

NOTICE OF SPECIFIED PENALTY

Date of Issue: December 22, 2016

Payment Due Date: January 23, 2017

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|-------------------------------|----------------------------------|---|---|
| MSA File Number: | 2016-403 | Specified Penalty Amount: | \$ 2,500 |
| Market Participant Name: | TransAlta Generation Partnership | | |
| Asset ID (if applicable): | BOW1 | Self Report | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| ISO Rule: | 205.6 | Date of Contravention: | October 26, 2016 |
| Date of Referral/Self Report: | November 29, 2016 | This is the third contravention by this asset for this rule within a rolling 12 month period. | |

EVENT DETAILS

At approximately 18:01 on October 26, 2016, the BOW1 generating asset received concurrent ancillary service directives for 54 MW of spinning reserve energy and for 29 MW of supplemental reserve energy. At approximately 18:11 the directive for spinning reserve ended, while the directive for supplemental reserve remained in effect until approximately 18:43. However, the BOW1 asset responded as though both spinning and supplemental directives had ended at approximately 18:11, and the directive response from the BOW1 asset during the duration of the supplemental reserve directive was insufficient. ISO rule section 205.6 indicates that a pool participant must ensure that after receiving a directive to provide supplemental reserve, the asset is providing the quantity of real power equal to the instantaneous amount of real power of the asset at the time of the directive plus the amount of real power set out in the directive, no later than ten minutes after receiving the directive. Furthermore, from the first time the directive is met to fifteen minutes after the time of the directive, the average quantity of real power provided must be maintained according to the directive, as well as for each consecutive ten minute period after the first fifteen minutes (within a 10 MW tolerance for assets with a maximum capability of 200 MW or more).

FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the event was a contravention of ISO Rule 205.6.

MATERIAL FACTS

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

1. AESO generation, ancillary service dispatch, and ancillary service directive data for BOW1 for October 26, 2016.
2. Self-report from TransAlta Generation Partnership to the MSA dated November 29, 2016.

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 Greg Andrews (Investigator) greg.andrews@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 than receipt of confirmation of payment from the Commission 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

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| Signature: | "Original Signed" | Signature Date: | December 22, 2016 |
| Name: | Doug Doll | Title: | Director Corporate Services and Compliance |