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November 2, 2007

Ms. Diana D. Pommen
Director Interjurisdictional Affairs
Alberta Electric System Operator
2500, 330 – 5th Avenue S.W.
Calgary, AB
T2P 0L4

Dear Ms. Pommen:

Re: AESO Reliability Committee

TransAlta is submitting this letter on behalf of TransCanada, EPCOR, ATCO and TransAlta in response to the AESO's letter dated October 17, 2007 regarding the AESO Reliability Committee.

The AESO's letter indicated that the AESO has finalized the Terms of Reference for the Committee and encouraged nominations for sector representatives. Firstly, we would like to address the Committee Terms of Reference whereby the AESO has chosen to allow only one representative for the Generation Owners. We are still very concerned by this decision, as highlighted in our letters to you previously. To reiterate:

1. The impact of the reliability standards could be very different for each of the PPA Owners, PPA Buyers, owners of merchant generation and generation operators. Within the merchant generation category there are instances of sole ownership, joint ventures and co-generation arrangements.
2. Reliability standards may impact generators differently based on fuel type.
3. Generators defined as "critical assets" will very likely have additional reliability requirements, some of which could require additional operational and/or financial obligations.

Given that the identity of critical infrastructure units is highly confidential under current legislation, it would seem difficult if not impossible to manage these issues among generators logistically.

It is therefore under protest that we put forward one single nomination for a representative. Mr. Richard Stout, VP Regulatory Affairs, EPCOR has agreed to represent TransCanada, EPCOR, ATCO and TransAlta. Mr. Stout has agreed to let his name stand as our joint nomination and Mr. Carl Fuchshuber of ATCO Power, with the support of the above mentioned parties, has agreed to back up Mr. Stout in the event

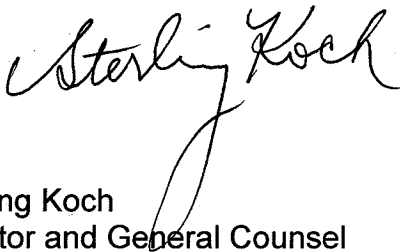
Mr. Stout is unable to attend any of the meetings. These four companies represent over 50 % of the installed capacity in Alberta. This group represents PPA owners, PPA Buyers, merchant generation and generator operators. We also represent most fuel types including coal, gas, co-generation, wind and hydro and expect that most of the assets will be considered "critical". Given the above, we would encourage the AESO to place a heavy weighting on our joint nomination.

Please be informed that given it is unrealistic to have one representative address the large breadth of issues within the generator group, we will assemble our own Generator Committee that will work with our representative to ensure that our concerns are properly addressed. This Generator Committee would be open to all generators in the sector so we can ensure full representation. The AESO would also be invited to sit on this committee if they desire.

Finally, we would like to comment on the Committee Scope and Duties as presented in the Terms of Reference. Our review of these seems to indicate that the Committee plans to focus only on standards applicable to transmission facilities. There is no mention of generator standards except at the working group level. Our experience with the NERC standards in the United States would indicate to us that the requirements placed on generators are just as onerous as those placed on Transmission Owners and should therefore be given full consideration at the Committee level.

We are very concerned that the AESO seems to be focusing primarily on transmission facilities at the peril of ignoring the impact on generation facilities, which are just as critical to the reliability of the Alberta Interconnected System. We would hope that the AESO would reconsider their position of only one generator representative, or at the very least, revise the Committee Scope and Duties to include generator reliability standards as well.

Yours truly,

A handwritten signature in cursive script that reads "Sterling Koch". The signature is written in black ink and is positioned above the typed name and title.

Sterling Koch
Director and General Counsel
Regulatory & Legal Affairs