December 7, 2006

Dear All Participants:

Re: Reactive Power Requirements - Clarification of Total Declared Energy

The AESO has had extensive discussions with individual generators over the last few weeks to review and confirm unit capabilities, discuss generator testing and related plans to achieve compliance with the Reactive Power Requirements. The AESO recognizes that some of these discussions are ongoing, however, we thought it was useful to clarify certain matters at this time.

As previously communicated to generator owners and operators, the AESO will commence monitoring of generator compliance to the Reactive Power Requirements in accordance with the ISO Tariff and Interconnection Requirements beginning December 15, 2006. The AESO will monitor generator compliance to the Maximum Authorized MW (MAM) levels specified in the individual letters issued to generators on October 27, 2006, unless adjustments to these levels have been specifically arranged with the AESO.

The AESO would also like to clarify its expectations regarding submission of Total Declared Energy (TDE) into the Energy Trading System. There will be no change to this process at this time. However, Participants are responsible to ensure that their TDE does not exceed the net generation amount that corresponds to their MAM (i.e. a gross MW output) level. This approach should be employed in all circumstances, including where a generator may have MW capabilities in excess of their MAM. The System Controller will manage and request energy in excess of MAM on a case by case basis during energy shortfalls.

If you have any questions or concerns regarding the confirmation of unit capabilities, generator testing and related plans to achieve compliance, please contact Jerry Mossing at 539-2496.

If you have any questions regarding the TDE process, please contact Mary-Beth Hansen at 539-2599 or Ruppa Minhas at 539-2589.

Thank you for your cooperation in this matter.

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Yours truly,

Original signed by,

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Vice President, Operations and Reliability