



February 7, 2008

To: Market Participants and Interested Parties

Re: **February 2 Market Incident**

Pursuant to our letter dated January 31 regarding the Phase I Market Policy Implementation, the AESO experienced a significant failure of the manual process established to deal with unintended price spikes that appear within the system marginal price report.

Specifically, on the afternoon of February 2, the system controller experienced a failure of the dispatch tool which impacted the automated dispatch and messaging system and resulted in errors to the system marginal price report in real-time. The system controller dispatched the energy and DDS merit orders manually until IT support was able to respond and fix the problem.

The AESO understands the critical nature of providing an accurate price signal, maintaining confidence in the market and avoiding events that adversely impact market participants.

We are currently reviewing our processes and support systems in an effort to prevent a recurrence of these events and to contain and mitigate any resulting impacts. We will communicate the results of our ongoing efforts to resolve these issues and provide the additional functionality outlined in our [January 31 letter](#). If you have questions regarding any of the above please contact Doug Simpson at 539-2494.

Sincerely,

"original signed by"

Cliff Monar, VP Market Services

cc: Sandra Scott
VP, Information Technology