November 22, 2007

Re: December 2007 Quick Hits Implementation & Applicability of Must Offer/Must Comply (MOMC) Rules for Wind Generation

On September 21, 2007 the AESO announced the implementation and effective date for Quick Hits in its Progress Update to Quick Hits Implementation letter to stakeholders. The implementation date has subsequently been revised to December 3, 2007. In accordance with the Policy Framework, these 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.

However, on September 26, 2007 the AESO also announced that the 900 MW Reliability Threshold on wind generation would be replaced by the Market & Operational Framework for Wind Integration in Alberta. The Framework recognizes the distinct and unique nature of wind generation and determined that it would be unduly discriminatory to hold wind generation to the MOMC standards established in Quick Hits. Instead, the Framework establishes the requirement to “forecast” as a reasonable and fair alternative to MOMC for Wind Generation. The forecasting requirements noted in the framework for wind integration will at a minimum require information on facility output and turbine availability. The final requirements will be developed in consultation with stakeholders considering the lessons learned from the AESO’s wind forecasting study and other relevant criteria.

In addition, wind generators will be required to comply with directives from the System Controller to limit power output or ramp rate limit under certain conditions. The necessary wind power management protocol, rules and requirements will be developed in consultation with stakeholders over the next few months.

In recognition of the above, the application of ISO rules 3.2, 3.5 and 6.6 to wind generation facilities is deferred until forecasting, power management and compliance rules for wind are further developed and implemented. Rules 3.2, 3.5 and 6.6 will subsequently be updated to reflect the rules for wind generators.

Yours truly,

“original signed by”

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