

October 27, 2011

Dear Market Participants and Other Interested Parties

Re: **Phase Two Operating Reserve Market Redesign – November 7th, 2011 Changes**

As part of the ongoing operating reserve (OR) market redesign initiative, the automation of the Standby market will occur on November 7th, 2011. The standby market will continue to be cleared via the same model as is currently used, but the selection of suppliers will occur automatically via the formula and activation rates below:

Price = Premium + Activation % * Activation Price

Table 1 - Activation Percentage Used in Standby Market Clearing

	Regulating	Spinning	Supplemental
On Peak	1%	10%	10%
Off Peak	3%	10%	10%

NGX will perform the software upgrades on the Watt-Ex platform to enable the changes on November 4, 2011. Please see the NGX [release](#) for the details on the software upgrade. The trading schedule will not change with the automation of the Standby market.

Next Steps

Per the plan outlined to stakeholder in the previous update, the AESO is currently working with NGX to complete the development of the Super Peak Regulating Reserve products for the Watt-Ex platform. The AESO will keep market participants updated on the timing of this change, but the current expectation is that it will occur in early December, 2011. Please contact Kris.Aksomititis@aeso.ca (ph: 403-539-2646) or Daniel.Clark@aeso.ca (ph: 403-539-2810) with any questions.

Yours truly,

Original signed by

Kris Aksomitis
Program Manager, Demand Response and Operating Reserve

cc: Miranda Keating Erickson, Director, Market Design
Daniel Clark, Senior Commercial Analyst