



February 21, 2006

Dear Market Participants and Interested Parties:

Re: Proposed ISO Rules – Phase I Market Policy Implementation

Further to our letter dated [January 30, 2006](#), the Alberta Electric System Operator (AESO) is seeking feedback on the ISO Rule changes that are being considered for recommendation to the AESO Executive Rules Committee in March 2006. As indicated in this letter, the AESO is providing a revised proposed ISO Rules package incorporating feedback received to date. Specific revisions have been highlighted in yellow.

Attached for your consideration are the proposed ISO Rule changes. The following grid is hyperlinked to provide assistance in directing you to this item.

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	Phase I Market Policy Implementation	I	All market participants

Please see the attachments below for more information on these ISO Rule changes. *The identified change provides a brief explanation of the reason for the change.*

Comments and suggestions on the ISO Rule changes being proposed are encouraged. Please use the comment matrix provided when submitting comments to the AESO on the proposed ISO Rule changes. Click [here](#) to access the comment matrix. Only written comments will be considered in finalizing the ISO Rule changes.

Please provide feedback or questions by **Tuesday, March 7, 2006** to the *individual* specified within the ISO Rule change description below.

The AESO will be publishing all stakeholder comments received for industry review shortly after the comment deadline. Stakeholder comments received along with AESO responses will be published with the final proposed ISO Rule changes submitted to the Executive Rules Committee for approval in March 2006.



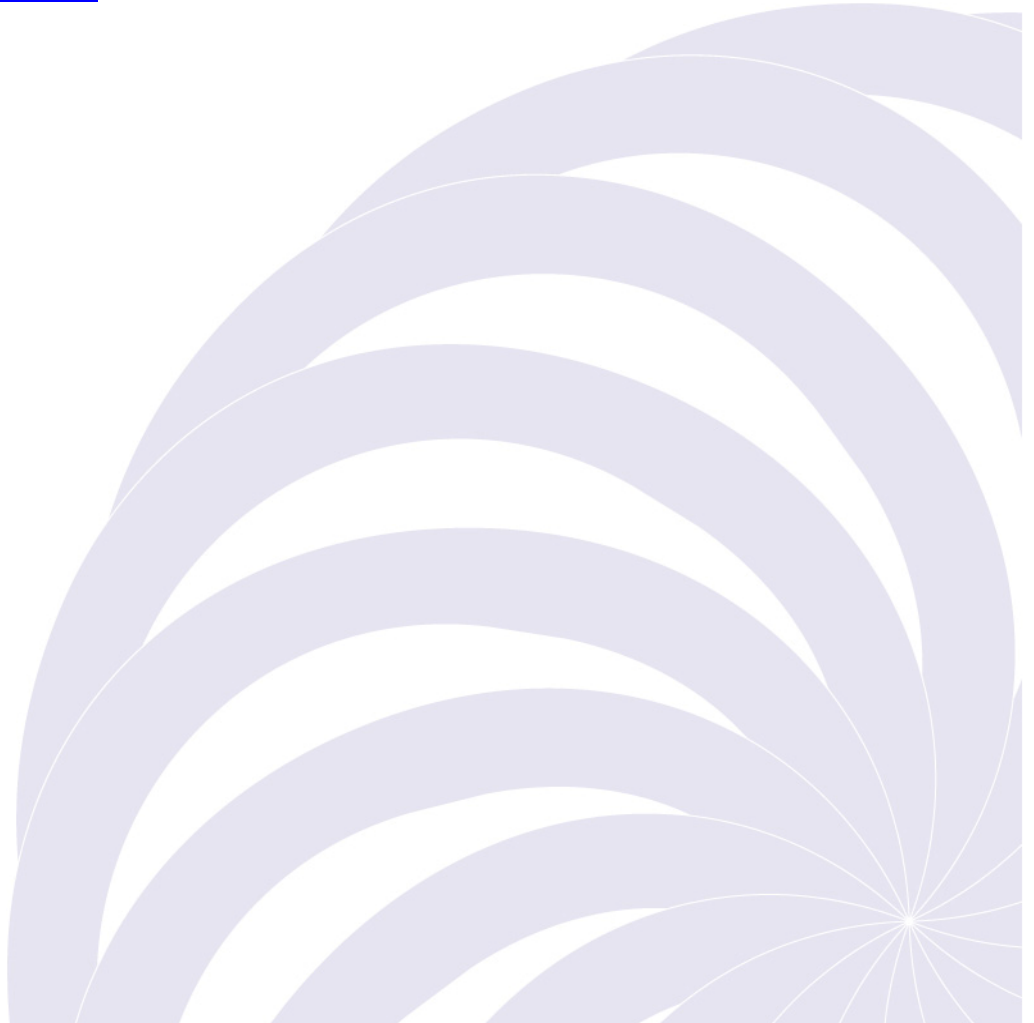
Numerous participants have requested that the AESO provide additional clarification of the price forecasting and dispatch methodology contained in ISO Rule 6.3.3. This clarification will be provided shortly.

Also please note that the OPPs associated with the proposed Phase I Market Policy Implementation rules are currently being revised and will be provided for comment later this week.

Yours sincerely,

Original Signed By

Paul Glatthor
Senior Coordinator, Rules
Ph : (403) 539-2464
E-mail: paul.glatthor@aeso.ca





Summary of Proposed ISO Rule Changes
Target Effective Date: March 30, 2006

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.

Phase I Market Policy Implementation	
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, colleen.fairhead@aeso.ca , (403) 539-2462
From (Current Rule)	To (Proposal)
	See attached - blacklined Draft Definitions & Phase I Market Policy Implementation Rules (specific rule changes) – (blacklined) Draft Definitions & Phase I Market Policy Implementation Rules (complete set of rules) – (blacklined)



Summary of Proposed ISO Rule Changes
Target Effective Date: March 30, 2006

	<p>See attached - clean</p> <p><u>Draft Definitions & Phase I Market Policy Implementation Rules (specific rule changes) – (clean)</u></p> <p><u>Draft Definitions & Phase I Market Policy Implementation Rules (complete set of rules) – (clean)</u></p>
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