



December 7, 2007

To Market Participants and Interested Parties:

Re: Notice Regarding Market Policy Implementation

As of 14:30h on Monday December 3rd, 2007 the Alberta electricity market has been operating under the new Market Policy Implementation rules commonly known as Quick Hits. This was a very complicated project involving many of the AESO's operating systems. In spite of this complexity the implementation has gone very well with no major problems being encountered to date.

As might be expected with any project of this magnitude, some post-implementation issues have been identified. The AESO would like make participants aware of the following issues and changes:

1. The Historical Trading Report contains inaccuracies in the "MW after Last Restatement" column and the System Marginal Price report contains inaccuracies in the "Volume (MW)" column. We are working diligently and will advise participants when these two issues have been resolved. In the interim, participants should not assume that the data is accurate, current or complete.
2. The new Supply Adequacy Report, displayed on the AESO's website, will on occasion adjust the forecast after the end of the hour (i.e. HE 7 on December 7th turned from green to red after the hour elapsed). We have identified a solution and will advise participants when this issue has been resolved.
3. The AESO would like to inform participants that the "Short Term Outage" and the "Monthly Outage" graphs available on our website are accurate. However, the data presented now reflects a slightly different picture than it did before implementation of the Quick Hits. The volumes currently displayed include all differences between asset Maximum Capability (MC) and Available Capability (AC). This has resulted in the outage and derate volumes being somewhat inflated compared to the pre-Quick Hits graphs. For example, ambient temperature derates on a gas fired combustion turbine will now be reflected in these graphs, whereas prior to implementation of Quick Hits they would not have been included. Also, the AC of combined cycle plants, where different portions of the plant will have different initial start up times greater than an hour, will only reflect the capacity with the shortest initial start up time. This, in turn, will be reflected in the Short Term Outage graph.

The AESO apologizes for any inconvenience caused by these changes and inaccuracies. We also appreciate the feedback, patience and general support from participants that we have received since the implementation earlier this week. We

encourage participants, as they become more familiar with the new rules and systems, to continue to submit their comments and suggestions

Yours truly,

“original signed by”

Doug Simpson
Director, Market Operations

cc: Cliff Monar, VP Market Services
Suha Shehadeh, Director Business System Services