



March 28, 2006

Dear Market Participants and Interested Parties:

**Re: Final Proposed ISO & OPP Rules – Phase I Market Policy Implementation**

Please find attached the ISO Rule changes being recommended for approval by the AESO Executive Rules Committee (“ERC”) on April 3, 2006. The proposed ISO and OPP Rule changes were initially distributed for consultation on February 21, 2006 and February 28, 2006 respectively. The implementation date is yet to be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004).

The following grid is hyperlinked to provide assistance in directing you to the final proposed ISO Rule changes.

Rule Number	Brief Change Description	Level	Most relevant stakeholder interest
Part 1 - General G1 Definition; Part 2 - MPRs: 2, 3, 5, 6, 8, 10 Part 4 - Appendices: 5,6	<a href="#">Phase I Market Policy Implementation</a>	I	All market participants
OPP 101	<a href="#">Dispatching the Energy Market Merit Order</a>	I	All market participants
OPP 201	<a href="#">Energy Market Suspension</a>	I	All market participants
OPP 301	<a href="#">Alberta-BC Interconnection Scheduling</a>	I	All market participants
OPP 302	<a href="#">Alberta-Saskatchewan Interconnection Scheduling</a>	I	All market participants
OPP 705	<a href="#">Short Term Adequacy Assessment</a>	I	All market participants
OPP 801	<a href="#">Supply Shortfall</a>	I	All market participants
OPP 601	<a href="#">Outage Scheduling</a>	II	All market participants
OPP1303	<a href="#">System Coordination</a>	II	AESO - confidential



	<a href="#">Centre Callout Procedure</a>		
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You will be provided with prompt notification of the ERC's decision with respect to the final proposed ISO and OPP Rule changes once their decision has been made.

In combination with the proposed rule changes, the ERC will also be requested to approve deferring the effective date for wind generation to the must offer/must comply rules. Please click [here](#) to see the attached letter for more information.

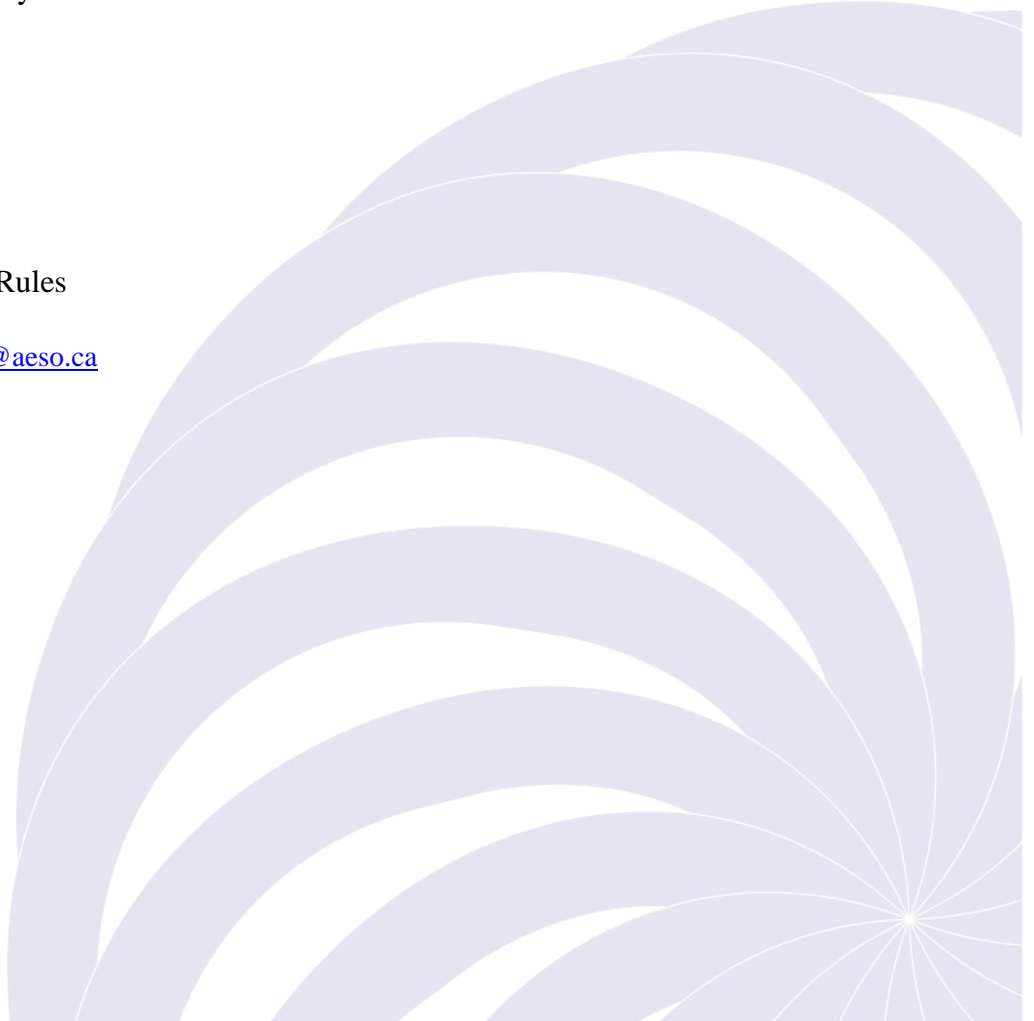
As previously advised, stakeholder comments received along with AESO responses would be published with the final proposed ISO Rule changes submitted to the ERC. Please click [here](#) to access the comment matrix for the proposed ISO Rules change. Click [here](#) to access the comment matrix for the proposed OPP Rule changes.

The next ISO/OPP Rule change process is expected to begin public consultation in early April 2006, with a May 2006 effective date.

Yours sincerely,

*Original Signed By*

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**Summary of Proposed ISO Rule Changes**

**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

**Proposed LEVEL I ISO Rule Changes**

Level I changes are changes that have a significant operational or financial impact on the industry or the ISO. These changes typically require working group input and/or extensive stakeholder consultation to implement an effective solution.

<b>Phase I Market Policy Implementation</b>	
Rule Section/Number	Part 1 - General G1 Definition; Part 2 - MPRs: 2, 3, 5, 6, 8, 10 Part 4 – Appendices: 5,6
Reason for Change	In June 2005, the Alberta Government approved policy recommendations relating to Alberta’s wholesale electric market. The approved policy recommendations are outlined in the June 5, 2005, paper titled “Alberta’s Electricity Policy Framework: Competitive – Reliable – Sustainable”.  The purpose of these proposed rule changes are to describe the means by which the ISO will implement the Policy Framework “Quick Hits” (Phase I).
AESO Contact	Market Services, Colleen Fairhead, <a href="mailto:colleen.fairhead@aeso.ca">colleen.fairhead@aeso.ca</a> , (403) 539-2462
From (Current Rule)	To (Proposal)
	See attached – blacklined: <a href="#">Final Proposed Definitions &amp; Phase I Market Policy Implementation Rules (specific rule changes) – (blacklined)</a>  See attached – clean: <a href="#">Final Proposed Definitions &amp; Phase I Market Policy Implementation Rules (specific rule changes) – (clean)</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 101 Dispatching the Energy Market Merit Order</b>	
Rule Section/Number	Part 3, OPP 101 Dispatching the Energy Market Merit Order
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	See attached – blacklined version. <a href="#">OPP101DRAFT2 - blacklined</a>  See attached – clean version. <a href="#">OPP101DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 201 Energy Market Suspension</b>	
Rule Section/Number	Part 3, OPP 201 Energy Market Suspension
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	See attached – blacklined version. <a href="#">OPP201DRAFT2 - blacklined</a>  See attached – clean version. <a href="#">OPP201DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 301 Alberta-BC Interconnection Scheduling</b>	
Rule Section/Number	Part 3, OPP 301 Alberta-BC Interconnection Scheduling
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
<i>NEW</i>	See attached – blacklined version. <a href="#">OPP301DRAFT2 - blacklined</a>  See attached – clean version. <a href="#">OPP301DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 302 Alberta-Saskatchewan Interconnection Scheduling</b>	
Rule Section/Number	Part 3, OPP 302 Alberta-Saskatchewan Interconnection Scheduling
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	See attached – blacklined version. <a href="#">OPP302DRAFT2 – blacklined</a>
	See attached – clean version. <a href="#">OPP302DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 705 Short Term Adequacy Assessment</b>	
Rule Section/Number	Part 3, OPP 705 Short Term Adequacy Assessment
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	See attached – blacklined version. <a href="#">OPP705DRAFT2 - blacklined</a>
	See attached – clean version. <a href="#">OPP705DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 801 Supply Shortfall</b>	
Rule Section/Number	Part 3, OPP 801 Supply Shortfall
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	See attached – blacklined version. <a href="#">OPP801DRAFT2 - blacklined</a>  See attached – clean version. <a href="#">OPP801DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

**Proposed LEVEL II ISO Rule Changes**

Level II changes are changes that are expected to have a moderate or low impact on the industry or the ISO, and generally require little or no effort by stakeholders for implementing a solution. They are provided to stakeholders to review to ensure that the expected impact is reasonable, to identify unrealized impacts and/or to provide notice of the potential change in administrative processes.

<b>OPP 601 Outage Scheduling</b>	
Rule Section/Number	Part 3, OPP 601 Outage Scheduling
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	See attached – blacklined version. <a href="#">OPP601DRAFT2 - blacklined</a>
	See attached – clean version. <a href="#">OPP601DRAFT2 - clean</a>



**Summary of Proposed ISO Rule Changes**  
**Effective Date: To be determined, however; will be no less than 5 business days after approval of changes to the Transmission Regulation (A/R 2004)**

<b>OPP 1303 System Coordination Centre Callout Procedure</b>	
Rule Section/Number	Part 3, OPP 1303 System Coordination Centre Callout Procedure
Reason for Change	This OPP is revised to implement the proposed Phase I Market Policy rules.
AESO Contact	Operating Policy and Procedures, Ken Gardner, <a href="mailto:ken.gardner@aeso.ca">ken.gardner@aeso.ca</a> , (403) 539-2492
From (Current Rule)	To (Proposal)
	No attachment - Confidential  OPP 1303 is deemed to be confidential as it contains sensitive information regarding critical schemes and facilities in the Alberta Interconnected Electric System.