

I have a general comment regarding Rule 6.6 Review Update and several specific comments and questions for your response.

General comment:

There seems to be a continual flow of correspondence being issued by the AESO recently. For a small company like ours we only have one full time person, being Doug St. Pierre, to sift through the AESO correspondence and determine what items are relevant to our operations. In addition to this task Doug also has the tasks of office administrator, cheque signer, wind power rep, delivery driver, relief operator, VP of Operations, Board Member etc. My tasks with Northstone also include a broad range of tasks. Both Doug and I receive your weekly stakeholder updates but although we noticed the Rule 6.6 Update being referenced in the past we had no idea what a Rule 6.6 update was referring to. We would require Rule 6.6 Update to be better defined or described in the stakeholder newsletter for us to determine if this item applies to our company. We were blindsided by this rule...in fact we were advised by another small operator of this rule and this company was only aware of Rule 6.6 because AltaGas informed them. At yesterday's OR Market design meeting Kim Johnston (ATCO) noticed that Doug and I were executing the afternoon Ancillary Service trades at 2:50pm and she commented that things are really different at our shop as compared to the other generators. The general point I want to make is that we are not in the same ballpark with the TransAlta's, Epcor's, Enmax's, AltaGas's etc and cannot be expected to keep on top of all AESO issues like these companies can.

Specific Comments and Questions:

1. In reviewing the history of Rule 6.6 on your website I could not find an instance where one of the small operators provided a response or contributed to the process. I would like to point out that the OR Market Redesign process and meeting, which was run in a very professional manner yesterday, specifically made sure that the opinion and comments from small producers, with limited administrative staff, were part of the process and solution. I may have missed something in my history review but I would appreciate your response as to how and to what extent were the small producers involved in the Rule 6.6 Update process.
2. As we all know the stock markets have been down 40% - 50% over the last 4 – 5 months but the market has been down closer to 80% - 90% for the small cap companies. Since the markets are looking forward 6 – 12 months Northstone is extremely concerned what's around the corner as the recession takes hold in Alberta. We have experienced periods in the past where our units remain idle day after day, month after month and during these periods we started to accumulate debt. We successfully retired our debt in early 2007 but we clearly do not want to go back to those days. As we plan for this recession we find that the +/- 5Mw allowable dispatch variance is counter intuitive to our recession survival plan. The response I'm looking for is that with the worst financial crisis in a century at hand what is the rationale for your group to initiate changes that will result in increased administration and associated cost specifically for the small producers. The market is clearly indicating that times will be extremely difficult for the small companies. Do you have the same concern and would the AESO consider postponing the +/- 5Mw variance until the economy recovers from the recession?
3. Northstone has the choice of operating in the energy market or participating in the operating reserve market. Over the past 9 months Northstone has participated in the OR market over 90% of the time and our clear preference is to continue participating in the OR market as much as possible. Our OR volume has recently been approved to increase from 5Mw to 10Mw. If we're supplying 10Mw into the OR market we essentially have only 1 Mw available for the energy market. We're not sure how the +/- 5Mw allowable dispatch variance applies in our situation when we essentially will have no Mw's to provide to the energy market. Can you please clarify this issue for us in writing and advise if the rule is relevant to us if we can essentially supply very little Mw's into the energy market.

Northstone will submit our concerns in your matrix tomorrow but our comments will indicate that we're in agreement with the response submitted by BowArk and we are concerned that, as far as we can determine, the process did not incorporate the input and comments of small producers even though they are directly impacted by the +/- 5mw allowable dispatch variance. Please incorporate this e-mail as part of our response also.

We certainly extend our appreciation for your cooperation and attention to this matter.

Regards,

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Northstone Power Corp