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August 31, 2016

Alberta Utilities Commission
Fifth Avenue Place
Fourth Floor
425 First Street S.W.
Calgary AB T2P 3L8

Attention: Andrew Davison
Senior Market Analyst

Re: Alberta Utilities Commission (“Commission”) Decision 790-D03-2015; Alberta Electric System Operator (“AESO”) Implementation Plan to Develop a Revised Loss Factor Rule in Compliance With Decision 790-D03-2015 (“Implementation Plan”); Compliance Filing and Revised Section 501.10 of the ISO rules, *Transmission Loss Factors*

1. In accordance with the Commission’s findings, directions and guidance in Decision 790-D03-2015¹ and the Commission’s findings and directions in its March 18, 2016 ruling,² attached is the AESO’s Compliance Filing, which includes:

- (a) The revised Section 501.10 of the ISO rules, *Transmission Loss Factors* (“Revised Rule”), attached as Appendix “A”; and
- (b) A Comparison Table, attached as Appendix “B”, which:
 - (i) identifies the changes in the Revised Rule from the draft Section 501.10 of the ISO rules, *Transmission Loss Factor Methodology and Requirements* filed in Proceeding 790 on June 19, 2015;³ and
 - (ii) presents alternative subsections for the Revised Rule, in the event that the Commission directs the AESO to use different approaches respecting net-to-grid values, the use of hourly shift factors or the

¹ Decision 790-D03-2015, *Milner Power Inc., Complaints regarding the ISO Transmission Loss Factor Rule and Loss Factor Methodology*; *ATCO Power Ltd., Complaint regarding the ISO Transmission Loss Factor Rule and Loss Factor Methodology, Phase 2 Module B.*

² Exhibit 790-X0451.

³ Exhibit 790-X0345.

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use of shift-and-clip instead of clip-and-shift, discussed in the Compliance Filing.

2. The alternative versions of the subsections are attached to the Compliance Filing as Appendix "C", Appendix "D" and Appendix "E", respectively.
3. The Revised Rule references the *Procedure to Determine Transmission System Losses for Loss Factor Calculations* ("Procedure"). The Procedure does not form part of the Revised Rule and the AESO is not requesting approval of the Procedure. The AESO will file the Procedure in Proceeding 790, for information purposes, on the day that the final 2017 loss factors are published on the AESO's website.
4. The AESO anticipates that if the Commission confirms the Revised Rule by November 1, 2016, the AESO will be able to complete the Implementation Plan⁴ activities and achieve the proposed January 1, 2017 effective date for revised loss factors.
5. Achievement of the November 1, 2016 date may be enhanced by a regulatory process that involves the timely exchange of submissions in response to this Compliance Filing, reply submissions, including those by the AESO, and the opportunity for the AESO to file surreply submissions.

Yours truly,

STIKEMAN ELLIOTT LLP

<original signed by>

Keith F. Miller

⁴ Exhibit 790-X0451.