



October 7, 2010

Dear Stakeholders:

Re: **Intertie Framework and Intertie Restoration Recommendation Papers**

The AESO has released two recommendation papers related to the treatment of interties. The [Intertie Framework Recommendation Paper](#) provides AESO recommendations for changes to the existing framework of interties in Alberta. The [Intertie Restoration Recommendation Paper](#) provides recommendations designed to meet the AESO's obligation to restore intertie capacity.

Intertie Framework Recommendation Paper

In 2008, the Provincial Energy Strategy (*PES*) stated the province's plan to adopt and implement a policy to build interties to other markets to ensure an adequate supply of electricity to Alberta. As new interties are being contemplated from multiple jurisdictions, a review of the intertie framework is required to ensure it supports fair, efficient, and openly competitive (FEOC) intertie transactions while advancing Government policy. In May 2010, the AESO issued a discussion paper to review the intertie framework. Stakeholder feedback was received and consulted on in developing this recommendation paper.

The recommendations in the paper include:

- Implement dynamic scheduling to allow imports and exports to be dispatchable in real-time and submit priced bids and offers.
- The AESO should plan the transmission system so that each intertie can transfer to its path rating simultaneously.
- A merchant transmission service (MTS) should be added to the AESO tariff, applied to the transmission asset owners, that appropriately reflects system access service to inject/withdraw at the border.
- An available transfer capability (ATC) allocation rule should be implemented that arbitrates first by energy price, and then by pro-rata curtailment among remaining scheduled participants.

Intertie Restoration Recommendation Paper

The AESO recommends that the initiatives to restore intertie capacity proceed. In this regard the AESO will:

- Continue to develop the LSSi product with the plan to have LSSi in place for early 2011 as one tool to restore import capacity on the BC interconnection.
- Allocate the costs associated with restoring intertie capacity to loads.
- Study the potential value and technical feasibility of infrastructure solutions such as a back to back AC/DC/AC converter station with the BC system for both import and export restoration.
- Issue a request for proposals for both import and export restoration. This will be open to proposals that incorporate transmission, generation, storage technologies or any combination of tools that result in increased import or export ATC. The proposals will be evaluated based on cost, effectiveness, timeliness and sustainability.

Comments on the Intertie Framework Recommendation Paper using the provided [comment matrix](#) should be sent to Darren McCrank at darren.mccrank@aeso.ca by October 29, 2010. Comments on the Intertie Restoration Recommendation Paper using the provided [comment matrix](#) should be sent to Kris Aksomitis at kris.aksomitis@aeso.ca by October 22, 2010.

Yours truly,

(original signed by)

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Darren McCrank
Program Manager, Interties

cc: Kelly Gunsch, Vice-President, Market Services
Miranda Keating-Erickson, Director, Market Services