



29 October 2010

Ms. Kelly Gunsch
Vice-President, Market Services
Alberta Electric System Operator
2500, 330 - 5th Ave SW
Calgary, AB T2P 0L4

RE: IPPSA's Input to Intertie Framework Recommendation Paper

Dear Ms. Gunsch;

The Independent Power Producers Society of Alberta (IPPSA) provides its comments on two aspects of the Intertie Framework Recommendation Paper: 1) the critical need for the Alberta Electric System Operator (AESO) to resolve how it will level the playing field between Alberta generators and crown corporation importers *before* it expands import capacity and 2) the need to enable imports to set price.

First, IPPSA appreciates the AESO's recognition of the unlevel playing field between intra-Alberta generators and crown corporation importers. However, the AESO's proposal to curtail importers before intra-Alberta generators during reliability concerns does not sufficiently address the issue. We would recommend a far more thorough discussion on this topic before the AESO proceeds with implementing its Framework. We should review the idea that crown corporation importers are like generators on the border. Clearly, crown importers enjoy advantages that Alberta generators do not. They do not face the risk of conscription under the AESO's rules, nor do they face taxation, cost of capital, build signals, and competitive access to their domestic demand that intra-Alberta generators face. And their capital cost recovery is not derived from competition in the market, but rather from their domestic rate-payers.

Ensuring the playing field is level with crown corporation participants is a clear objective of legislation. S. 5(d) of the Electric Utilities Act (2003) states that a purpose of the legislation is to, "provide for rules so that an efficient market for electricity based on fair and open competition can develop in which neither the market nor the structure of the Alberta electric industry is distorted by unfair advantages of government-owned participants or any other participant." We look forward to further discussion.

Second, IPPSA appreciates the steps contemplated by the AESO to enable importers to set price. The work currently underway within Western Electricity Coordinating Council (WECC) may help to inform the option Alberta chooses. We would also appreciate the AESO's views on whether shrinking Alberta's restatement window to T-1 is feasible and what it may mean for either option contemplated by WECC.

We look forward to further discussing these issues with the AESO, before it proceeds with implementing the Framework. Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Evan Bahry".

Evan Bahry
Executive Director

Suite 400, 505 - 8th Avenue SW
Calgary, Alberta T2P 1G2

T: (403) 282-8811 F: (403) 256-8342
www.ippsa.com