



November 22, 2007

To: All Participants and Interested Parties:

Re: **December 3, 2007 Phase I Market Policy Implementation**

The AESO is pleased to announce the implementation of Phase I Market Policy, commonly known as “Quick Hits,” on December 3, 2007. The changes to the rules are significant and have required many changes and upgrades to the Energy Trading System (ETS), the Dispatch Tool (DT), Automated Dispatch and Messaging System (ADaMS) and settlement systems. The deployment of these changes and upgrades will require system outages of two to four hours. This letter is intended to set out the sequence of events along with expectations and information related to the deployment.

Participant Offers for December 3rd– As the market systems will be out of service commencing at 10:15 am on December 3rd, participants will not be able to change their offers until after the outage. The System Controller will dispatch from the merit order that is in place at 10:00 am and restatements will not be accepted or integrated into the merit order. Participants that experience derates and forced outages that affect their offers during the market system outage should inform the System Controller immediately by phone and follow up with a fax as set out in rule 3.4.

On December 2nd participants will submit their offers for December 3rd into ETS using the existing ISO Rules (ISO Rules effective September 27, 2007). This information will be transferred automatically to the new systems and will form the participant offer when the system outages are completed on December 3rd.

Outage - The outage to ETS, DT, ADaMS and settlement systems will commence at 10:15 am on December 3, 2007 and is expected to last for at least two hours, however, participants should be prepared for up to a four hour outage. Restatements and submissions will not be accepted during the outage so it is recommended that participants submit their offer with the expectation that they will not be able to change it for the duration of the outage. Notice of outage commencement and completion along with other relevant messages will be posted on the AESO website and will be accessible through a dedicated link on the AESO homepage at <http://www.aeso.ca/>

Alternatively, participants can be updated by calling the Customer Information Line at (403) 214-7508.

Dispatch – The System Controller will print off the Energy Market Merit Order and the Ancillary Services Merit Order that is in the system immediately after 10:00 am on December 3rd and will operate from these merit orders until the systems are restored. The market is intended to remain functional during this time. If this becomes unmanageable or impractical a market suspension will be considered and participants will be appropriately notified.

System Marginal Price and Pool Price - During the outage, updates to the System Marginal Price (SMP) and the hourly Pool Price will be posted on the AESO webpage. This information will be accessible through a link on the AESO homepage. As well, participants may access this information by calling the Customer Information Line (see above under “Outage” for further information).

Communication of Dispatches and Directives – During the ADaMS outage, the System Controller will communicate dispatch information to participants via telephone. Participants may contact the System Controller by phone but the phone calls should be kept to minimum given the operational challenges that will be faced during the transition.

Participant Submissions for December 4th – Participants will have time following restoration of the systems to submit their offer for December 4th. However, they may also submit their offer for December 4th before 10:00 am on December 3rd and this information will automatically transfer to the new system. Participants are strongly advised to check the accuracy of their submissions once the systems are restored.

Market Gate Closure for December 4th – The AESO intends to extend the gate closure after the new systems are deployed for the same length of time as the system outages plus one hour, e.g. if the systems are out of service until 1:15 pm (3 hours) the gate for submitting December 4th offers would not close until 5:15 pm (3 hours plus one hour). Note: the gate closure time under normal operations is 12:00 p.m. current day for next day submissions.

New Rules and New Systems – Once the new market systems, ETS, DT, ADaMS, have been fully deployed and the outages are complete, participants will be notified through the AESO’s website and the Customer Information Line (see above under “Outage” for further information). At this time the Quick Hit rules will apply. Until that point the existing ISO Rules (Effective September 27, 2007) will apply except for Payments to Suppliers on the Margin, which will be effective at 12:00 am on December 3, 2007.

On completion of the outages the following changes that affect participants will apply:
Must Offer/Must Comply and T-2 will be effective immediately after the outage. Participants must offer their Maximum Capability (MC).
The MC values for source assets will be in place effective 12:00 a.m. on December 3rd.
All source assets which have Available Capability (AC) undefined will have their AC made equal to their MC.
If the last block of each hour does not equal the assets MC, the block value will be adjusted.

The new rules are currently accessible through http://www.aeso.ca/downloads/ISO_Rules_-_Market_Policy.pdf

Dispatch Down Service (DDS) rules will also be effective on completion of the system outages and participants will be able to submit DDS offers within two hours of system restoration to be effective at 12:00 am December 4th. This delay is due to the DDS profile upload occurring at the end of day on December 3rd. As of 12:00 am on December 4th DDS submissions and dispatch will occur normally as described in the ISO rules.

File Upload Format for New Submission and Participant Manuals – The File Upload format for new energy and DDS submissions are available to participants on the AESO website at

<http://www.aeso.ca/market/331.html>. The Participant Manual and the Settlement Manual will also be available on the AESO website prior to implementation.

Business Support for Participants – The AESO will provide the following on-call support from the dates of December 3rd through 9th, 2007.

The AESO will provide 7 X 24 support from:

8:00am Monday December 3rd through to 6:00pm Thursday, December 6th.

The AESO will extend coverage on Friday, December 7th, 7:00am to 6:00pm.
and,

Sat Dec 8 and Sun Dec 9:

9:00AM - 5:00PM

Participants may access this support by calling ASEO First Call: 1-888-588-2376.

The AESO appreciates participant cooperation and understanding during this transition.

Yours truly,

“original signed by”

Doug Simpson

Director, Market Operations

cc: Dale McMaster
Cliff Monar
Sandra Scott
Warren Frost
Wayne St Amour
David Erickson