



March 28, 2006

Re: Must Offer/Must Comply Rules and Wind Generation

In April, the Executive Rules Committee will be considering approving rule changes for Phase I Market Policy Implementation.

In accordance with the Policy Framework, the Phase I rules stipulate that all intra-Alberta generators must submit offers to the power pool and must comply with dispatch instructions issued by the system controller pursuant to those offers and within a specific dispatch tolerance.

The AESO received considerable feedback with respect to how the must offer/must comply rules would be enforced for wind participants. Given the distinct and unique nature of wind generation, it is the view of Market Services that it is unduly discriminatory to expect wind generation a) to comply with dispatch instructions from the system controller, or b) to stay within a specific dispatch tolerance. However, we also believe that these same unique characteristics impact other market participants and the ability of the system controller to efficiently dispatch the system.

Therefore, in combination with the proposed rule changes, the Executive Rules Committee will also be requested to consider deferring the effective date for wind generation to the must offer/must comply rules. The deferral would apply to rules 3.2, 3.5 and 6.6 and is proposed to be in effect until October 1, 2006.

We feel it is incumbent upon the wind industry to work with the AESO, the ADOE and other stakeholders to develop alternatives to minimize these impacts in a manner consistent with the spirit of the Policy Framework. It is necessary to assess alternatives and determine satisfactory rules regarding the submission of offers and compliance standards for wind generators prior to this date.

Yours truly,

*Original Signed By*

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