



September 29, 2009

To: **Loss Factor Stakeholder Team**

Re: ***Loss Factor Milestones Update for 2010 and 2014***

Please be advised of the following updates.

2010 Loss Factors

As part of the annual loss factor calculation, the AESO hosts a meeting in October to review the draft base cases used in the loss factor calculation and the draft loss factors based on the 2010 Generic Stacking Order and draft cases.

The draft base cases are expected to be released on or about October 15 2009 for stakeholder review. The 2010 draft loss factors are expected to be released on our about October 22 2009. A meeting to discuss stakeholder input on both of these items is booked for October 27, 2009, from 9:30-11:30 am at the Metropolitan Center, 333 4 Avenue SW, Calgary. Details will be provided on the meeting and location.

The AESO's requirement for producing the final and binding 2010 loss factors is November 6 2009.

Please RSVP your intentions of attending the October 27 meeting to lossfactor@aeso.ca by October 22, 2009.

2014 Loss Factors

Based on current plans, the AESO reasonably expects at least the first high voltage direct current (HVDC) line will be connected into the AIES by 2014. The connection of the line will affect system losses. The effects will generally be as a result of flow on the DC lines and also as a result of system dispatch. The modeling of losses between AC flow (presently used) and DC (not available until 2014) is different.

As a result of the inclusion of HVDC, two items will need to be addressed. Firstly, in the determination of 2014 non-binding loss factors, the case modeling and software will need to be used in a way to estimate DC losses so the loss factors are representative of a scenario including HVDC. The

discussion around the AC to DC approximation needs to occur now so the 2014 loss factors can be published before March 31 2010. Secondly, in 2010, the AESO will begin consultation with stakeholders to develop and implement a methodology to include HVDC in the development of loss factors.

Please call Robert Baker (403 539 2614) or email lossfactor@aeso.ca with any questions you may have.

Yours truly,

"Originally Signed by"

Robert Baker, P.Eng.

cc: Ashikur Bhuiya, P.Eng.