

NOTICE OF SPECIFIED PENALTY

Date of Issue: January 12, 2012

Payment Due Date: February 13, 2012

MSA File Number:	2011-239	Specified Penalty Amount:	\$ 2,500
Market Participant Name:	MEG Energy Corp.		
Asset ID (if applicable):	MEG1	Self Report	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
ISO Rule:	6.6	Date of Contravention:	August 5, 2011
Date of Referral/Self Report:	December 12, 2011	This is the second contravention by this asset for this rule within a rolling 12 month period.	

EVENT DETAILS

On August 4, 2011 at approximately 23:45 the MEG1 asset accepted an energy dispatch for 0 MW effective at 00:00 on August 5, 2011. At 08:01 on August 5, 2011 a dispatch for 65 MW effective immediately was rejected for the MEG1 asset and as a result the dispatch level remained unchanged at 0 MW. However, between 8:01 and 08:30 the MEG1 asset generated outside of its allowable dispatch variance (ADV) for approximately three 10 minute clock periods. At 08:35 the MEG1 asset accepted a dispatch for 30 MW effective immediately. At the time of the dispatch the MEG1 asset was generating at approximately 22 MW. The MEG1 asset did not move directionally towards the required dispatch level until 09:38. Section 6.6.3(a) of ISO rule 6.6 requires that in accordance with an energy market dispatch issued to a pool participant, the output of a generating asset must be changed to move directionally towards the quantity (MW) indicated in that energy market dispatch within ten (10) minutes of the time specified in the energy market dispatch.

FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the event was a contravention of ISO rule 6.6.

MATERIAL FACTS

The material facts relied upon by the MSA include the following:

1. AESO available capability, generation and dispatch data for the MEG1 asset for August 5, 2011.
2. AESO Information Request to MEG Energy Corp. dated November 11, 2011.
3. MEG Energy Corp. November 17, 2011 email to the AESO.
4. MEG Energy Corp. November 22, 2011 response to the AESO information request.
5. AESO letter to MEG Energy Corp. dated December 12, 2011 notifying the referral of the matter to the MSA.
6. MEG Energy Corp. December 13, 2011 email to the MSA.

DELIVERY OF PAYMENT

Payment by cheque or certified funds is to be made out to the "General Revenue Fund c/o Minister of Finance", and delivered to the Alberta Utilities Commission (AUC) at: 4th Floor, 425 - 1st Street S.W., Calgary, Alberta, T2P 3L8. Questions in respect of delivery of payment should be addressed to the Director of Finance, AUC. The payment should reference this notice and related MSA File #. Delivery of payment should also be confirmed by email to compliance@albertamsa.ca, with copy to the following AUC personnel: Sabi Ghavami (Director, Finance) sabi.ghavami@auc.ab.ca, and Darin Lowther (Director, Market Rules) darin.lowther@auc.ab.ca.

NOTICE

The Market Surveillance Administrator (MSA) is granted the power and authority under s. 52 of the *Alberta Utilities Commission Act* to issue a Notice of Specified Penalty where the MSA is satisfied that a person has contravened an ISO rule. Specified penalties are set out in AUC Rule 019.

In accordance with the relevant enactments and rules, a dispute regarding the issuance of a Notice of Specified Penalty or failure to pay the specified penalty in accordance with this notice will result in a hearing or other proceeding before the AUC.

In accordance with s. 5(1) of AUC Rule 019 this Notice of Specified Penalty will be made public no earlier 30 days and no later than 45 days after issuance. The MSA will, if applicable, also post on its website the link to any decision of the AUC respecting the specified penalty.

If your organization disputes the issuance of this Notice of Specified Penalty, or if you have any other questions or comments regarding this matter, please contact the MSA compliance team at compliance@albertamsa.ca.

SIGNATURE

Signature:	"Original Signed"	Signature Date:	January 12, 2012
Name:	Doug Doll	Title:	Manager Compliance