



October 8, 2008

Dear Stakeholders,

Re: Performance Reporting for the Customer Interconnection Process

In April 2008 the AESO implemented a performance framework for the Customer Interconnection process and committed to semi-annual reporting. The October 2008 Customer Interconnection Process Performance Report (“Performance Report”) is the AESO’s first report. The Performance Report is intended to provide stakeholders with an indication of cycle times for all phases of the Customer Interconnection process.

The Performance Report indicates that project cycle times have increased over the past year with the “Customer Proposal Phase” and the “Need Approval Phase” cycle times contributing to the bulk of that increase. A key factor contributing towards the increased cycle time in the Customer Proposal Phase is the significant increase in project volumes; in particular wind power applications. Furthermore, as a result of limited transmission capacity in certain areas, significant effort is going into bulk transmission planning to develop system reinforcement options prior to developing specific customer interconnection proposals. The increased cycle time associated with the Need Approval Phase, at least for small projects, can be attributed to the change in the Alberta Utilities Commission processes regarding abbreviated needs documents.

The AESO remains concerned about the increased cycle times and will continue to seek ways to improve on project timelines. One area where improvements in cycle time are anticipated includes taking a “combined approach” with Transmission Facility Owners (TFO) for Need and Facility Applications when filing with the Alberta Utilities Commission. The AESO will be reviewing the current performance targets to take into account the “combined approach” with respect to Need and Facility applications.

Specific performance reporting regarding “In-Service Dates” has not been included in this Performance Report as most of the projects commissioned so far this year were initiated prior to the AESO and industry having established business practices for setting planned in-service dates for reporting purposes. AESO continues to work with TFOs and customers to establish business practices for establishing the planned in-service dates. The AESO acknowledges this is of the utmost importance to customers and is committed to collaborating closely with the TFOs, customers, and the Commission to meet the customer’s in-service date. Future reports will provide more information regarding in-service date performance.

The AESO acknowledges that the performance measures are providing valuable information regarding project phase cycle times. Many of the measures have been derived from a



relatively small projects database and as such may not provide a reliable indication of actual cycle time. The expectation is that the performance reporting will improve over time as more projects are tracked through the various phases of a project cycle.

If you have any questions regarding the Performance Report, please contact Rene Baillargeon at (403) 539-2709 or rene.baillargeon@aeso.ca or myself at (403) 539-2616 or fred.ritter@aeso.ca.

Sincerely,

Original signed by

Fred Ritter, P. Eng.
Director, Engineering