



December 20, 2006

Colleen Fairhead
Alberta Electric System Operator
2500, 330 – 5th Avenue S.W.
Calgary, AB T2P 0L4

Via Email only to: colleen.fairhead@aeso.ca

Dear Ms. Fairhead,

Re: Phase I Policy Implementation – Alternatives to Quick Hits

Thank you for the opportunity to comment on your recently published discussion paper. Overall, Powerex is pleased with the initiative of the AESO in suggesting alternative measures to implement the spirit of the April 2006 rules package without regulatory delays. Powerex provides specific comments to both TMR and Treatment of Imports below.

Reconstitution of Pool Price for TMR Energy

Powerex concurs with the AESO's recommendation to implement the Transmission Limiter Option with Dispatch Down Service (DDS). However, as an Importer subject to the proposed Uplift Charge originating from the DDS, we have some concerns regarding the specifics of such a service. We believe that the procurement of such service ultimately should be in an open, transparent and competitive market, allowing full participation of the Interties. In the short term, Powerex welcomes the opportunity to participate in discussions regarding the Request for Proposal and longer-term market based solutions for procuring DDS.

Treatment of Imports as Intra-Alberta Generators

Powerex believes the only way to truly treat Imports as Intra-Alberta Generators is to allow Importers to accept intra-hour dispatches on the intertie. Unfortunately, Powerex cannot support any of the currently proposed options, as none them address this. Powerex encourages the AESO to formally commence the consultation and implementation process in early 2007, in order to implement dynamic scheduling on the interties as soon as possible.

Sincerely,

Daniel W.M. O'Hearn
Director, B.C. & Alberta

supply.
flexibility.
commitment.

POWEREX CORP.

Suite 1400
666 Burrard Street
Vancouver, BC
Canada V6C 2X8
TEL: 604.891.5000
1.800.220.4907
www.powerex.com