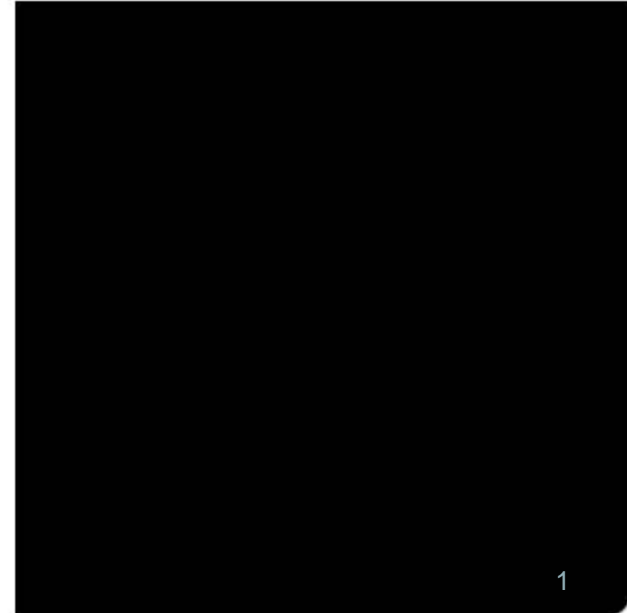


WECC/AESO Operating Agreement

ARC Meeting
February 2008

Diana Pommen
Director Interjurisdictional Affairs
Alberta Electric System Operator



Key Objectives of WECC/AESO Operating Agreement



- Acknowledge WECC's new role as the Regional Entity in the US and align with Alberta's jurisdictional authority
- Create a relationship that supports a North America-wide implementation of a substantially common set of "reliability standards"
- Set out and clarify the unique member relationship between the AESO and the WECC
 - AESO will participate in the activities of WECC within the constraints of being a non-FERC jurisdictional entity
 - AESO will continue as a Class 1 member for all activities excluding election of Canadian members to the Board of Directors (Class 6 in this case)
- Outline for WECC an external review role of AESO operations related to AB-approved Reliability Standards

Key Sections – Fee Structure



- AESO will pay its portion of WECC fees based on Net Energy for Load
- Alberta eligible for a “credit” for the compliance monitoring and enforcement activities and programs that are the responsibility of/and conducted by AB entities, as costs will be incurred to perform those functions that would otherwise be incurred by WECC or NERC

Key Sections – Process for Making Reliability Standards in Alberta



- Alberta has defined through legislation a process for the approval of standards
 - AESO must consult with affected stakeholders, and provides technical expertise and analysis of standards
 - AESO may recommend approval to the Alberta regulator of a NERC/WECC reliability standard without changes or may propose amendments to a NERC/WECC reliability standard (i.e. Alberta variance)
 - AESO will implement Alberta regulator-approved Reliability Standards
 - AESO will notify WECC of such approved reliability standards
- As Alberta Reliability Standards are made which address the same subject matter as a standard in the RMS Agreement, the RMS Agreement should be amended to delete such standard

Key Sections – Compliance Monitoring in Alberta



- A compliance monitoring program will be developed for Alberta that may not mirror the WECC compliance program
- AESO will perform a compliance monitoring function for identified AB entities
- Compliance monitoring of the AESO conducted by WECC as it relates to Alberta regulator-approved reliability standards
 - WECC and AESO will work cooperatively in the establishment of this program and an implementation phase of the program

Key Sections – Alberta Regulator Imposed Penalties/Sanctions



- Enforcement of any sanctions and penalties assessed against AB entities as a result of non-compliance with Alberta Reliability Standards falls under the authority of the Alberta regulator
- Dispute resolution and appeal processes are defined in Alberta
- Alberta legislation requires that penalty dollars assessed related to non-compliance with Alberta Reliability Standards remain in Alberta

Key Sections – Data Collection and Information



- AESO collects data and information from Alberta entities
- AESO may provide data to WECC (based upon requests from WECC, requirements contained within AB-approved reliability standards, etc.)
- Data provided is subject to any confidentiality or proprietary provisions

Next Steps and Timelines



- Draft Operating Agreement was sent to the WECC in November
- AESO and WECC met on December 10th and January 28th
- Negotiations expected to be complete by March/08
- Operating Agreement will be provided to WECC Board of Directors at April/08 Board meeting for approval
- AESO expects to file agreement for AUC approval in April/08
- AUC expected to approve a set of Alberta Reliability Standards – ~ Q4 08

Discussion and Questions

