

June 17, 2004

Rob Spragins
Market Surveillance Administrator
Suite 500, 400 – 5th Ave SW
Calgary, AB
T2P 0L6

Dear Rob:

Re: TPG/IDP Workshop Feedback

Thank you for the opportunity to attend the workshop last week. It was very useful, and we believe that the TPG/IDP is consistent with the ISO Rules and will assist in contributing to a fair, open and efficient market.

That being said, we are providing some additional feedback that we observed as a result of the workshop.

ISO Rule Consistency

It is believed that the rules are consistent with the intent of the TPG/IDP. In applying the ISO rules it may be interpreted that certain types of information sharing may be in conflict with “Sharing Competitive Information” or “Abuse of a Dominant Position” (rule 1.10.2), and those parties not complying with the TPG/IDP could also be subject to rule enforcement.

There was also an issue about who should be disclosing information: the PPA seller or the PPA buyer. While agreeing that the two parties should be able to reach a common agreement, OPP 601 states that the STS contracting party is responsible for disclosing outage information. Since the OPP requires the information to be collected, and it is not the AESO’s intention to change the party responsible for submitting the information, we do not believe that this should be an issue for the MSA.

Repetition Suggests Intent

It is also believed that repetition does not necessarily suggest bad faith. There may become a question as to whether the employee(s) or the organization applying the guidelines are trained properly, and repetition may reflect either a lack of training or skill. In fact, these employees/organizations may be trying their best to do a good job. In these instances, it may be appropriate for the non-compliant participant to receive additional training with respect to the MSA guidelines, without penalty. If repetition continues,

then the MSA may wish to consider a form of enforcement, even though the error may be inadvertent or honest, to provide incentives to the participant to ensure that their employees are trained properly.

Transmission Reporting

There was a concern that the information provided about transmission reporting was misleading. All transmission lines have the capability of transmitting 40 MW. The discussion should have focused on transmission lines that can have a greater than 40 MW impact on supply and demand. Most transmission outages are currently reported, but they do not necessarily have the MW impact defined.

Uncertain Outage Probabilities

We had some concern that the guidelines for reporting “possible” outages were unclear. It seemed that in one instance a stakeholder had questioned whether they should be disclosing potential outage information that leads them to trade a small portion because the likelihood of the outage was unclear. It seemed that the MSA responded that they probably did not have to report the outage information, and this response seemed contrary to the position “if it is good enough to trade on, it is good enough to disclose.”

It seems that the reporting requirements for outage probabilities would be onerous, and difficult to quantify. Reporting this information may also provide opportunities for gaming, and it does not seem conducive to reporting anonymously. By including low probability outages on high capacity factor units, it could significantly change the dynamics of outage reporting, and reduce the effectiveness of the report. The MSA may wish to consider an alternate mechanism to consider those who wish to trade on outage probabilities.

Economic versus Physical Outages

The MSA indicated that it is acceptable to make a unit unavailable for economic reasons without reporting, but it is quite another issue to be forced off to do maintenance without reporting. It is believed that, when possible, most suppliers and load will take their unit off for maintenance when it makes the most economic sense, therefore the reason for the outage may not always be distinct.

Please contact me at 539-2462 or Doug Simpson at 539-2494 if you have any further questions

Yours truly,

Colleen Fairhead
Senior Market Analyst

cc: Doug Simpson
Cheryl Terry



June 18, 2004

VIA E-MAIL AND COURIER

Market Surveillance Administrator
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Attention: Rob Spragins

Dear Mr. Spragins:

RE: Trading Practices Guideline and Information Disclosure Procedure

Direct Energy Marketing Limited ("DEML") wishes to respond to the MSA paper, dated June 10, 2004 and also to the MSA Stakeholder Workshop presented on June 10, 2004. DEML's core business is providing retail services to end-use consumers of electricity and natural gas in Alberta. DEML provides retail services to regulated electricity customers in ATCO Electric's service territory through its regulated business unit, Direct Energy Regulated Services and to unregulated retail electricity customers through Direct Energy Partnership, of which DEML is the managing partner.

DEML is supportive of the MSA in implementation of the Trading Practices Guideline (TPG) and Information Disclosure Procedure (IDP). A well designed and operating wholesale market is a key requirement for the development of a well functioning retail market. DEML believes that the TPG and IDP will contribute to the goal of a fair, efficient, and openly competitive market through the correction of existing information asymmetry.

DEML considers the threshold of 40 MW for generation compliance with the IDP is reasonable. Load may require further analysis by the MSA to determine its participation level with the IDP as well as transmission elements. Of the two possible presentation formats suggested for outages, DEML suggests the Capacity Factor Methodology is superior to the Fuel Type Methodology. DEML is supportive of the information required by the MSA be consistent with the AESO's OPP 601. As with several other market participants, DEML supports the information being presented in close to real time.

As all market participants are on a learning curve in complying with the TPG and IDP, it would be useful if the MSA could share with all market participants, perhaps on the MSA website, interactions with reporting participants (done anonymously) in achieving compliance. This will assist all participants in clarifying their own obligations, through example. Such a sharing of information will enhance the enforcement principle outlined by the MSA: Enforcement should not get ahead of the rollout or clarity related to the implementation of the IDP.

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DEML appreciates the diligent work the MSA has done to bring the TPG and IDP to fruition. The guideline and disclosure procedures should improve the Alberta marketplace.

Should you have any questions, please contact the undersigned at (403) 290-5378.

Yours truly,

DIRECT ENERGY MARKETING LIMITED

Glenn MacIntyre
Manager
Government & Regulatory Affairs
Western Region



June 18, 2004

Mr. Rob Spragins
Manager, Investigations
Market Surveillance Administrator
#500, 400 – 5th Avenue S.W.
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Dear Mr. Spragins:

EPCOR Utilities Inc. (“EPCOR”) is pleased to provide this letter following up on the stakeholder workshop of June 10th, 2004 (“the Workshop”) that was held by the Market Surveillance Administrator (“MSA”) in respect of its Trading Practices Guideline (“TPG”) and Information Disclosure Procedures (“IDP”) initiatives.

EPCOR has been an active participant in the consultation process undertaken by the MSA to develop and implement the TPG and IDP framework. While EPCOR appreciates the intent and objective of the initiative to ensure a fair, efficient and openly competitive market in respect of awareness of outage information for trading purposes, uncertainty with respect to the framework that would ultimately be employed to implement the initiative – and whether it would achieve the necessary balance of interests - did raise concerns for EPCOR in earlier stages of the consultation. These issues were described in detail in EPCOR’s previous correspondence to the MSA on March 23, 2004 and April 30, 2004, and have also been raised in our discussions with the MSA.

The implementation framework described at the Workshop and in the pre-Workshop material appears to address a number of the concerns that EPCOR and other parties had raised. This includes the MSA’s commitment (described in the pre-Workshop material) that the framework will allow for and accommodate inaccuracies in outage information, provided that the initial outage estimates were provided in good faith and prepared with reasonable diligence. It is imperative that the framework recognize and accommodate the inherent degree of uncertainty that exists with respect to estimating the timing and duration of any outage, and EPCOR is encouraged by the MSA’s commitment in this regard.

A range of views have been expressed in respect of which party should be responsible for submitting outage information within the TPG and IDP framework. In EPCOR’s view, this obligation should reside with the party that has dispatch control of an asset. These parties have the direct relationship with the power pool and have the most immediate and direct interest in the outage status of the underlying assets, and in managing the associated risks. Accordingly, it is appropriate that these entities also have the obligation to report the outage information in accordance with the IDP. EPCOR notes this arrangement would also accommodate and be consistent with the existing arrangements that have been established in respect of the PPAs

whereby PPA Buyers, who are responsible for the dispatch of the units, report outage information provided to them by PPA Owners.

EPCOR appreciates the opportunity to continue to provide input into this important initiative. Please contact me at (780) 412-3411 if there are any questions regarding EPCOR's comments.

Yours truly,

"Original Document Signed"

Daniel Jurijew
Manager, Regulatory Affairs

June 18, 2004

Martin Merritt
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Dear Mr. Merritt:

**Re: MSA Trading Practices Guideline & Information Disclosure Procedure –
TransCanada Comments**

TransCanada Energy (“TransCanada”) thanks the Market Surveillance Administrator (“MSA”) for its presentation of June 10, 2004 and for a further opportunity to comment on the Trading Practices Guideline (“TPG”), the Information Disclosure Procedure (“IDP”) and their implementation. In this letter TransCanada comments on issues raised by the June 10, 2004 workshop and related information package. It is not TransCanada’s intention to revisit our earlier written submissions on the TPG and IDP however, we believe those comments remain valid. TransCanada has specific concerns about the publication of certain data and information symmetry between load and generation.

TransCanada’s primary concern is that the MSA’s publication of aggregate outage information may not sufficiently disguise market participants. Specifically, the MSA reports on day over day changes may often present units without the masking effects of other units in same category, and this is unacceptable to TransCanada. Not only does the disclosure of certain units distort the market, but also may be contrary to the MSA’s own confidentiality of records requirements set out at Section 5 of the *Market Surveillance Regulation* (AR 166/2003). While it is unclear that change reports are even necessary, to avoid inappropriate disclosure such reports must not refer to current month data since this data lacks the disguise provided by time weighting. TransCanada further recommends that to ensure confidentiality the MSA publish information grouped by capacity factor and in graph form.

With respect to information symmetry, TransCanada agrees with this principle and notes that there should be greater symmetry between load and generation information provided to the MSA and the AESO. If the MSA chooses a MW volume which accounts for a certain percentage of generation, then it is appropriate for a threshold to be set that captures a similar percentage of load. While this may not be practical because the majority of load falls below

20 MW, TransCanada would like to suggest that it may nevertheless be appropriate to have a lower MW threshold for load than for generation.

TransCanada also notes its concerns about the tie lines. Continuous uneconomic behavior on tie lines is unacceptable to TransCanada and should be subject to MSA oversight. Tie line issues are not currently captured by the TPG. In view of the impact uneconomic tie behavior has with respect to pricing, competition, liquidity and market power, it is appropriate that tie activity be monitored in conjunction with the TPG.

In addition, TransCanada has concerns respecting liability associated with the outage information. Information that is provided by market participants could be time sensitive and subject to change. Reliance by the marketplace on such information which turns out to be inaccurate could in turn create liability. There may also be regulatory implications for market participants if information is disclosed and subsequently amended.

Finally, TransCanada recommends that the MSA seek to provide the highest level of clarity possible with respect to the TPG, IDP and their implementation. It would be helpful to have further clarity on the MSA's expected timing of plant outage notification. Specifically, does the MSA expect notification only when a unit actually goes offline or when there is a more remote possibility of outage (i.e. simply hearing a unit "hiss")? Further clarity respecting the MSA's understanding of "operational strategy" would also be beneficial.

TransCanada thanks the MSA for this opportunity to comment again on the TPG and looks forward to further consultation. If you have any questions or concerns, please do not hesitate to contact the undersigned.

Yours truly,

Ken Kunz
Director, Power Trading and Operations