

April 29, 2005

**RE: Total Declared Energy (TDE) Submissions and the Trading Practices Guideline**

It has become apparent that there has been some confusion with the compliance requirements and the manner in which participants must make TDE submissions. In an effort to provide some clarity to the market, the AESO produced an informative letter and some FAQ's (see attached AESO letter).

Entering accurate and timely TDE information is not only part of the AESO rules and essential for system reliability and planning, but it is also the way participants are to disclose outages and derates to stay on side with the MSA's Trading Practices Guideline (TPG). It is essential that participants continue to disclose their outages in a timely manner and not take any commercial action prior to making outages public.

The MSA has experienced some data quality issues with the implementation of the automated outage reports and in conversations with participants has realized there are some misunderstandings with what constitutes a proper TDE submission. TDE is independent of any energy or ancillary services offers and is intended to reflect the maximum physical generation capability of a unit. TDE levels should remain at their maximum unless there is a physical reason to do so. It does not relate to a participant's view of the general profitability of the market for the asset's energy.

The MSA continues to expect both emails and TDE submissions to disclose derates and outages and intends to move to the automated outage reports once the TDE data quality is improved. The MSA will continue to analyze both emails and TDE values to look for improper disclosure and will enforce the TPG based on emails until such time as the automated reporting process is officially launched.

With the cooperation of all participants the accurate TDE values will enable a quick resolution to the data quality problems and the implementation of the near real-time outage reports. These reports will serve to provide greater access to information for the entire market and be available to all participants 24 hrs a day.

If you have any questions please feel free to contact the undersigned.

Yours truly,

*“Original Signed”*

Mike Nozdryn-Plotnicki  
Manager, Market Monitoring

April 28, 2005

Dear Market Participants:

**Re: Total Declared Energy (TDE) Submission Compliance**

On December 22, 2004, the AESO implemented new supply shortfall rules that require market participants to make their Total Declared Energy (TDE) submissions through the AESO's Energy Trading System (ETS). On March 30, 2005, these rules were simplified such that TDE submissions no longer need to be adjusted to reflect ancillary services provided to the AESO.

The Total Declared Energy submission represents an asset's maximum physical capability of supplying energy for a settlement interval (hour). This TDE submission of an asset's maximum physical capability is made irrespective of the offer made by that asset into the energy or ancillary services markets.

The AESO uses TDE information as part of its short term adequacy assessment procedures (OPP 705) to call on available energy over and above energy offers in the event that the energy merit order is exhausted. The AESO has also recently begun to use TDE information as part of its procedures (OPP 601) for reporting generation outages and derates. As such, it is extremely important that TDE information be submitted and maintained by market participants on an accurate and timely basis.

The AESO has recently reviewed the TDE submissions of all market participants as part of its compliance monitoring. This review has indicated that most market participants are updating their TDE information on a regular basis in advance of the settlement period. Unfortunately, however, there are a small number of market participants that have not been updating their TDE submissions on a regular basis. Without ongoing updates to TDE values, the AESO has no way of knowing whether the initial TDE values continue to be accurate, or whether the market participant has forgotten to update their TDE submissions as required. Accordingly, market participants are reminded to review their TDE submissions for all of their assets within ETS to ensure that the submissions are updated and accurate.

For those market participants that have questions regarding TDE submissions, we have attached some of the frequently asked questions regarding TDE. If you have any further questions regarding TDE submissions, please contact your customer service representative or AESOfirstcall at 1-888-588-AESO(2376). If you have any questions regarding compliance, please contact the undersigned at (403) 539-2779. We appreciate the cooperation of those

market participants that have been maintaining their TDE submissions, and strongly encourage those market participants with questions regarding TDE submissions to contact the AESO at your earliest opportunity.

Yours truly,

Darin L. Lowther  
Manager, Compliance Monitoring

## FREQUENTLY ASKED QUESTIONS REGARDING TOTAL DECLARED ENERGY (TDE)

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*Q: Who has to submit Total Declared Energy values to the AESO?*

A: All pool participants whose generating assets in the province of Alberta are 5 MW or greater must make a Total Declared Energy submission to the AESO.

*Q: How do I determine my Total Declared Energy value for each asset?*

A: The Total Declared Energy value is the asset's maximum physical capability of supplying energy for a particular settlement interval (hour).

*Q: I have revised my Total Declared Energy submission from the default value that was in ETS because it is not economic for me to generate energy at the current pool price. Is this correct?*

A: No. The Total Declared Energy submission for a particular asset is based on the maximum physical capability of that asset to supply energy. This value is determined irrespective of the offer made by that asset into the energy market, the ancillary services market and the current pool price.

*Q: Do I need to adjust my TDE values to account for Ancillary Services that I am selling to the AESO?*

A: No. Previously the AESO had requested that market participants adjust their TDE values to account for ancillary services that were being sold to the AESO. Effective March 30, 2005, adjustments to TDE to account for ancillary services will be done by the AESO, and are no longer required to be done by the market participant.

*Q: Where did the Total Declared Energy default value come from? I did not enter it, and it does not look to be correct.*

A: The AESO submitted initial default Total Declared Energy values into ETS on December 22, 2004, and has asked each market participant to update these values for their assets. The default values were based on the AESO's estimate of the maximum capability of each asset to supply energy. If the default TDE value is not accurate, please make adjustments to the TDE to replace the default values.

*Q: The maximum capability of my generator changes with the ambient temperature. How often do I have to adjust my TDE to reflect these changes?*

A: The AESO would encourage participants to keep their TDE as accurate as reasonably possible. As such, a TDE value that reflects an asset's winter peak capability may not necessarily be appropriate during the summer months. Each generator has its own unique operating characteristics, and as such, the AESO would encourage each market participant to keep their TDE submissions as accurate as possible without creating a significant administrative burden on the participant. Changes to TDE submissions are only required when the physical availability of the asset changes.

*Q: ETS prompts me to put in a reason for changing my TDE. How descriptive do you want me to be?*

A: The AESO encourages participants to provide reasons that describe the circumstances for changing the TDE value. Examples include a description of the operating problems associated with the generator, that the unit is returning from a derate or an outage, or that the unit is undergoing maintenance. The AESO discourages vague descriptors such as "down", "up", "offers", "en", "p.c", "\$" and "restate".

*Q: How and where do I change my TDE submission?*

A: TDE submissions are changed within the AESO's Energy Trading System (ETS). Changes to TDE can be made using the Energy Submission Page within ETS. This section may be most convenient if you are updating your TDE values at the same time you are updating your energy submissions or making energy restatements. You can also view and update your TDE submissions using the TDE Page within ETS. This section may be most convenient if you are updating your TDE values over a number of future periods.

*Q: How far into the future should I enter my TDE values?*

A: TDE values must be entered into ETS through to the end of 2005 to account for planned outages. TDE values that account for planned outages for 2006 must be entered into ETS by October 31, 2005.

*Q: Where can I get further information regarding the use of ETS and making my TDE submissions?*

A: If you have any questions regarding the use of ETS or in making TDE submissions, please contact your customer service representative or AESOfirstcall at **1-888-588-AESO(2376)**.