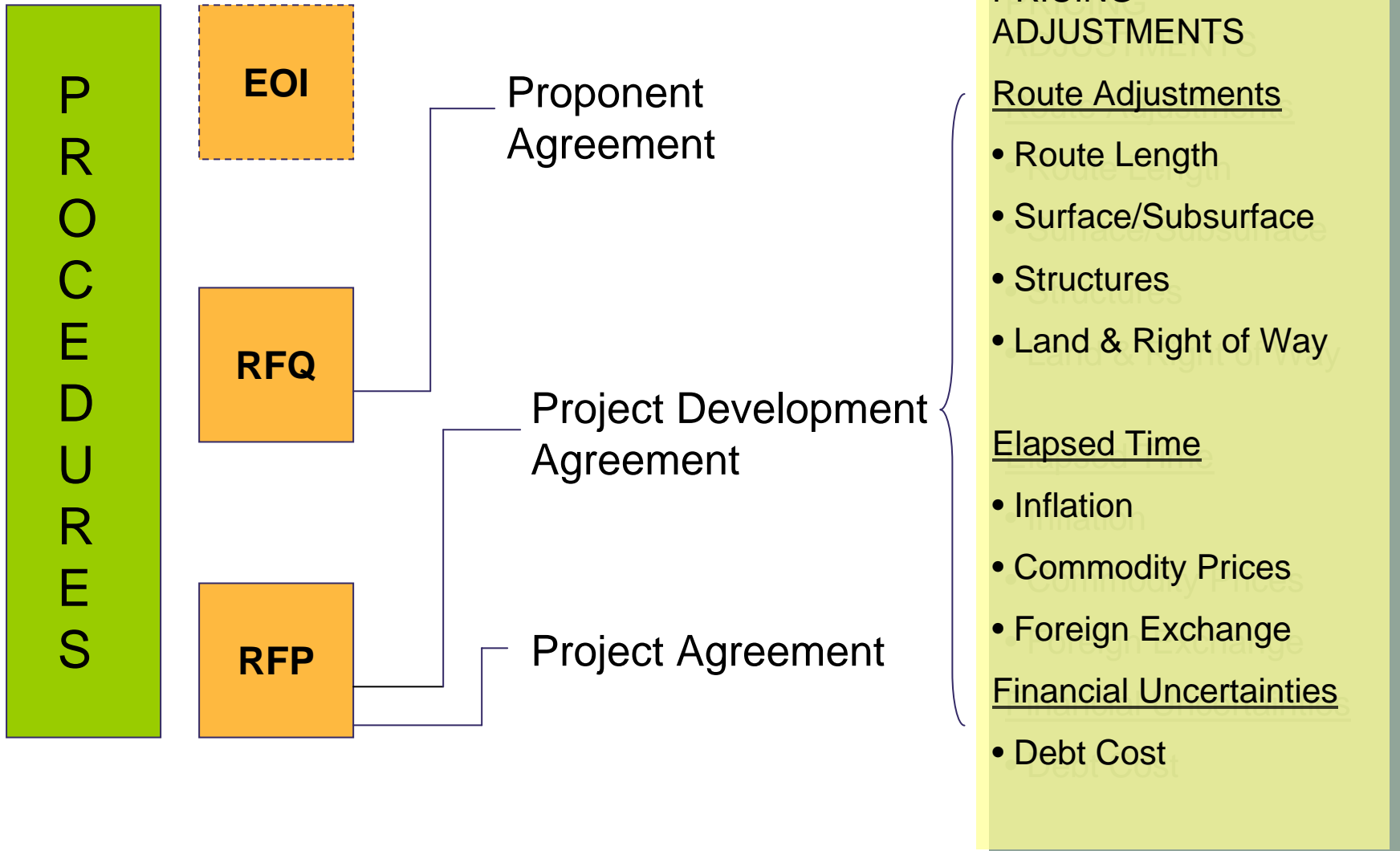


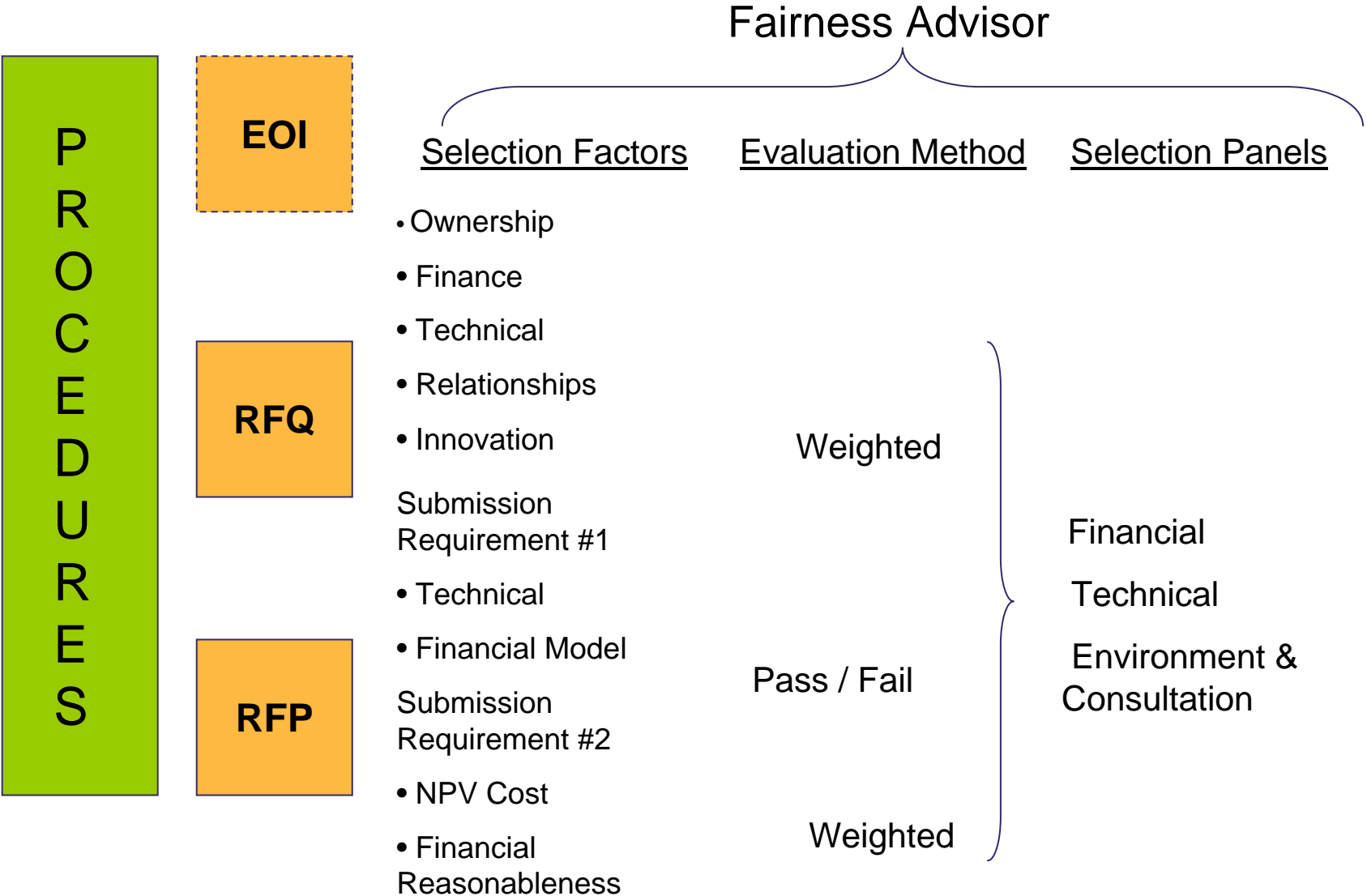
THEMES

- Benchmarked off Alberta P3s
- Developed in consultation with stakeholder and financial, commercial, tendering and legal expertise
- Reflects unique nature of Alberta regulatory framework
- Generic process that supports the Fort McMurray Project
- Process transpires over a 45 month period
- Generic Process requires AUC approval

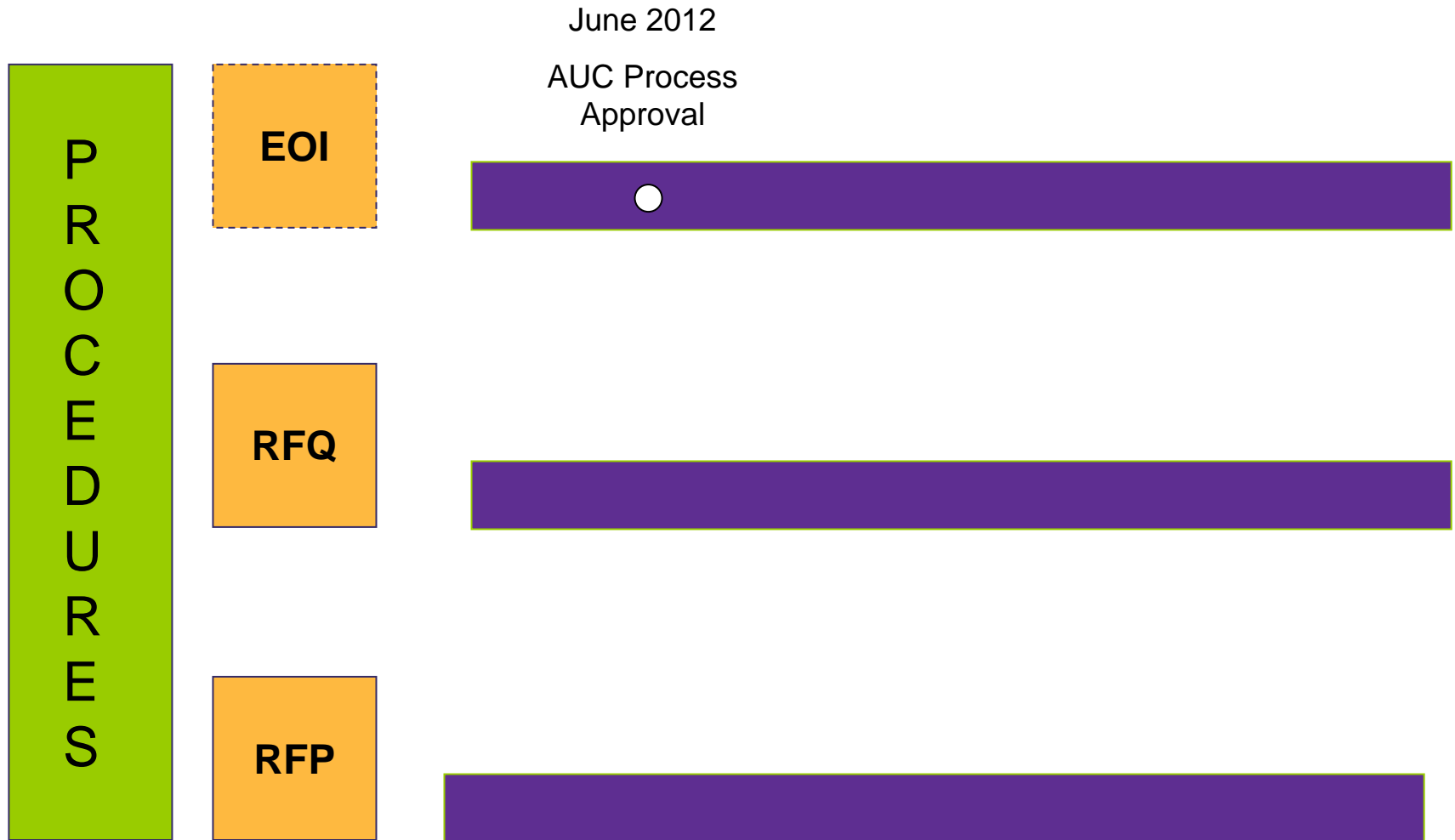


Key Adjustments



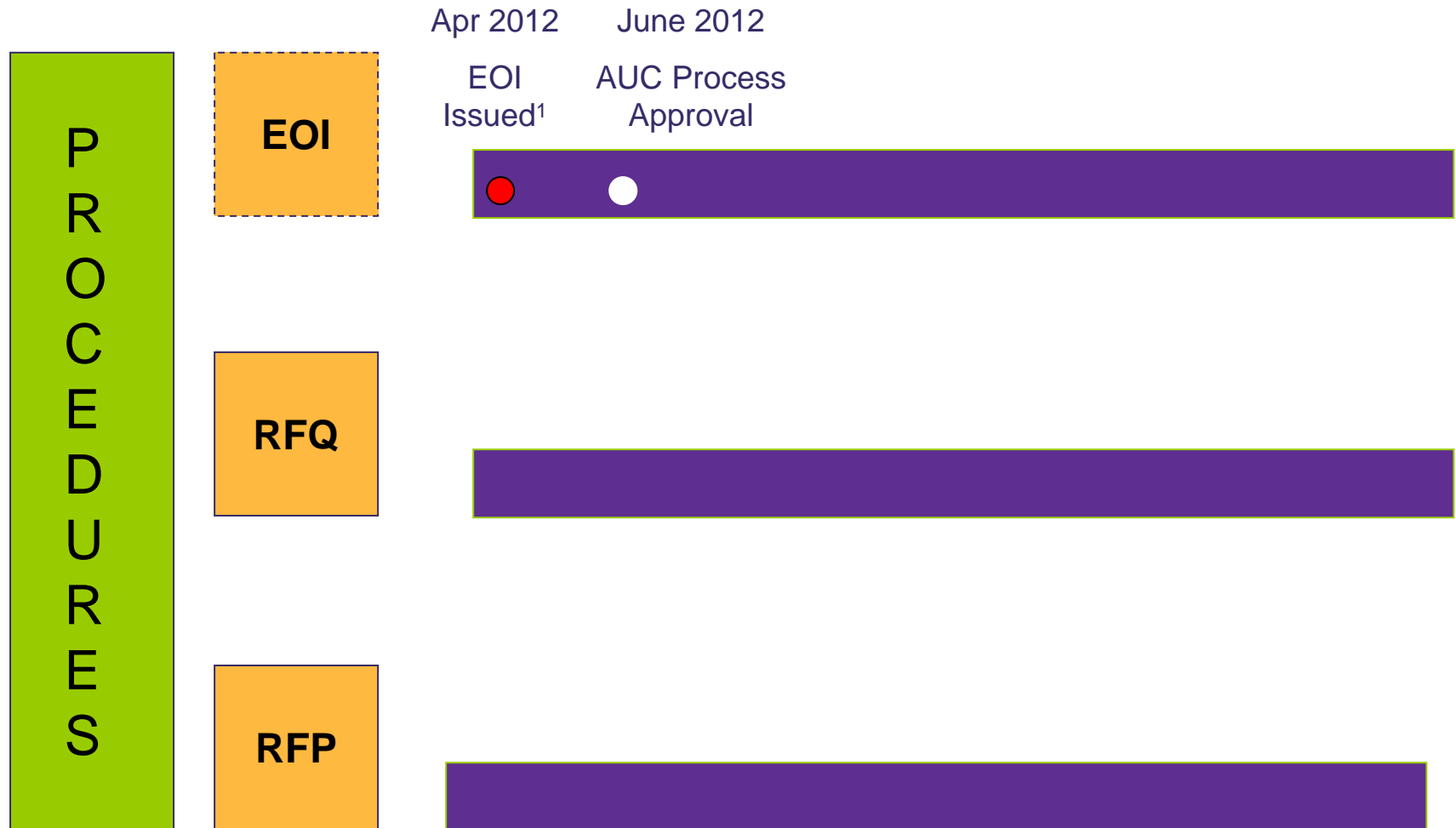


Process Stages



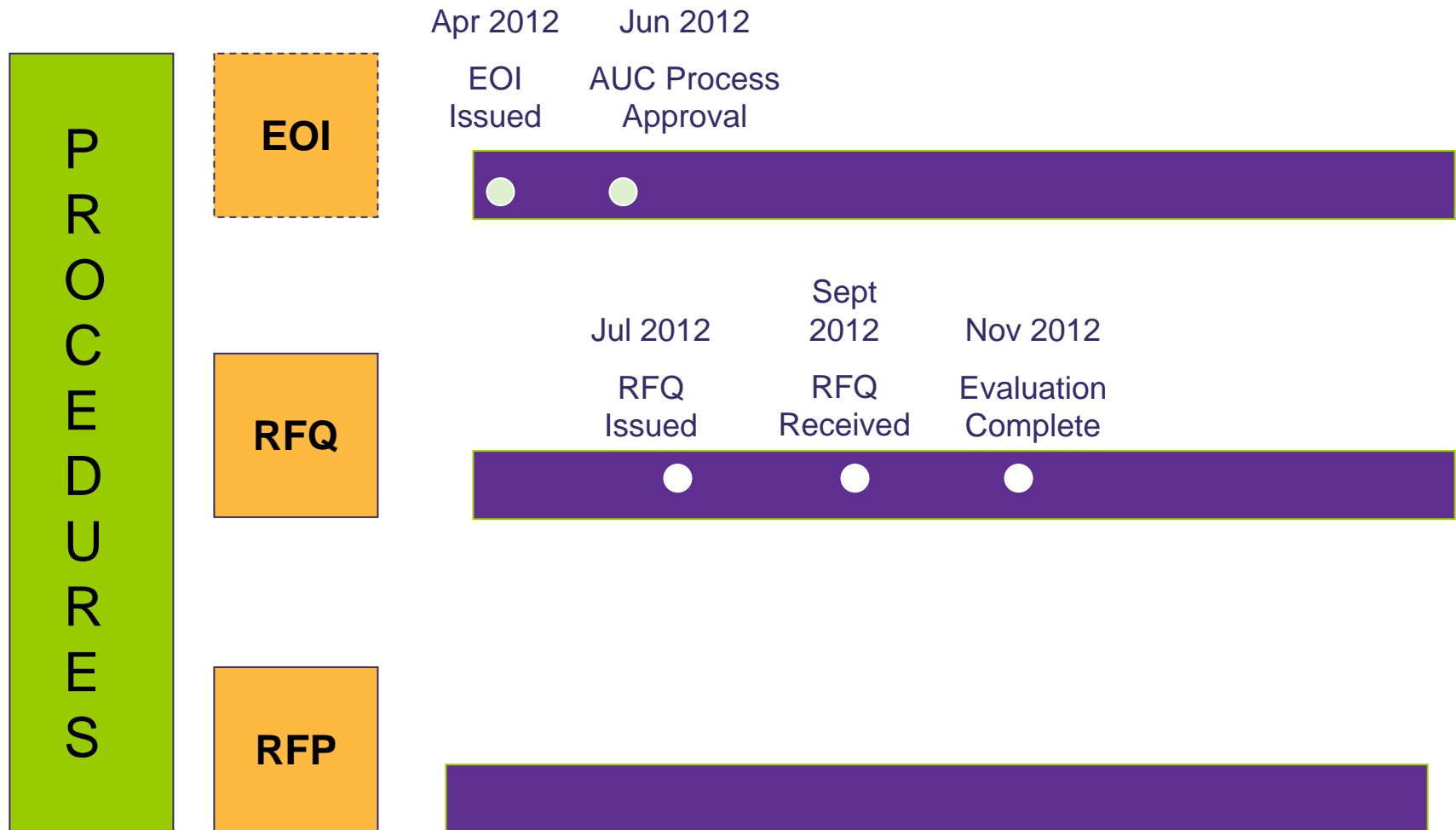
Process Stages

Express of Interest (EOI)

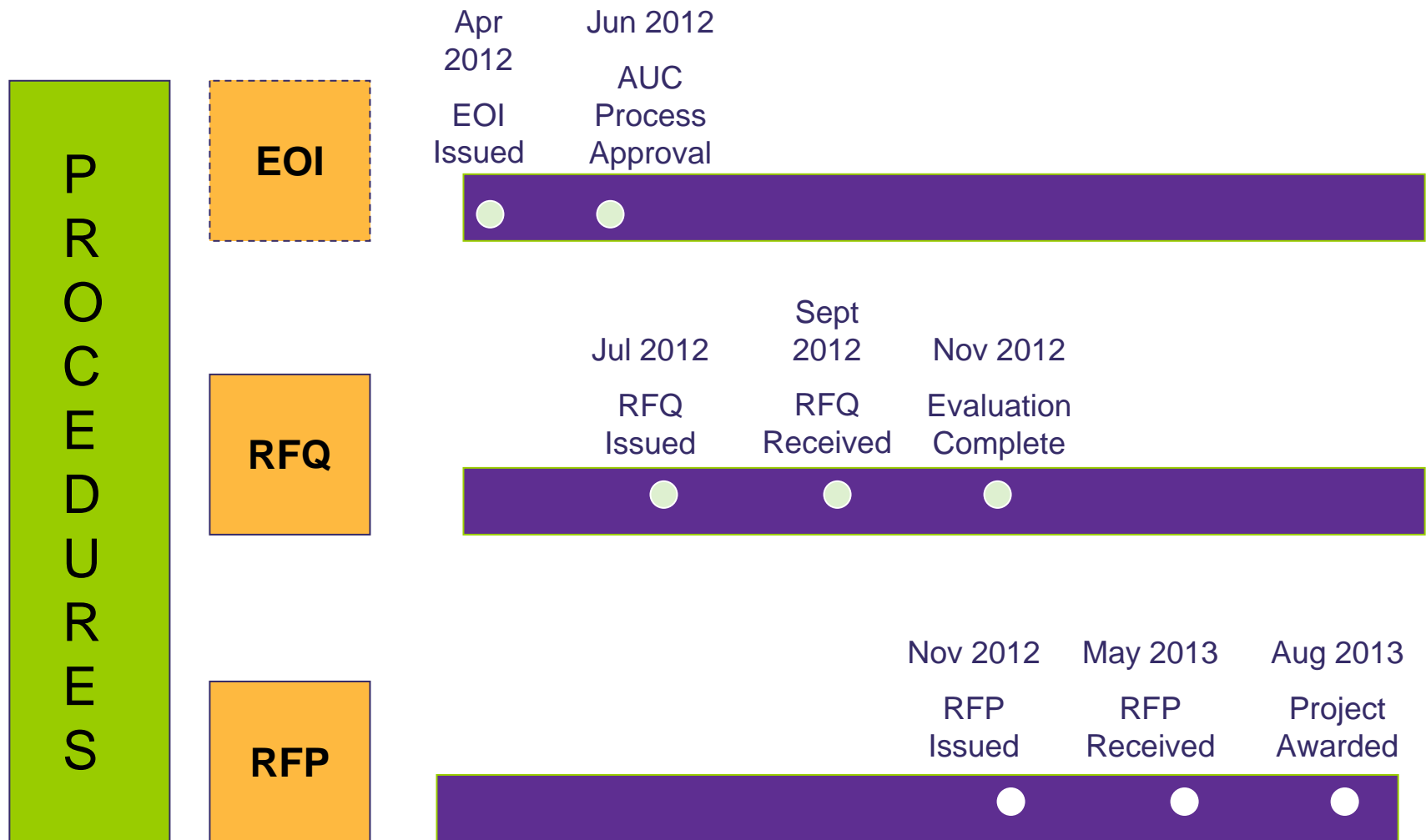


1. Selection of fairness advisor and panel members will precede AUC approval of the competitive process.

Process Stages Request for Qualifications (RFQ)



Process Stages Request for Proposal (RFP)



Go Forward Schedule

Key Activities	Date
Competitive Process Application filed	September, 2011
Expected AUC Competitive Process Decision	June , 2012
Fort McMurray Competition commences	July, 2012
Project awarded to successful bidder (Preferred Proponent)	August, 2013
Preferred Proponent files Facility Application with AUC	Q3, 2014
Expected AUC Facility Application Decision	Q3, 2015
Routing / Timing adjustments complete & financial close	Q4, 2015
Construction commences	Q4, 2015
Energization	2017

} PDA Term

Thank you