



Nov 2nd, 2007

**TO: Market Participants**

**RE: Attached Market Papers**

As identified in the Market Roadmap [http://www.aeso.ca/downloads/AESO\\_Roadmap\\_Aug\\_30\\_2007\(1\).pdf](http://www.aeso.ca/downloads/AESO_Roadmap_Aug_30_2007(1).pdf) attached for your review and consideration is a discussion paper outlining issues with the current Operating Reserves (OR) market – [http://www.aeso.ca/downloads/OR\\_Market\\_Paper.pdf](http://www.aeso.ca/downloads/OR_Market_Paper.pdf) Operating Reserve Market Improvements. The AESO is interested in an industry dialogue about market design options that address the noted issues and provide greater convergence of the OR market with pending changes to the energy market.

The discussion paper provides a summary of the current design features, an overview of market issues identified by industry as a whole and summarized in the Department of Energy's Market Policy, and finally proposes a course of action for the OR market redesign project. It is expected that the OR redesign project will require significant consultation to work with industry to discuss design options and details and accordingly the AESO is proposing the establishment of a steering committee to work directly with AESO in these efforts over 2008.

In order to implement any future OR design change, AESO IT system changes are required. The extent of system changes at AESO will be a function of the final design. It is noted there may be opportunities for more immediate change to the OR market on the current NGX trading platform that should be explored.

Based on the number of issues raised by industry, the OR market in its current form is unsustainable. The AESO welcomes dialogue on market improvements. Information on a stakeholder session to review the OR design proposal is forthcoming with a targeted date of November 15th. Comments are welcome on the paper before November 23rd. Should you have any questions or comments, please contact me at 539-2457 or Paul Barry at 539-2737.

Please provide your written comments to Paul Barry at [paul.barry@aeso.ca](mailto:paul.barry@aeso.ca).

Regards,

*“original signed by”*

Cliff Monar,  
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