



September 26, 2007

To Stakeholders:

Re: Removal of 900 MW Wind Threshold

In April 2006, the AESO established a temporary 900 MW reliability threshold for wind integration in order to ensure continued reliable operation of the power system and to ensure that the issues/impacts, necessary mitigation measures, costs and obligations associated with large scale wind integration (i.e. at levels above 900 MW) were identified and understood by all market participants.

Over the past several months, the AESO has consulted with stakeholders on these matters. The Market and Operational Framework paper was published in March 2007 describing the operational issues, necessary mitigation measures, order of use of the mitigation measures, obligations and associated cost recovery. The framework was generally accepted as reasonable and balanced with stakeholders expressing the need for further detailed work and review related to implementation of the framework, timing of work initiatives and costs/impacts for wind integration beyond 2000 MW.

Given general acceptance of the framework and progress made on various initiatives including, clarification of wind power management requirements, design/testing of system operation tools, together with the anticipated timing and pace of wind development, the AESO considers that the temporary threshold is no longer necessary.

The AESO is therefore pleased to announce that effective immediately, the 900 MW threshold will be removed and replaced by the [Market and Operational Framework for Wind Integration in Alberta](#).

While considerable progress has been made on clarifying the necessary measures and requirements outlined in the Market and Operational Framework, stakeholders correctly pointed out that considerable work is required to develop the necessary tools, rules and practices and implement the framework. These implementation details will be developed, reviewed and finalized through existing and defined AESO consultation processes. This may, at times, involve cross industry working groups collaborating with the AESO to develop proposals and recommendations for full industry consultation and endorsement.

A stakeholder consultation on the Market and Operational Framework for Wind Integration in Alberta will be held at the Hyatt Hotel in Calgary, 700 Centre Street S.E., on Friday, **October 19, 2007 from 9:00 a.m. to noon p.m.** Please RSVP to stakeholder.relations@aeso.ca by October 15, 2007.

The following is a list of areas of work (also see the [Market & Operational Framework Implementation Plan](#)) to be completed over the next one to two years as wind generation increases and to facilitate ongoing wind integration in Alberta:

- 1. Technical Requirements for Power Management** – wind power facilities will be required to install power management controls/equipment and the associated technical requirements will be vetted with industry this fall with finalization shortly thereafter.

2. **Wind Forecasting** – the forecasting pilot project is underway and will continue until May 2008 providing insight and direction on the best method(s) for forecasting wind, procuring reserves and managing operational uncertainties. Recommendations and requirements are expected to be completed by the end of 2008. The industry working group will also be tasked with developing recommendations for interim standards and requirements before year end.
3. **System Operator Tools** – the AESO will continue to develop the necessary tools to enable system operators to operate the system reliably and manage anticipated wind penetration and variability. Initial requirements have been designed, are being tested and will continue to be refined and enhanced based on operating experience.
4. **Market & Operational Rules** – through the normal stakeholder consultation processes changes to operating practices and procedures (OPPs) needed for wind integration will be vetted with all market participants in 2008.
5. **Generation Scenario Development & Transmission Planning** – With the replacement of the threshold with the Market and Operational Framework, a new approach to establishing generation scenarios and advancing transmission plans will need to be explored and developed to accommodate new wind integration.
6. **Interconnection Queue Management** – consultation on the refinement/improvement of business practices related to queue management will be finalized over the next several months.
7. **Diversity and Wind Integration Beyond 2000 MW** – study the impact of geographic diversity as it pertains to transmission need and planning as well as managing ancillary service costs. In the short term, this will include analysis of diversity data (actual) related to current wind farms and in the longer term, analysis of wind integration beyond 2000 MW.

In addition, the AESO will continue its work to increase inertia capacity and to accommodate dynamic inertia operation, both of which, in the longer term, will generally support wind integration and management of wind variability. Another key undertaking will be the review and refinement of the Operating Reserve market and existing procurement practices for ancillary services which will help to manage the impact of increasing wind penetration on reserve volumes and costs.

The AESO is pleased to announce this major step forward but also recognizes continued work is needed. The AESO understands that additional clarity on various aspects related to implementation of the Market and Operational Framework is required and will work to clearly articulate rules, practices and requirements, and provide increased transparency of relevant market and operational information.

The AESO is fully committed to completing this work in a timely manner and appreciates the continued support and contributions from market participants and the industry as a whole on this important initiative.

Sincerely,

Warren Frost
Vice President,
Operations and Reliability

Cliff Monar
Vice President,
Market Services