



June 26, 2009

Dear Market Participants and Interested Parties:

Re: Letter of Notice – Proposed Level I Changes to ISO Rules 1.8 Appointment of an Agent and Removal of ISO Rule 1.10 Market Participant Behaviour Guidelines Required to Implement Fair, Efficient and Open Competition Regulation (“FEOC Regulation”)

Pursuant to Section 2(1) of the Alberta Utilities Commission Rule 017, the Alberta Electric System Operator (AESO) is providing notice and seeking feedback on ISO rule changes that are being considered for recommendation to the AESO Executive Rules Committee (“ERC”) in August 2009.

The new Fair, Efficient and Open Competition Regulation (“FEOC Regulation”) under the Electric Utilities Act comes into effect on September 1, 2009. Click [here](#) to access the FEOC Regulation. In order for the AESO to comply with the FEOC Regulation certain ISO rules must be amended.

The following grid is hyperlinked to provide assistance in directing you to the proposed ISO rule changes.

Rule Number	Description	Level	Most relevant stakeholder interest
1.8 1.10	FEOC Regulation Rules	I	All Market Participants

Please see the attached Proposed Level I ISO Rule Changes. For more information about these proposed ISO rule changes, including a brief explanation of the reason for the change.

Comments and suggestions on the proposed ISO rule changes are encouraged. Please use the comment matrix provided when submitting comments to the AESO. Click [here](#) to access the comment matrix for the proposed ISO rule changes. Only written comments will be considered in finalizing the ISO rule changes.

Please provide feedback or questions by **Friday, July 24, 2009** to the *individual* identified as the “AESO Contact” in the attached Proposed Level I ISO Rule Changes.

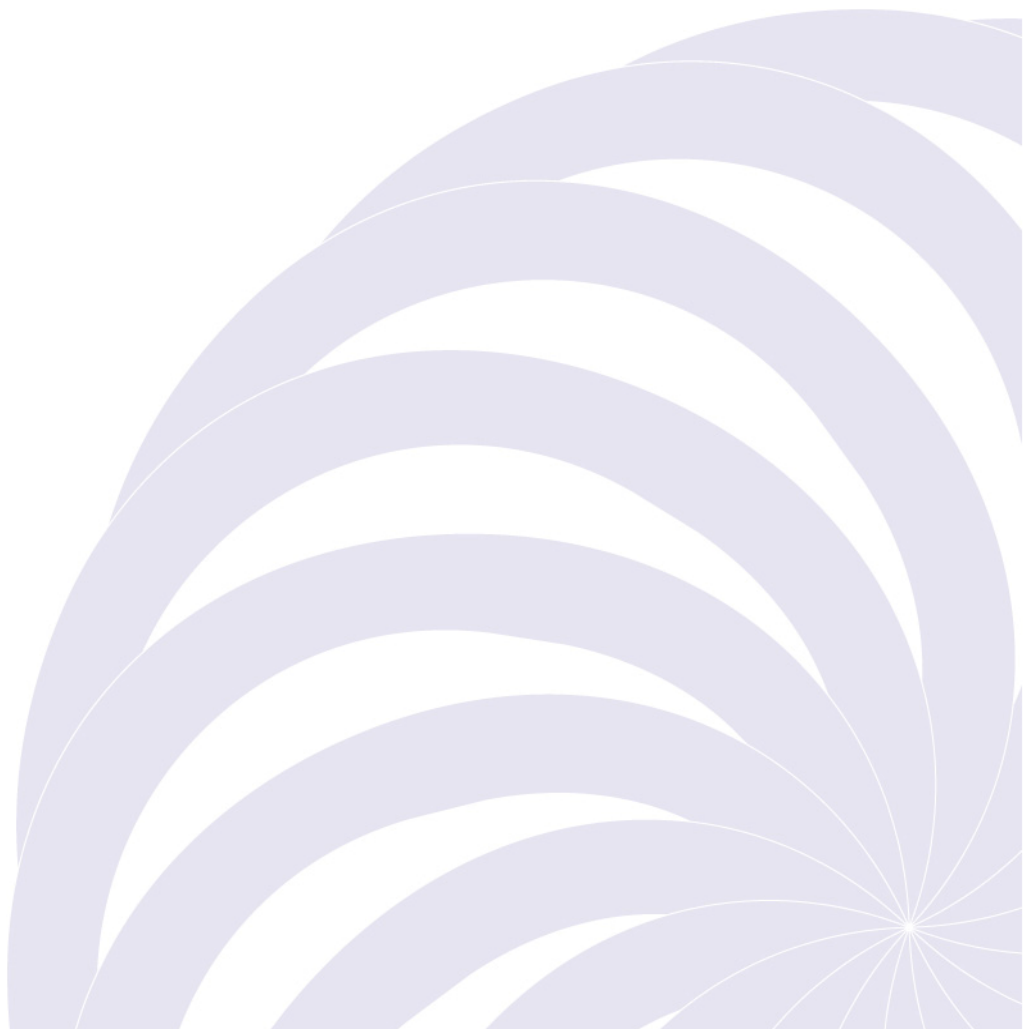


The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder comments received along with AESO responses will be published with the final proposed ISO rule changes being submitted to the ERC for approval in August 2009.

Yours sincerely,

Original Signed By

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Proposed LEVEL I ISO Rule Changes

Level I changes are changes that have a significant operational or financial impact on the industry or the AESO.

Fair Efficient and Open Competition (FEOC) Regulation Rules	
Rule Section/Number	Rule 1.8 Appointment of an Agent Rule 1.10 Market Participant Behaviour Guidelines
Summary of ISO Rule	<p>ISO rule 1.8 identifies the rules under which a market participant may appoint an agent to represent them in their dealings with the AESO.</p> <p>ISO rule 1.10 provides guidelines to assist market participants in avoiding behaviour that does not support the fair, efficient and openly competitive operation of the market.</p>
Summary of Amendment	<p>Proposed amendments to these ISO rules are required to implement the requirements of the FEOC Regulation, which comes into force on September 1, 2009.</p> <p>The following summarizes the key amendments in ISO rules 1.8 and 1.10:</p> <ol style="list-style-type: none"> 1. The definition of "agent" is being updated: <ol style="list-style-type: none"> a) Specifically with respect to ISO rule 1.8, to clarify that the subject responsibilities are of a pool participant not a market participant; and

	<p>b) To install a more general definition of agent that the AESO may use for other rule purposes in the future. The latter will be subject to specific application or procedure elaborations when specifically referred to in a rule at that future point in time.</p> <p>2. The AESO role in the provision of agency relationships has been revised as a result of the Regulation. The revised ISO rule 1.8 contemplates a more administrative role for the AESO in the facilitation of agency relationships where the agent will be representing a market participant in certain dealings with the AESO.</p> <p>3. Section 2 of the FEOC Regulation sets out market participant conduct that does not support the fair, efficient and openly competitive operation of the electricity market. Pursuant to the Alberta Utilities Commission Act the Market Surveillance Administrator (“MSA”) is the agency responsible for surveillance, investigation and enforcement of matters relating to the fair, efficient and openly competitive operation of the market. The AESO therefore is proposing to remove ISO rule 1.10 - Market Participant Behavior Guidelines as all explicit market participant obligations that currently exist in this ISO rule are contemplated in the FEOC Regulation and, in any event, are the responsibility of the MSA.</p>
Level	I
Explanation of Confidentiality	None
Proposed Effective Date	September 1, 2009



AESO Contact	Operations Integration, Marina Jagbandhansingh, marina.jagbandhansingh@aeso.ca , (403) 539-2587
Attachments	See attached: Comparison and Rationale for FEOC Regulation Rules Clean version of FEOC Regulation Rules