



August 1, 2013

Doug Simpson - Director, Market Operations
Alberta Electric System Operator (AESO)
2500, 330 – 5th Avenue SW
Calgary, Alberta T2P 0L4

Dear Doug:

RE: Total Export Transfer Capability Postings

Based on our recent discussions, it is our understanding that on August 13, 2013 with the anticipated commissioning of the MATL transmission line, the requirements under subsections 5.1(2)(a)(iii) and 5.1(2)(b)(vii and viii) of the ISO rules will no longer be relevant. The AESO has a process underway to have ISO rule 5.1 amended and it is expected to be completed by year end.

For reliability purposes, once the MATL line is energized, to comply with the spirit of subsections 5.1(2)(a)(iii) and 5.1(2)(b)(vii and viii) of the ISO rules, the AESO will include each of the MATL, British Columbia and Saskatchewan interties in its assessment prior to ISO rule 5.1 being updated/transitioned into the new ISO rules framework to include the MATL line.

Essentially, while the amendment of this rule is pending, the AESO would be in technical violation of the rule once the MATL line is energized. Upon being advised by the AESO of these upcoming changes, the AESO and MSA have sought to find a practical way to solve this problem, which is essentially one of timing.

The MSA has the obligation to ensure that all market participants follow ISO rules, including the AESO. The MSA also has the authority to forbear in situations where it makes sense to do so. This occurs frequently in cases where market participants self-report potential infractions of ISO rules and where the participants inform the MSA of all relevant particulars and there is no pattern of poor compliance.

In this particular case, the AESO has brought this to the attention of the MSA prior to implementation and has sought a solution to the problem. On that basis, the MSA is prepared to forbear on the matter provided that the AESO publishes a notice to market participants giving all relevant details including a commitment to have the relevant ISO rules amended by December 31, 2013. The MSA will also publish this letter by posting it on our website.

If you have any questions, please contact me.

Yours truly,

“Original Signed”

Market Surveillance Administrator

Per: Richard Penn

Senior Advisor

cc: Ron Smith, AESO

Diana Pommen, AESO