

To: Electric Utilities Act (EUA) Advisory Committee Members and Interested Parties

RE: Draft Time line for Implementing Wholesale and Retail Policy Recommendations

In June 2005, government approved policy recommendations relating to Alberta's wholesale and retail electric markets. The approved policy recommendations are outlined in the June 6, 2005, paper titled "Alberta's Electricity Policy Framework: Competitive – Reliable – Sustainable".

One of the next steps identified in the paper is to provide stakeholders with a time line for how the approved policy recommendations could be implemented. Since the majority of the recommendations involve Department regulations and/or Independent System Operator (ISO) rules, the Department and the ISO have jointly included draft time lines for your information.

Attachment I includes a draft time line for the regulations the Department expects to work on over the next several months. The anticipated time line for each regulation is divided into three parts: a 'policy/drafting' stage where the level of detail and direction that will be included in the regulation will be developed; consultation with stakeholders on draft regulations; and, 'finalization' of the regulation and completion of the governmental approval process.

Attachment II provides a high level description of the purpose and content of each regulation. This will be refined as the policy/drafting proceeds.

Attachment III provides an overview of the ISO's draft time line for developing ISO rules to implement the policy recommendations. The ISO expects three stages for rule implementation as follows:

- Stage 1: Implementation of the Policy Framework "Quick Hits" (as published in draft form on the AESO website on August 5, 2005)
- Stage 2: Implementation of several other recommendations related to short and long term adequacies that are not included in the Quick Hits.
- Stage 3: Implementation of the recommendations that will require significant additional study and / or consultation prior to implementation.

In both the regulation and ISO rule development processes, stakeholder consultation is an important component and the attached time lines are intended to assist stakeholders in understanding the draft time frames for the regulations and ISO rules. Accordingly, stakeholders can expect to receive notifications from the Department and the ISO for input on the various regulations and ISO rules as work proceeds.

Our intent is to implement the recommendations as soon as reasonably possible. The time lines may be adjusted if priorities, integration between regulations and ISO rules, stakeholder consultation, or other practical considerations so require.

Further discussion on this draft implementation time line will take place at the next EUA Advisory Committee meeting.

We thank you for your ongoing input and look forward to continuing to work with you in implementing these important initiatives.

Original Signed by

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Draft Time Line for *Electric Utilities Act* Regulations

2005				2006			
September	October	November	December	January	February	March	April - June
Retail							
Policy / Drafting	Regulated Rate Option		Finalize				
			Drafting	PILOT		Finalize	
	Policy / Drafting			Code of Conduct		Finalize	
Wholesale							
	Policy / Drafting		Wholesale Market			Finalize	
	Policy / Drafting		Market Surveillance			Finalize	
Drafting	PPAs		Finalize				
Infrastructure							
Policy / Drafting	Transmission		Finalize				
Drafting	Isolated Generating Units		Finalize				
	Policy / Drafting			Micro Generation		Finalize	
August 31, 2005							

Regulated Default Supply / Regulated Rate Option Regulation

- Implement a new regulated rate option for eligible customers through a gradual transition to a monthly forward hedge for those customers that do not choose a retailer.

PILOT (Payment in Lieu of Tax) Regulation

- Require municipal regulated rate providers to make PILOT payments.

Code of Conduct Regulation(s)

- Better align natural gas and electricity codes of conduct, including the transfer of responsibility for the natural gas code of conduct to the MSA.

Wholesale Market Regulation

- A new regulation to implement the short term adequacy and long term adequacy policy recommendations.

Market Surveillance Regulation

- A review of the MSA's authority in light of the approved wholesale market policy. Provisions may include additional enforcement powers for the MSA relating to market participant conduct and market power.

Power Purchase Arrangements Regulation

- Revise PPA holding restrictions as set out in policy recommendations.

Transmission Regulation

- Clarify treatment of transmission must run and line losses, along with other clarifications to support approved policy.

Isolated Generating Units and Customer Choice Regulation

- Clarify how new isolated communities and industrial areas will be treated and remove outdated sections.

Micro Generation Regulation

- A possible new regulation to simplify/clarify issues and processes to develop micro generation.

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