

March 7, 2008

Suncor Energy Inc.
P.O. Box 38
112 – 4th Avenue S.W.
Calgary, Alberta
T2P 2V5

Attention: Ms. Janice Odegaard
Vice-President & Corporate Secretary

Dear Ms. Odegaard:

Re: MSA File # 2008-002
Contravention of ISO rule 6.6 – Notice of Specified Penalty
Re: Dispatch Variance – SCR1 (November 28, 2007)

As you will be aware, your organization is a market participant governed by the ISO rules established by the Alberta Electric System Operator (AESO).

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. The range of specified penalties is set out in Rule 019 of the Alberta Utilities Commission (AUC).

In accordance with the relevant enactments and rules, the MSA is hereby issuing to your organization a Notice of Specified Penalty for non-compliance with ISO rule 6.6. A summary of other relevant particulars is set out below, for your information.

Event

On November 28, 2007 the Suncor Poplar Creek (SCR1) unit was observed to be in non-compliance with Rule 6.6 (Dispatch Variance) for approximately 60 minutes between 23:00 and 23:59 at variances of up to 33 MW during the period.

Process

The event was self-reported as a potential contravention of ISO rule 6.6 by TransAlta Energy Marketing Corporation, the submitting agent for SCR1. As part of its compliance monitoring the

AESO obtained information regarding the event and provided an opportunity for your organization to bring forward information it considered relevant to the matters at issue. Information obtained by the AESO was provided to the MSA for use in respect of its mandate.

Findings

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

In this regard, the material facts which were relied upon by the MSA include the following:

1. Event information provided by TransAlta Energy Marketing Corporation.
2. Self-disclosure of the event and circumstances.
3. November 28, 2007 AESO data for dispatch and generation for SCR1.

Specified Penalty

The Level of Non-Compliance for this specific circumstance is assessed to be Level 1 per the specified penalties matrix contained in AUC Rule 019. The MSA understands that this event constitutes the third contravention of ISO rule 6.6 by your organization in the past 12 month period (calculated on a rolling basis). Previous contraventions within this time frame for which your organization was issued notifications occurred on March 19, 2007 and April 11, 2007. These were addressed respectively by an AESO issued Warning letter dated February 14, 2008 and an AESO issued Non-Compliance letter dated February 21, 2008.

For these reasons, and in accordance with AUC Rule 019, the MSA has determined that a penalty in the amount of \$1,000.00 is appropriate for this specific contravention of ISO rule 6.6.

Specified Penalty Due Date

The penalty is due and payable to the AUC not later than April 7, 2008. The payment should reference this Notice of Specified Penalty. Questions in respect of delivery of payment should be addressed to the AUC.

Delivery of Payment

Payment by cheque or certified funds is to be made out to the "Alberta Utilities Commission", and delivered to: 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 # (see first page of notice).

Delivery of payment should also be confirmed in writing or by email to the MSA contact person noted below.

Failure to Pay Specified Penalty

Failure to pay the specified penalty in accordance with this notice will result in a hearing or other proceeding before the AUC.

Dispute re Notice of 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 Doug Doll, Senior Analyst, MSA, at (403) 233-6497 or doug.doll@albertamsa.ca. In accordance with the relevant enactments and rules, a dispute regarding the issuance of a notice of specified penalty will be addressed by an AUC hearing or other proceeding.

Notice of Specified Penalty Public

In accordance with AUC Rule 019, the MSA will make public this notice of specified penalty by posting a copy of this notice on its website, on or after 30 days from the date of issuance of the notice. The MSA also reserves the right to make information pertaining to the notice public through other means, in accordance with relevant enactments and rules (including rules applicable to a hearing or other proceeding before the AUC).

The MSA is committed to working with your organization and other market participants on compliance related matters, including re: the ISO rules. For further information regarding the monitoring, investigation and enforcement of ISO rules, we would refer you to the Notice re: ISO Rules Compliance on the MSA website (link <http://www.albertamsa.ca/735.html>).

Yours truly,
Market Surveillance Administrator

Per: Mike Nozdryn-Plotnicki
Manager, Market Monitoring

Copy to: Sherry Sellick - AUC
Marcy Cochlan – TransAlta
Joanna Luong-Tran - Transalta