

February 16, 2006

Notice to Market Participants

Re: EPCOR Merchant and Capital L.P. (EMC) Conduct Compliance Plan

In July, 2005, the MSA published on its website a report entitled *Undesirable Conduct and Market Power*, which introduced the idea of Conduct Compliance Plans to address specific areas of concern to the MSA. The report was issued in the context of coming changes in market design and the removal of holding restrictions being contemplated by the Alberta Department of Energy. This notion was further elaborated in a November paper entitled *A Common Understanding: Fair, Efficient and Openly Competitive* also published on the MSA website.

EMC has entered into a tolling agreement with Calpine Energy L.P. that provides EMC with the marketing rights for the ~ 300 MW capacity of Calpine's Calgary Energy Centre (CEC). EMC will assume control of the offers for the CEC effective February 16, 2006 up to and including June 30, 2006. The strategic nature of the CEC, coupled with EMC's large existing portfolio, led EMC to approach the MSA, with a view to developing a Conduct Compliance Plan. The MSA is pleased to report that a suitable plan has been agreed upon.

Regarding the tolling of the CEC by EMC, the main areas of concern to the MSA are: (i) the effect of the CEC in relation to overall export ATC and Calgary area TMR; and, (ii) EMC's portfolio management strategies with its increased size. The agreed-upon plan addresses the MSA's concerns in these areas and applies for the period of the tolling agreement.

To be clear, the creation of this Conduct Compliance Plan in no way indicates any poor conduct on the part of EMC in undertaking their business activities in the Alberta electricity market. The plan is simply a sensible precaution and a prudent measure in the broader public interest.

The MSA thanks EMC for their proactive approach and cooperation in developing these undertakings in an expeditious manner.

The MSA reserves the right to seek Conduct Compliance Plans from market participants whenever they are required to support the operation of a fair, efficient and openly competitive market. If you have any questions, please call me at 403-705-8503.

Sincerely,

Mike N-P

Mike Nozdryn-Plotnicki
Manager, Market Monitoring
Market Surveillance Administrator