



8th Flr. 505 – 2nd St SW
Calgary, AB T2P 1N8
Canada

October 29, 2009

Alberta Electric System Operator
2500, 330 – 5th Avenue S.W.
Calgary AB T2P 0L4

Attention: Heidi Kirrmaier, Vice-President Regulatory

Dear: Ms. Kirrmaier

RE: ISO Rule Consultation Process Improvement

Capital Power welcomes the opportunity to provide comments on the AESO's proposed enhancements to its rule consultation process. The development of principles should improve the quality, efficiency and effectiveness of stakeholder consultation. In addition, we are supportive of the AESO's proposal to develop a Terms of Reference document at the outset of a rule consultation. This provides an important opportunity for industry to provide input into the scope of the consultation, and it allows the AESO to manage its resources efficiently. Capital Power would like to take this opportunity to offer the following comments and suggestions on the principles for rule development, the Terms of Reference template, and the ISO rules consultation steps.

Principles:

Capital Power supports the inclusion of the AESO mandate as defined in Section 16 and 17 of the Electric Utilities Act (EUA) in the principles for rule development. However, we have some concerns that the separate delineation of a public interest role in the principles may indicate that the AESO believes it has a public interest mandate outside of its joint mandate to make rules that ensure the safe and reliable operation of the Alberta Interconnected Electric System and that promote the Fair, Efficient, and Openly Competitive (FEOC) operation of the electricity market. It is Capital Power's view that the public interest has been considered by policy makers and is embedded within the AESO's mandate. Provided that the AESO fulfills its duties and responsibilities under Section 16 and 17 of the EUA the public interest will be appropriately considered.

Furthermore, Capital Power recommends an additional principle be included that requires the AESO to develop performance metrics as part of the consultation process. Performance metrics will assist the AESO and market participants in determining whether the objectives a new rule is intended to achieve are in fact met. It is our opinion that it is necessary to continually review the impact of new rules on the performance of the market, and that performance metrics are best developed as part of the consultation process rather than after the fact.

Terms of Reference Template:

Capital Power would like to recommend the inclusion of three of additional sections; Objectives, Scope and Measures, to the Terms of Reference template.



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Objectives:

In addition to the identification of Need it is essential that objectives of a new rule are clearly stated at the outset of the consultation. It is important to consider the principles that govern the market design and the desired outcomes when assessing the potential solutions to identified issues.

Scope:

It would be beneficial to explicitly state the scope of the rule consultation in the Terms of Reference document. This will ensure that the process is timely and that required resources are available and used efficiently. In some cases it may also be helpful to identify what is not within the scope of a particular consultation.

Measures:

Once the objectives of a consultation process are clearly defined it is necessary to establish measures or metrics for determining if the implemented solution effectively addresses the issues identified. Capital Power recommends that the Terms of Reference template include a measures section that contains information such as, measures, tests or thresholds that can be applied once a solution has been implemented to ensure the objectives have been achieved.

ISO Consultation Steps:

During the information session on October 22nd the AESO indicated it would attempt to seek consensus throughout the consultation process. In the event that consensus can not be reached, such as, on a requirement to explore a need or matter, on the content of the Terms of Reference or on the draft rule language, the AESO should commit to providing an explanation of its decision including reasons for not adopting stakeholder views. A transparent decision making process is an essential part of a well functioning consultation process.

Once again, Capital Power is pleased with the AESO's proposed enhancements to its rule consultation process. I would be happy to discuss these comments with you at your convenience. I can be reached by telephone at (403) 717-4639 or by e-mail at jgtaylor@capitalpower.com.

Yours truly,

<Original signed by>

Janene Taylor
Senior Advisor, Regulatory Affairs
Capital Power Corporation