



April 11, 2008

Dear Stakeholders,

**Re: Performance Metrics & Timeframes for the Customer Interconnection Process**

In December 2007 the AESO issued a discussion paper regarding proposed performance metrics for the Customer Interconnection process and followed this with a stakeholder consultation session on January 9, 2008. The discussion paper, stakeholder presentation and stakeholder comments may be accessed by clicking on the link below.

<http://www.aeso.ca/transmission/14855.html>

We would like to thank all participants that provided feedback on our proposal. The AESO has concluded from the consultation that generally stakeholders did not have any major concerns with the metrics the AESO proposed however we were strongly encouraged to include performance information on all phases of the interconnection process with particular focus on achieving the in-service date.

The AESO acknowledges that the in-service date is of the utmost importance to customers and the AESO is committed to managing to and achieving the mutually agreed upon in-service dates, such that customers can meet their business objectives. This will be carried out in close collaboration with the Transmission Facility Owners, customers and the Alberta Utilities Commission. In an effort to create additional focus and visibility with regard to the in-service date, the AESO will track and report on the duration and variance associated with the in-service date.

Furthermore, the AESO concurs that understanding cycle times for all phases of the process is necessary to achieve a comprehensive understanding of the end to end process. As the entity overseeing the process the AESO will track and report on durations for all phases in the project life cycle, with targets being established for those phases where the AESO has significant direct control while still relying on the TFOs to provide timely cost estimates.

The attached document outlines, in detail, the performance management framework the AESO has implemented for the customer interconnection process. While the AESO incorporated stakeholder feedback when establishing the metrics, factors such as regulatory changes and project volume and complexity of projects were also considered. The AESO also considered the impact the Participant Involvement Program (PIP) may have on project cycle times when establishing the metrics. The Alberta Utilities Commission Rule 007, Appendix A, outlines the requirements for PIP. For additional information on PIP please click on the link below.

[http://www.auc.ab.ca/portal/server.pt/gateway/PTARGS\\_0\\_0\\_291\\_278\\_0\\_43/http%3B/auContent/publishedcontent/publish/auc\\_home/regulatory\\_process/regulations\\_and\\_resources/rules/](http://www.auc.ab.ca/portal/server.pt/gateway/PTARGS_0_0_291_278_0_43/http%3B/auContent/publishedcontent/publish/auc_home/regulatory_process/regulations_and_resources/rules/)



The volume and complexity of projects are also factors which affect project cycle times. While the AESO and all parties endeavor to balance resources and work loads the volume of projects and project complexity will directly impact cycle times.

The AESO considers the direction set out in the framework as a starting point. The intended spirit of the framework is to work collaboratively with all parties to evolve the framework and the process in a meaningful way. The performance metrics will be reviewed on an annual basis with the objective for continual improvements in cycle times in order to achieve the customer's in-service date. Performance targets may also require modification in the event changes are made to the interconnection process. One initiative we're working on currently, in collaboration with the TFOs and the Commission, is a combined Need/Transmission Facilities application to the Commission where appropriate. This may require some modification to the proposed metrics however that determination will be made once the process for combined filings gets finalized.

The AESO is committed to reviewing the effectiveness of the interconnection process and making continual improvements, as appropriate, in order to serve customers better. The establishment of performance metrics will enable the AESO, as well as industry participants, to better identify and focus in on areas of the interconnection process which require review.

The AESO will continue to provide stakeholders with project information as per the ISO Rules and stakeholders can click on the link below to access the AESO's Project Quarterly Reports.

<http://www.aeso.ca/transmission/9437.html>

The AESO thanks all stakeholders for their contributions and support with this important initiative. If you have any questions regarding the performance metrics, please contact either Chris Connoly or Rene Baillargeon at:

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Sincerely,

*Original Signed By*

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