



June 30, 2009

Re: Change in Rider E Calculation Input Data

Please be advised the AESO has calculated the Losses Calibration Factor Rider E for Q3 2009 using eight (rather than seven) months of forecast data. The calculation methodology remains the same as in prior quarters, but for Q3 2009 and future quarters one month of actual data will be replaced with forecast data.

Rider E is calculated prior to the beginning of each calendar quarter to recover the difference between the forecast and actual costs of transmission system losses. Rider E is set at a level that, if applied for the remainder of the calendar year, would result in the full recovery of the actual cost of transmission line losses by the end of the calendar year.

For the quarterly determination, the AESO utilizes actual settlement data. The AESO normally requires about six days once data is available to compile input information, perform the Rider E calculation, and review the results. In performing these necessary processes, the posting of Rider E occurs very late in the month preceding each quarter. The AESO believes a real risk exists that the quarterly Rider E might not be available to participants before the first day of a quarter if even a slight dislocation in data flow or resources was to occur. Given the prospective application of Rider E, the AESO believes the risk of not being able to publish the Rider E rate prior to the start of the quarter should be mitigated. The change in data used for the calculation is intended to ensure the timely publishing of Rider E.

In order to mitigate the timing risk, the AESO has replaced one month of actual data with an additional month of forecasted data in the quarterly calculation. For example, the Q1 Rider E calculation will now be based on actual data for January through October and forecast data for November and December, rather than actual data until November and forecast data for December only. The benefit of using two months of forecast data is the ability to determine Rider E earlier and minimize the risk of late delivery.

The AESO has assessed the impact resulting from these changes by comparing the Rider E amounts that would result from two different data inputs sets. Table 1 provides the Q1 Rider E results as an example.

Table 1 – Q1 Rider E Comparison

Data Input Set	2009	2008	2007
Prior approach: Jan to Nov actual and Dec forecast (as posted on the AESO's website)	(0.03%)	(0.05%)	(0.12%)
Modified approach: Jan to Oct actual and Nov to Dec forecast	(0.03%)	(0.07%)	(0.15%)
Difference, actual	0.00%	0.02%	0.03%

The AESO considers the impact of the change on Rider E values are well within the tolerance limits for Rider E. The AESO also conducted limited informal consultation with several stakeholders in which no party raised strong objections to the proposed approach.

The AESO welcomes any stakeholder feedback on this matter and if requested, a more comprehensive stakeholder discussion can be initiated.

If you have questions or would like to discuss this further, please contact:

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