

LTA Working Group

**Meeting Summary – February 23, 2006
1:30 to 3:30 pm – AESO Offices**

Attendance:

Colleen Fairhead	AESO	Judith Athaide	EnCana (Cogent)
Gordon Nadeau	AESO	Chris Joy	ENMAX
Kevin Willerton	AESO - Chair	Daniel Jurijew	EPCOR
Dick Buckland	AMEC	Evan Bahry	IPPSA
Lynn Meyer	Altagas	Allen Crowley	Luscar
Hao Liu	Altalink	Mike Nozdryn-Plotnicki	MSA
Carl Fuchshuber	ATCO	Howie Thomas	Nexen
Norman Mills	BP	Marcy Cochlan	TransAlta
Bruce Roberts	Constellation	Cheryl Terry	TCE

Proposed Workplan for March and April

The AESO started the meeting with a conversation about why it thought a quantitative analysis of the various “action items” would be beneficial to the decision making process.

The AESO sees the purposes of the quantitative analysis as being:

- To compare potential market changes on a relative basis (conducting a relative cost/benefit analysis).
- To provide information that will be valuable to the committee and the AESO so that the AESO can make a more informed decision about what market changes are most suitable in the event of an impending adequacy shortfall (ie. As part of the “assurance plan” which could be called or include an “emergency plan”.
- To obtain a base case picture of what level of adequacy can be expected in the Alberta market, given the structure of the market in place right now. The base case won’t be definitive but it should provide some provoke some meaningful discussion on the important drivers in the market. And,
- To provoke discussion amongst the committee members about what a suitable “threshold” within the “assurance plan” might look like.

There are some individuals on the committee who are questioning the value of having a consultant do some modeling work. Some think it is a great idea. Others are unsure and don’t see any harm from having the work completed.

Terms of Reference for Consultant

After the AESO explained why it thought it prudent to hire an independent consultant, most of the committee members said they thought the two page term sheet did not describe adequately what the AESO wanted to receive from a consultant.

The committee thought it would be better to split the work into two phases, base case and sensitivity analysis. The AESO agreed that would be a great idea.

The AESO committed to share with the committee all the assumptions that will be used in the model and to hear suggestions from the committee members about the assumptions.

The AESO said that it expected a formal report and presentation from the consultant.

There was some discussion about the suitability of including transmission constraints in the consultant's work. Most of the members thought it made sense to look at adequacy on a regional basis. The AESO commented that the committee will have to consider if minimum levels of adequacy (thresholds in the assurance plan) are applicable to the province as a whole or to portions of the province. The AESO committed to asking potential consultants if transmission constraints could be incorporated into the modeling.

The group reviewed the term sheet and provided suggestions to the AESO on how to clarify and focus its request for modeling work.

AESO Calculation of Reserve Margin

Evan Bahry asked if the AESO still planned to release to the public a reserve margin forecast. The AESO responded yes and that the LTA Committee would have an opportunity to provide suggestions on the next draft reserve margin forecast report. The AESO added that the report still has to go through a round of internal to AESO conversations.

Summary of Action Items:

The AESO committed to presenting its next draft reserve margin forecast report to the LTA Committee before releasing the report to the public.

Meeting Documents

- [LTA Workplan Feb/March 2006 – for discussion](#)
- [Terms of Reference for Consultant – for discussion](#)