



November 10, 2005

Dear Stakeholders:

Re: Enhanced transparency of regulating reserve usage

The Alberta Electric System Operator (AESO) has been working with stakeholders to develop a graphical representation of regulating reserves usage to publish to the AESO's website.

The Market Surveillance Administrator (MSA) issued a report in Sept. 2004, recommending the AESO consider publishing, on an ongoing basis, analytical data regarding the use of regulating reserves for the market's review.

Based on this recommendation and additional input from stakeholders, the AESO has developed a graphical representation of how the AESO uses regulating reserve in order to increase transparency to market participants. The graphs were tested initially with a small group of stakeholders, (the MSA, ATCO Power, TransCanada Energy, EnCana Corp.). All parties agreed the information met their needs and addressed the MSA recommendation.

A sample graph has been posted to the AESO's website for review by the broader stakeholder community. We welcome additional stakeholder comments and suggestions about the design of the graph and corresponding descriptions.. Please provide feedback or questions by **Friday Nov. 18, 2005** to myself at doug.hincks@aeso.ca or Neil Curtis at neil.curtis@aeso.ca.

We expect to begin publishing the graphs, which will be updated hourly, by the end of November. Once all comments have been reviewed the final graphs will be posted to the reports section of our website.

Yours truly,

Doug Hincks
Director, System Operations

Graph Descriptions

Left Scale: This axis is the **percentage** of regulating reserves used at each hour ending (HE).

Right Scale: This axis is the average amount of regulating reserves dispatched in megawatts (**MW**) in each HE.

Instantaneous Min.: This line represents the lowest instantaneous amount of regulating reserves energy used in each HE in per cent of regulating reserve (Left Scale).

Instantaneous Max.: This line represents the highest instantaneous amount of regulating reserves used in each HE in per cent of regulating reserve (Left Scale).

Average Regulating Reserve Range (MW): This bar represents the average amount of energy dispatched on regulating reserve in each HE in MW's of regulating reserve (Right Scale).

Average Energy: This bar represents the average amount of energy dispatched on regulating reserve in each HE in per cent of regulating reserve (Left Scale).

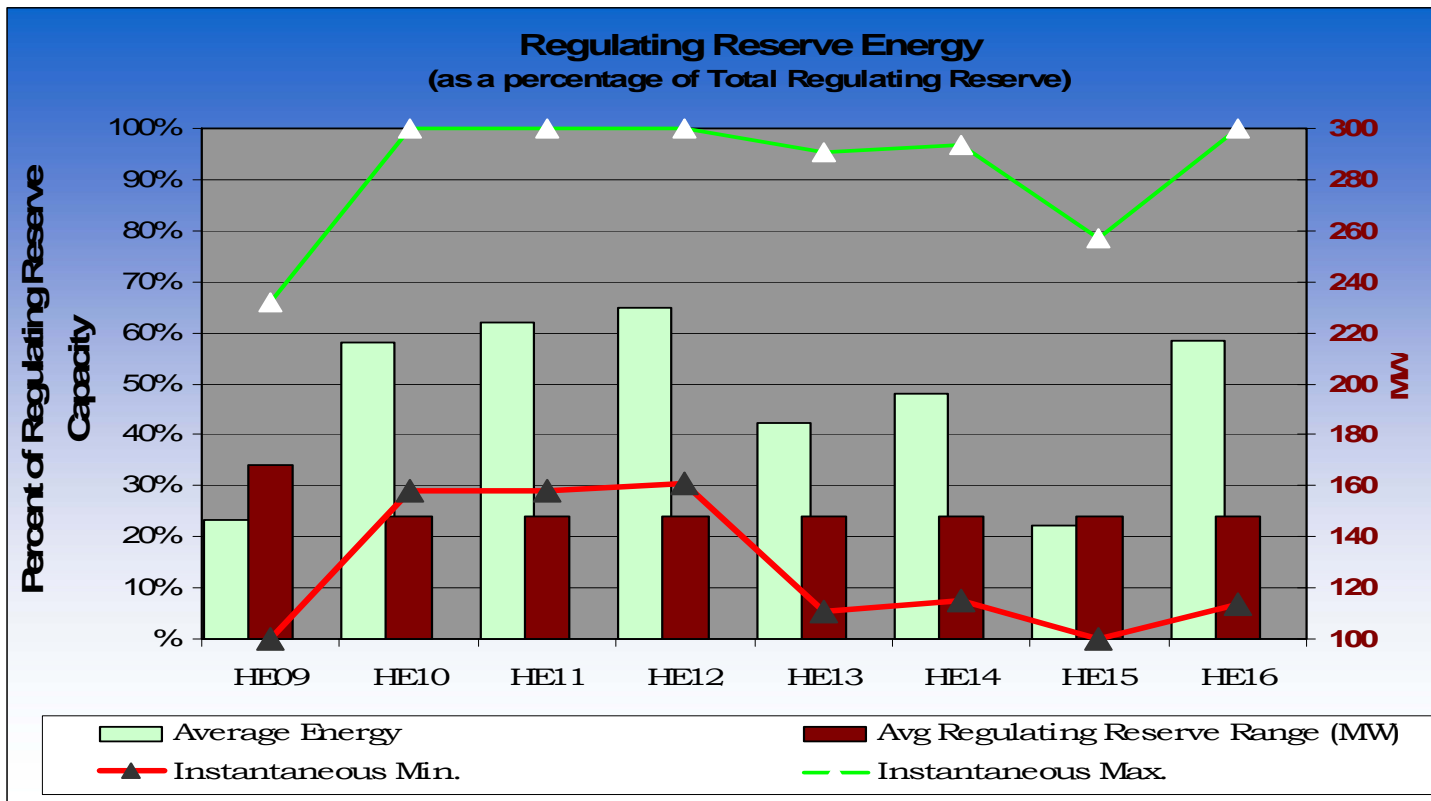
Our Commercial Services department procures regulating reserves, which are ancillary services used to maintain reliability of the Alberta Interconnected Electric System (AIES).

Regulating reserves are a type of ancillary service which are used to balance the volatility of load, they keep supply and demand in balance minute by minute.

The graph is an example of regulating reserve energy usage.

For example: At HE 9, the AESO dispatched approximately 165 MW of regulating reserve, on average, and of those 165 MW dispatched, approximately 22 per cent was used for energy during HE 9.

The second graph represents historical data showing the average percentage of regulating reserves used for energy over a period of time. (yesterday, last seven days, last 30 days).



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