

To: All market participants: (via e-mail)
cc. Interested parties.
Subject: Notice Pertaining to the Trading Practices Guideline and Information Disclosure Procedures

Pursuant to the *Electric Utilities Act* (Act), the Alberta Market Surveillance Administrator (MSA) has the mandate to establish guidelines to further the *fair, efficient, and openly competitive* operation of the market. The MSA must make such guidelines public.

The MSA recently posted two important reports on its website which will be of interest to all market participants.

The first report – “**MSA Trading Practices Guideline**” – focuses on the use of asset outage information for trading in the forward market. This report may be accessed at the following link: www.albertamsa.ca/455.html

The MSA takes the view that the *potential* for trading on future outage information that is not in the public domain creates the *perception* and/or *reality* of unfairness in the forward market. After an extensive analytical and review process, the MSA established the following Trading Practices Guideline (TPG):

Market participants must not trade on the basis of known but not public information about the status of supply, load or transmission assets that can reasonably be expected to have a material impact on market price. Trading shall be understood to include any type of financial or physical transaction or operational strategy designed to extract value from known but not public information about the status of supply, load or transmission assets.

The second report – “**Trading Practices in Albert’s Forward Market – Seeking Solutions**” – outlines an Information Disclosure Procedure (IDP) that describes the process for disclosing non-public information. The second report may be found at the following link: www.albertamsa.ca/469.html

The report sets out an Interim IDP which was initially scheduled to commence March 8, 2004. (As set out below, the Interim IDP is now scheduled to commence on April 5, 2004). The Interim IDP focuses primarily on the disclosure of outage information from generating assets, as it is based on data already being provided by market participants to the AESO under established procedures.

The second report also proposes a framework for developing a revised IDP which may replace the Interim IDP. The proposed IDP reflects a broader based approach, and would deal with information disclosure from market participants who operate generating, load, and transmission assets.

On March 4, 2004, the MSA posted a Notice to market participants that revised the approach and implementation schedule concerning the Interim IDP. It had become apparent that there were a number of issues pertaining to the quality of outage information that could not be overcome by the March 8, 2004 commencement date for the Interim IDP. Thus, the MSA decided to defer the start date for the Interim IDP to April 5, 2004. The deferral will allow the necessary information systems to be put in place and will provide market participants with added opportunity to provide feedback on the Interim IDP.

The revised schedule for the Interim IDP is as follows:

- 1) Comments on the proposed Interim IDP will be received until March 22, 2004;
- 2) Adjustments as appropriate to the Interim IDP complete by March 31, 2004; and
- 3) Commencement of daily publication of outages and effective date of the Interim IDP on April 5, 2004.

The MSA has also revised the date market participants would provide written comment on the proposed IDP from March 31, 2004 to April 30, 2004. The Notice can be found at the following link:

http://www.albertamsa.ca/files/Notice_of_revised_date_for_interim_IDP.pdf

The MSA encourages all market participants to comment on any matter related to the Interim IDP and IDP. In the second report, the MSA suggested a number of specific matters that market participants may consider in terms of developing responses to the initiatives set out. However, discussion and feedback is not necessarily limited to those items.

The purpose of the written submissions is to identify matters which will require further consultation with market participants. To encourage transparency, the MSA advises market participants that any verbal, written or electronic communication to the MSA concerning the matters set out in the reports will constitute part of the “public record” on these initiatives. Further, submissions received will be shared with all stakeholders, by posting on the MSA website.

The MSA will review the submissions and determine what issues require further discussion. The MSA may schedule one or more facilitated workshops during May to assist in the development of a revised IDP and to address other outstanding issues. The Interim IDP would stay in force until superceded by a revised IDP.

On an ongoing basis, the MSA will also post materials its website to assist market participants in their efforts to understand the TPG, as well as the Interim IDP and IDP. A dedicated section of the website will be established for this purpose, and will contain materials such as Frequently Asked Questions (FAQ); additional content will be included as new materials are developed.

The MSA will continue to take a proactive approach to the use of information in Alberta’s marketplace, to ensure the continued development of a fair, efficient, and openly competitive market.

Please do not hesitate to contact me at 403.705.3199 if you have any questions or concerns.

MARKET SUREVEILANCE ADMINISTRATOR

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