



2006 Loss Factor Methodology and Rule Update

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AESO Stakeholder Conference

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Purpose

- The purpose of this presentation is to:
 - provide stakeholders with an update on the status of the loss factor methodology project and the status of the Rule,
 - confirm with stakeholders the project timeline presented on January 19 and identify what items need yet to be completed.



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Presentation Overview

- Review
- Consultation process
- Regulation issues
- Implementation Plan
- Issues



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Transmission Loss Factor Methodology – Update from 2005-01-19

- New loss factor methodology has been determined: 50% Area Load, Corrected R-Matrix
- A transition proposal to assist owners with higher loss factors in 2006 has not been recommended
- New Loss Factor Rule has been approved, and is in place as of May 25, 2005
- Inter-tie loss factors will be an annual calculation with a single export and import value at each tie
- Meetings with stakeholders continuing on a monthly basis



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Transmission Loss Factor Methodology – Update from 2005-01-19 (2)

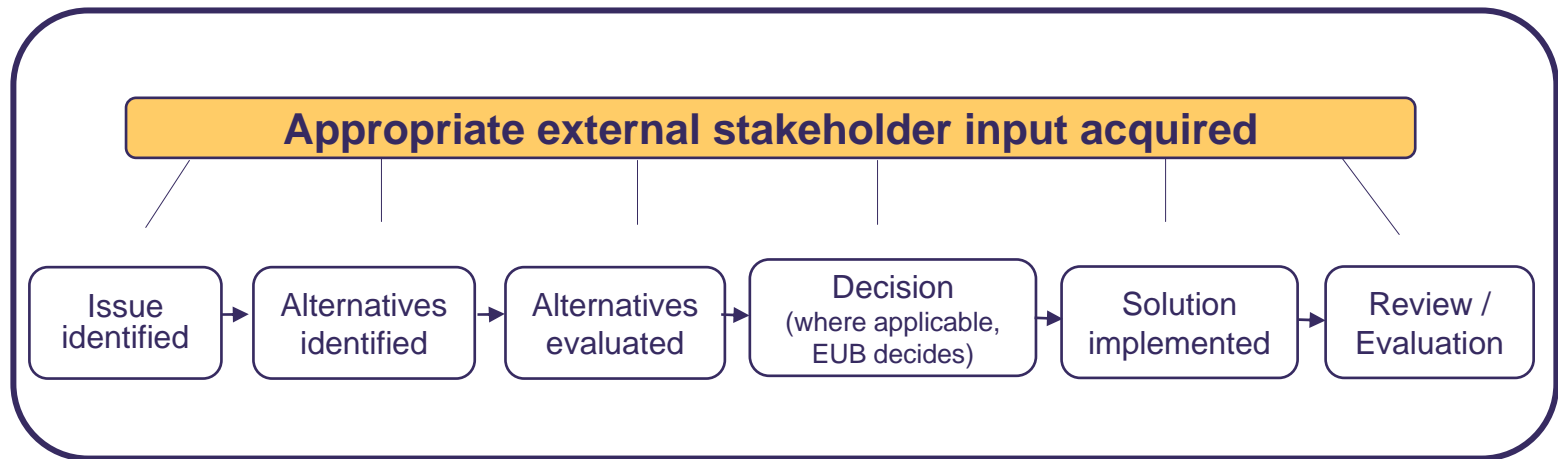
- Consultant is testing the 2006 loss factor software and AESO will provide acceptance tests the week of June 20
- Estimates of 2006 generator levels prepared using historic generation data according to the Rule
- Owners were asked to sign off on the first nine/twelve sets of data the week of June 13
- Tutorial for data sets – July 5



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Consultation Process



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New Methodology Regulation Issues

- Potential interpretation issues between the ISO Rule and the Transmission Regulation. AESO has identified these issues in a letter to the Department of Energy on May 4 2005.
- TR Section 22(2) does not specifically provide for credits for opportunity transmission services. AESO proposes use of charges and credits.
- AESO proposes to use compression on loss factors for all opportunity services.



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New Methodology Regulation Issues (2)

- Section 19(2)(f) defines compression of loss factors as multiplication by a common number. Recommended solution involves clipping and linear compression
- Some stakeholders have requested Transmission Must Run to be removed from calculation process for loss factors.
 - The Regulation requires normal operating conditions to be used to calculate loss factors.
- Department of Energy has responded in writing supporting the AESO's position on these Regulation issues.



Transmission Loss Methodology Factor Review – Implementation Plan

- June 30: Developer to deliver loss factor software and install at AESO
- September: Development and completion of 2006 data requirements for base cases
- First week of November: Calculation of loss factors for 2006 to be completed and posted. 2010 loss factors forecast to be completed
- Stakeholders will be engaged through the implementation process



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Issues To Be Resolved

- Export loss factor process being finalized
- Industrial systems designation details being finalized
- Proponent loss factor tool – prototype demonstrated and stakeholders requested to consider options for 2006



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Questions

- What else can we tell you?



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