

February 17, 2011

Dear Market Participants and Other Interested Parties:

Re: **LSSi Request for Proposals**

In November 2010, the AESO released a request for Expressions of Interest (EOI) to provide up to 485 MW of LSSi service. The results of the EOI indicated sufficient interest in supplying the service to continue with the procurement process. The AESO will proceed with an open RFP process and will not be entertaining bilateral negotiations as part of the procurement. Parties that did not participate in the EOI are welcome to respond to the RFP.

The decision to follow an RFP process to procure LSSi was based on an internal review of the responses to the EOI. This is consistent with the AESO's *Ancillary Services Procurement Process*,¹ and the decision to use an RFP is based on the determination that the product is contestable. As part of this determination, the AESO reviewed the results of the EOI with the Market Surveillance Administrator (MSA). The MSA did not raise any objections with the AESO's decision to proceed with an RFP.

The RFP process will begin in March, 2011. The stages in the process will include:

1. Release of the LSSi contract and all supporting RFP documents.
2. A formal question and answer process will be held during the first two weeks following the release of the RFP documents to clarify any questions. The AESO will accept questions from interested parties and provide public responses.
3. Technical workshops to clarify communication standards, product specifications and expected operational practices for the service. The timing and content of the workshops will be released in early March.

¹ <http://www.aeso.ca/files/ASProcurementProcess.pdf>, Page 2.

The RFP will remain open for 6 weeks and winning bidders will be selected at the close of the process. Any questions with respect to the next steps should be directed to Kris Aksomitis (403) 539-2646 or Kris.Aksomitis@aeso.ca.

Yours truly,

Original Signed by

Kris Aksomitis
Program Manager
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cc: Miranda Keating Erickson, Director, Market Design