



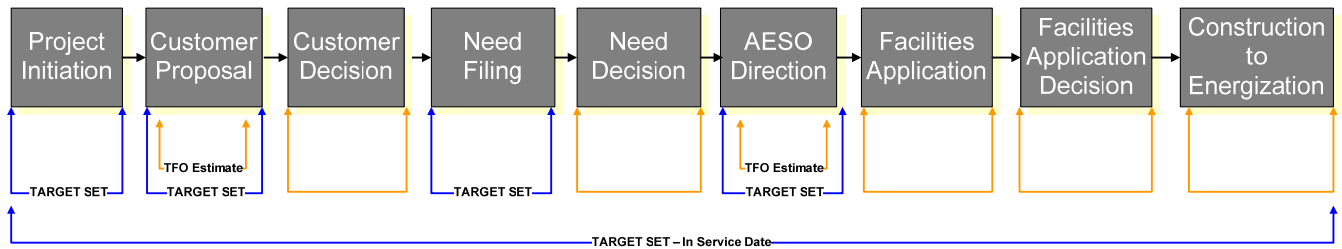
PERFORMANCE TARGETS FOR THE CUSTOMER INTERCONNECTION PROCESS

1. Introduction

The AESO has implemented a performance management framework for the customer interconnection process. The flow chart below provides an overview of the performance framework. The framework includes a series of performance management mechanisms which will monitor all phases of the interconnection process providing stakeholders with a comprehensive view of the overall process.

The AESO recognizes that all aspects of achieving the desired in-service date are of paramount interest to customers. The AESO has differentiated those areas under the direct control of the AESO in achieving those in-service dates (and established targets for those areas) and those areas where the AESO seeks to influence the outcome and tracks the overall performance but has limited direct control.

The blue arrows identify the areas where targets exist and the orange arrows identify the areas where tracking durations will occur but targets have not been set.



The framework includes:

- Series 1: Targets and durations regarding in-service dates
- Series 2: Targets and durations for the phases the AESO has the greatest direct control
- Series 3: Durations for the remaining phases of the process
- Series 4: Aggregated averages regarding turnaround times for TFO estimates

Each series is explained in the remaining sections of this document including examples of the graphs the AESO plans to generate.

When compiling the information the AESO will exclude:

- Projects on hold upon request by the customer
- Projects that were cancelled upon request by the customer
- Cycle times associated with customer requested delays

Reporting will occur on a semi-annual basis; each January and July. The first reporting period will occur in July 2008 and include all active project data from January 1, 2006 through to June 30, 2008.

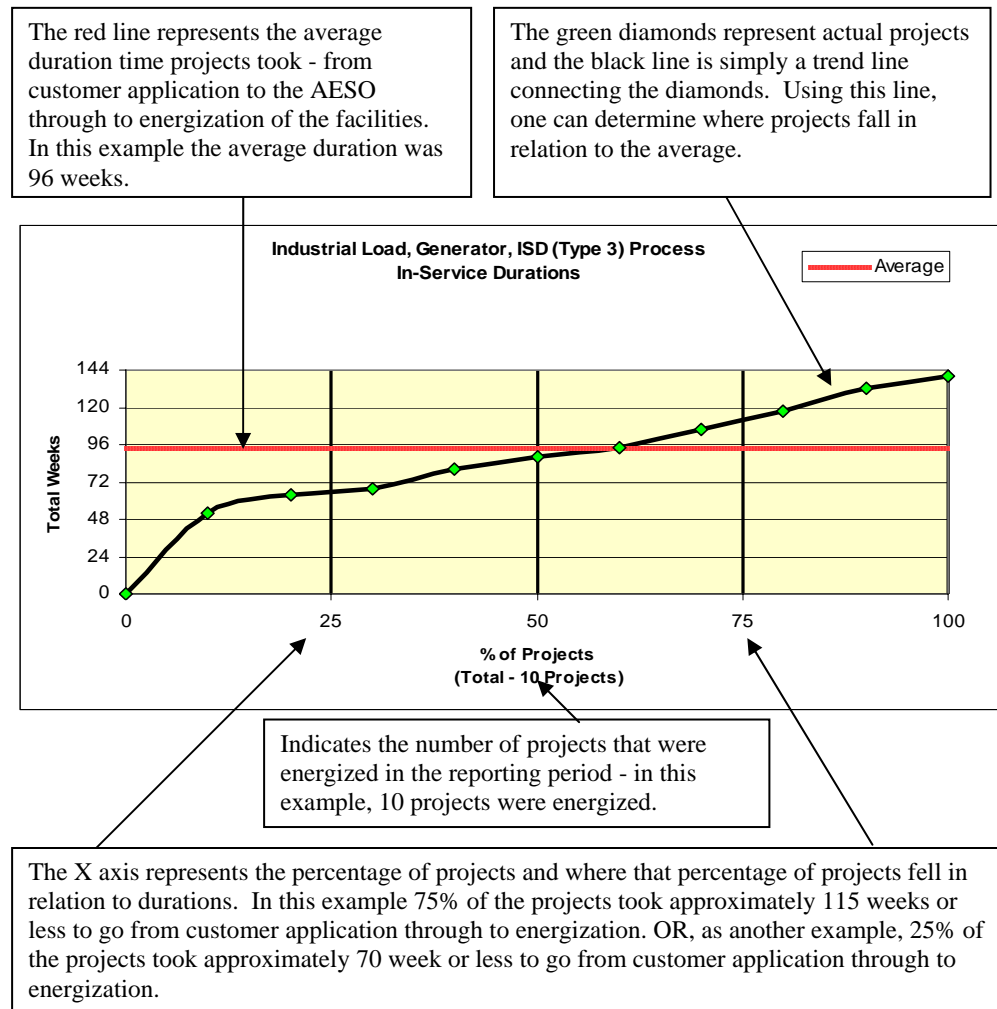
2. Series 1 – Performance Regarding In-Service Dates

In conjunction with the Customer and the TFO a planned in-service date will be established which will become the target in-service date. The AESO will track and report on the duration and variance regarding the target in-service date. Duration is defined as the time between customer application to the AESO through to energization of the facilities and variance is defined as the difference between the actual in-service date and the mutually agreed upon (target) in-service date.

Graph #1 illustrates how duration information will be presented and Graph#2 illustrates how variance information will be presented. The AESO intends to generate these graphs for each process type every reporting period.

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Graph#1 - Duration

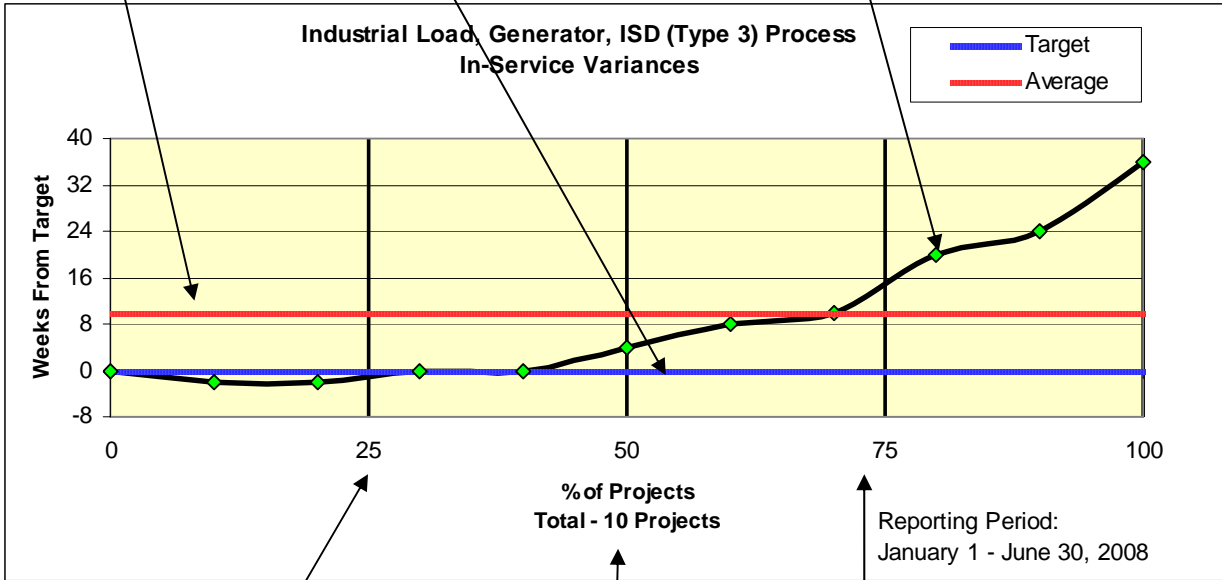


Graph #2 - Variance

The red line represents the average variance from the target in-service date.

The blue line represents the target line for projects. Each project has its own planned in-service date which is represented as zero.

The green diamonds represent actual projects and the black line is simply a trend line connecting the diamonds. Using this line, one can determine where projects fall in relation to the target and average.



Indicates the number of projects that were energized in the reporting period - in this example, 10 projects were energized.

X axis represents the percentage of projects and where that percentage fell in relation to target and average. In this example 75% were within 16 weeks of the planned in-service date.
 OR, as another example, 25% of the projects met or were delivered sooner that the planned in-service date.



3. Series 2 - Performance Targets for AESO Activities

3.1 Areas and Targets

The AESO has implemented performance targets for the areas of the process where it has direct control. These areas and targets are set out in the table below.

The targets are intended to establish typical cycle times for all projects and are not intended to address unique circumstances which may occur from time to time. A successful reporting period will be achieved when 75% of the projects are delivered within the target.

Area	Existing Substation (Type 1) process (target)	New Substation (Type 2) process (target)	Industrial Load, Generator, ISD ¹ (Type 3) process (target)
Project Initiation phase	2 weeks	2 weeks	2 weeks
Customer Proposal phase	2 months	6 months	5 months
Need Filing phase	2 months	2 months	4 months
AESO Direction phase	2 months	3 months	3 months

Note: 1 week equates to 7 calendar days. 1 month equates to 30 calendar days.

Existing substation projects are generally smaller in scale and less complex in nature than other projects. Typically the projects involve the addition of transformers or breakers within an existing substation and have limited impact on the public. In addition, DFOs and TFOs prepare the Interconnection Proposal for these projects which forms the basis for the customer proposal and the needs identification document. For these reasons the targets for the existing substation process are lower than those for the other processes.

New substation and Industrial Load, Generators and ISD projects tend to be more complex both from a planning and participant involvement² aspect; for these reasons the targets are higher.

3.2 Explanation of the Target Areas

Below is a brief explanation on each target area. Stakeholders wishing to obtain additional details should click on [customer interconnection process maps](#) or access the process maps from the AESO web site at www.aeso.ca.

Project Initiation phase

This phase represents the timeframe from the AESO’s receipt of the customer’s preliminary assessment application through to the AESO’s acknowledgement of the application and the assessment of its completeness. During this phase the AESO reviews the application and identifies any further information required, or acknowledges the application as complete.

Customer Proposal phase

¹ ISD refers to parties with or seeking and industrial system designation.

² Refer to the Alberta Utilities Commission Rule 007 for additional information on the Participant Involvement Program requirements.



This phase represents the timeframe from the AESO's acknowledgement of the customer's application through to the AESO's issuance of a customer proposal. During this phase the AESO is performing planning studies to identify interconnection alternatives, obtaining +/- 30% cost estimates from Transmission Facility Owners (TFO) for the alternatives identified, evaluating the alternatives and selecting a preferred alternative. Once the preferred alternative is chosen the commercial terms for the project are determined and a customer proposal is prepared.

Need Filing phase

This phase represents the timeframe from the customers' acceptance of the AESO's proposal through to the AESO's filing of the needs identification document (NID) with the Alberta Utilities Commission (the Commission).

Of significance within this phase is the Participant Involvement Program (PIP). Once the AESO fulfills PIP requirements the necessary PIP information is incorporated into the NID and filed with the Commission.

AESO Direction phase

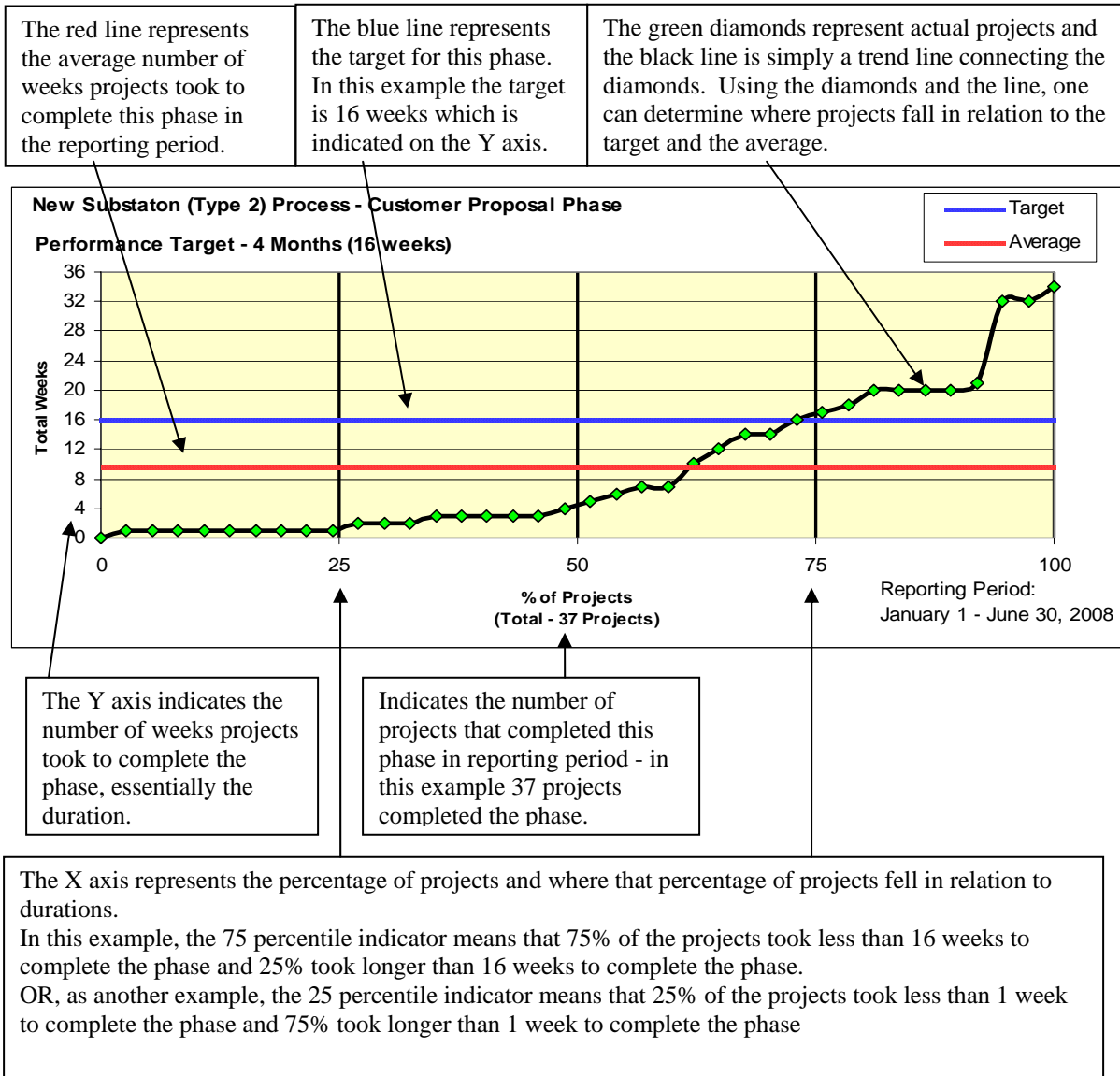
This phase represents the timeframe from the Commission's approval on the NID through to the AESO's direction to a TFO to file a Facilities Application with the Commission. Key activities within this phase include the preparation of functional specifications and review of the TFO's proposal to provide service.

Upon the Commission's approval of the NID, the AESO completes the functional specification and directs the TFO to prepare a proposal to design, construct and commission the facilities in accordance with the project need and functional specifications, inclusive of a +20/-10% cost estimate. Following the AESO's review and acceptance of the TFO's proposal, the AESO issues a Direction to the TFO to file a Facilities Application.

3.3 Reporting on Performance Targets for AESO Activities

The AESO will report on project durations, average durations and target durations for each performance target area. The graph below illustrates how the information will be presented. The AESO intends to generate this graph for each target area and for each process type every reporting period.

PLEASE NOTE: The information presented in the graph below is not based on actual data. The data has been created solely for illustration purposes.





4. Series 3 - Performance on the Remaining Phases

The AESO will track and report on duration and average cycle times for the remaining phases of the process although targets will not be established.

The remaining phases of the process include:

Customer Decision phase

This phase represents the timeframe from the Customers receipt of the AESO's proposal through to the Customer's decision on the proposal.

Need Decision phase

This phase represents the timeframe from the AESO filing of the NID with the Commission through to the Commission's decision on the NID.

Facilities Application Filing phase

This phase represents the timeframe from the AESO's direction to a TFO to file a Facilities Application through to the filing of the application with the Commission.

Facilities Application Decision phase

This phase represents the timeframe from the TFO's filing of a Facilities Application through to the Commission's decision on the application.

Construction phase

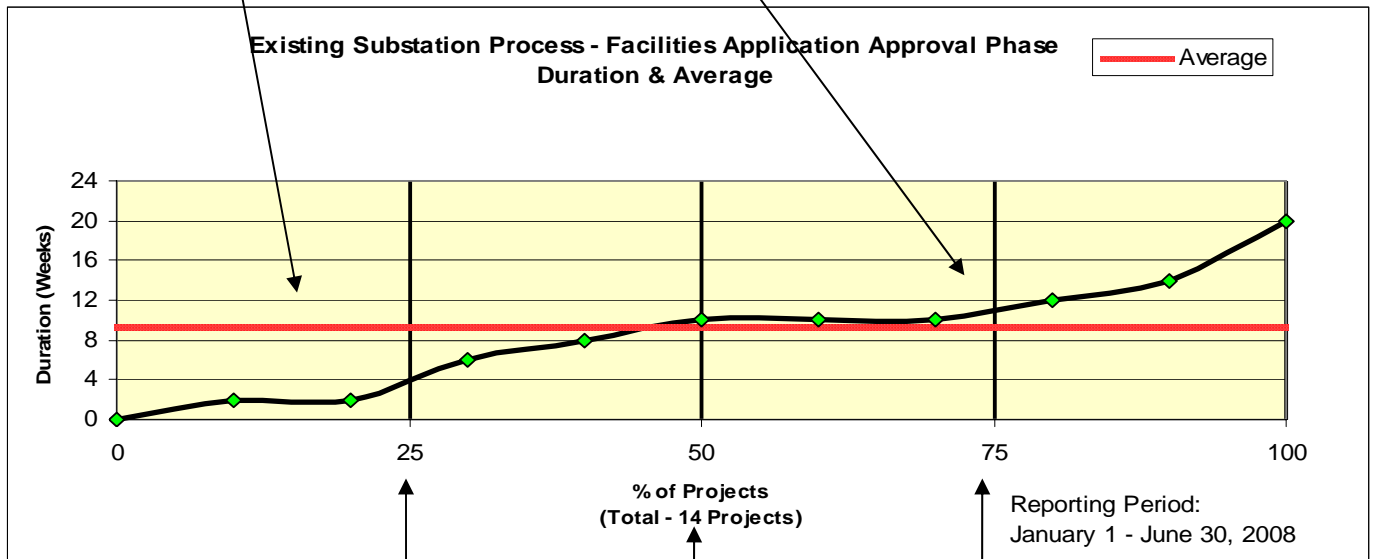
This phase represents the timeframe from the Commission's decision on the application through to energization of facilities.

The AESO will generate a graph for each phase and for each process type. The graph below illustrates how the information will be presented.

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The red line represents the average number of weeks it took to complete this phase in the given reporting period.

The green diamonds represent actual projects and the black line is simply a trend line connecting the diamonds. Using the diamonds and the line, one can determine where projects fall in relation to the average.



Indicates the number of projects that completed this phase in the given reporting period - in this example 14 projects completed the phase.

The X axis represents the percentage of projects and where that percentage of projects fell in relation to durations. In this example, the 75 percentile indicator means that the Commission rendered decisions on Facilities Application in 11 weeks or less 75% of the time. OR, as another example, the 25 percentile indicator means that the Commission rendered decisions on Facilities Application in 4 weeks or less 25% of the time.

5. Series 4 - TFO Cost Estimates

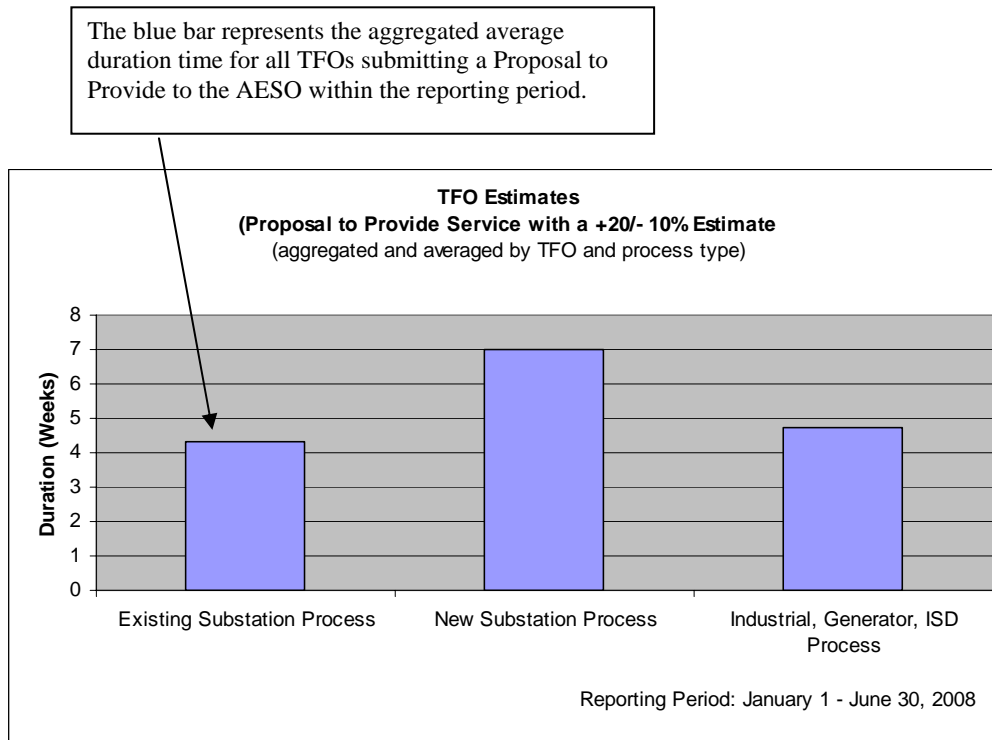
The AESO is dependant on TFO cost estimates at two points in the process. During the Customer Proposal phase the AESO requests +/- 30% estimates from the TFO for alternatives identified. The estimates are one factor considered by the AESO when evaluating and selecting a preferred alternative for the project need.

During the AESO Direction phase the AESO requests a proposal to provide service from the TFO inclusive of a +20/-10% estimate. Once received and accepted by the AESO a Direction will be issued to the TFO to file a Facilities Application with the Commission.

The AESO will track and report aggregated average duration times for each estimate type and for each process type³. Duration time is defined as the time between the AESO's request for the estimate to receipt of the estimate.

The graph below illustrates how the information will be presented.

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³ +/-30% estimates for existing substation projects are not tracked and therefore will not be reported. The AESO does not request this level of estimates for existing substation projects as TFOs provide this information in the Interconnection Proposal.

6. Summary

In summary, the AESO will set targets for the phases it has direct control over and track performance against those targets, track durations times for the remaining phases, and establish a mutually agreed upon in-service date and track duration and variance against that date.

The flow chart below provides an overview of the performance framework. The blue arrows identify the areas where targets exist and the orange arrows identify the areas where tracking durations will occur but targets have not been set.

