

Making electricity

*fair,
efficient &
competitive*

MARKET SURVEILLANCE
ADMINISTRATOR

2003 ANNUAL REPORT



Market Evolution

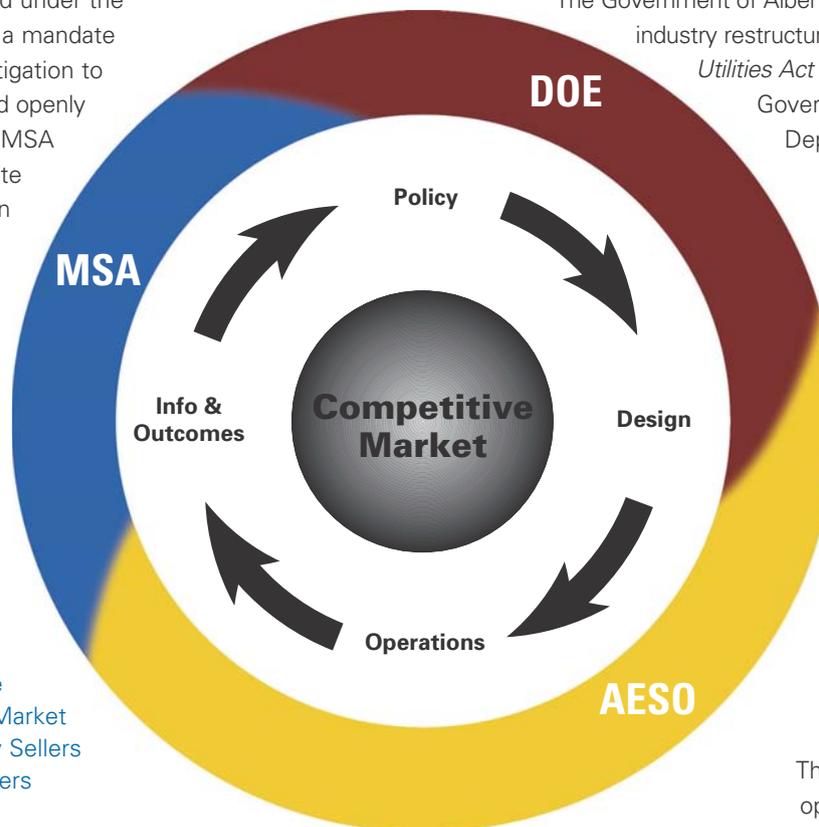
The market evolves through a continuous process beginning with policy decisions which serve to guide the design of the market. Market design establishes how the market will function and the rules and protocols surrounding its operation. Finally, the market is operated within this policy and design framework producing information and outcomes. It is at this stage where the MSA is focused, to assess that the market is fair, efficient, and openly competitive.

MSA

The MSA was established under the *Electric Utilities Act* with a mandate of surveillance and investigation to ensure a fair, efficient, and openly competitive market. The MSA has authority to investigate and recommend sanction of market participants for inappropriate market behaviour.

DOE

The Government of Alberta initiated electricity industry restructuring with the *Electric Utilities Act* in 1995. The Alberta Government, through the Department of Energy, sets the policy framework for the industry.



Contents

- 01 President's Message
- 06 Alberta's Electricity Market
- 07 Wholesale Electricity Sellers
- 10 Retail Electricity Buyers
- 12 Market Issues
- 15 Outlook for 2004
- 17 Financial Statements
- 20 Notes to the Financial Statements

AESO

The AESO directs the operation of Alberta's interconnected electric system and plans the transmission system. The AESO also operates and sets the rules for Alberta's hourly wholesale electricity market.

Building confidence in a deregulated electricity market

President's Message

The Alberta Market Surveillance Administrator

Winston Churchill said about democracy that it was the worst possible way to run a country...."except for all the other ways". Perhaps electricity markets are like democracy – they take work and they're not perfect, but they're better than the alternatives.

In spring 2003 the Government of Alberta passed into law the new *Electric Utilities Act* and two related regulations: the *Market Surveillance Regulation* and the *Code of Conduct Regulation*. Collectively, those laws give Alberta's Market Surveillance Administrator (MSA) enhanced responsibilities, jurisdiction, independence and tools to ensure that our electricity markets operate in a fair, efficient and openly competitive manner.

This is our first annual report under the new Act and regulations. We share with you our assessment of where we are and the issues we need to tackle to take a fair, efficient and openly competitive market to the next level.

*Taking a fair,
efficient and openly
competitive market
to the next level*

The ancillary services market has been the object of added MSA analysis this year. One of the challenges for this market is that the legacy hydro assets, operated under a financial PPA, have a very large market share. The market creates a peculiar interaction between merchant capacity that has to recover its fixed cost from this market and the hydro PPA capacity whose fixed costs are recovered through other mechanisms. The MSA will continue working with the AESO and market participants to ensure that this market is both fair and sustainable, while continuing to deliver the benefits of the legacy assets to ratepayers as contemplated by the legislation.

Two-thousand-three brought renewed focus to the retail market. The new *Code of Conduct Regulation* is designed to foster a level playing field among retailers while protecting customer information. Under the new Code, each distribution owner and its affiliated retailer (if it has one) must file a plan detailing how they will comply with the regulation. The MSA approves these plans and then audits the behaviour against the regulation and the plan on an annual basis.

The industrial/commercial sector of the retail market, representing the largest share of the total load in Alberta, is well contested. There are a number of retailers offering products and services in this sector. Competition in the small residential sector, however, remains relatively thin.

The number of retailers in the sector has not grown significantly and, generally speaking, the small residential customers seem so far to be choosing not to choose. In 2004 our adjudication of the Code of Conduct will pay particular attention to levelling the advantages of incumbency as the Code contemplates. Without new retailers there will be limited customer choice.



The MSA will continue to promote a rich and symmetrical information environment – necessary pre-conditions for fair, efficient and open competition and for the emergence of a liquid forward market. Improved liquidity in the forward market will allow all retailers to design and offer the most competitively priced products possible.

Competition has in many ways already eclipsed the best that we could have hoped for from a regulated alternative.

The MSA comprises twelve individuals dedicated to earning the confidence of participants, consumers, legislators and prospective investors in our market. To do this we maintain a thorough understanding of the rules and dynamics of every market sector, build working relationships with stakeholders and consistently apply the tools given to us in statute and regulation to foster fair, efficient and open competition. Further, in 2003, the MSA formalized employee conflict-of-interest standards. These standards guide interests or relationships that are or have the appearance of being in conflict with the MSA's best interests. Included are restrictions related to the holding of securities in any company engaged in the

electricity market in Alberta, or any entity over which the MSA exercises its mandate. Finally, as we are stakeholder funded, we strive to manage the effectiveness and efficiency of our agency to the standard that stakeholders expect.

The market remains a work in progress. However, competition has in many ways already eclipsed the best that we could have hoped for from a regulated alternative.



Martin Merritt

Market Surveillance Administrator

March 17, 2004

The Alberta Market Surveillance Administrator

1. *fair*

We create a level playing field

A level playing field is one in which all participants are treated in an impartial and unbiased manner in terms of being held to the rules and regulations of the market – that there is an even-handed application of market rules. The MSA characterizes this concept as “symmetry”. A fair market is a sustainable market. Participants will eventually exit a market that is not perceived as fair.

2. *efficient*

We ensure outcomes reflect fundamentals

Market efficiency has both a short-term and long-term connotation. In the short-term, market efficiency means that market forces deploy supply and load assets to their highest value use. In the long-term, market efficiency means that logical capital investment choices are made in terms of the build signal imbedded in the market. An efficient market ensures an optimal balance between supply and demand.

3. *openly competitive*

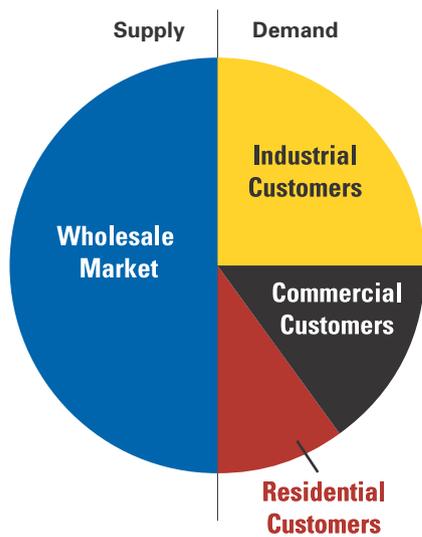
We ensure the marketplace works for everybody

An openly competitive market is one that is information rich, comprised of many players, is transparent, well contested, and has no artificial barriers to entry. An openly competitive market attracts new entrants, and ensures that the most efficient and creative players prosper.

Alberta's Electricity Market

The market is evolving in an appropriate way

Wholesale/Retail Customers
(Figure 1)



A large proportion of the market structure functioned reasonably well in 2003.

Know More!

The MSA made a number of presentations to industry stakeholders in 2003.

Review recent MSA presentations at: www.albertamsa.ca

The Alberta electricity market is a dynamic entity that continues to evolve. The MSA looks for evidence that market outcomes are contested in a competitive way and that outcomes reasonably reflect market fundamentals. In 2003, a number of market parameters suggest that a large proportion of the market structure functioned reasonably well, although there continue to be areas for improvement. Price spikes occurred periodically in 2003; however, these excursions were infrequent, limited in duration and were the result of market fundamentals. Price-setting activity was broadly distributed across many market participants and the most frequent price setters did so at lower than average price levels. The interconnection between Alberta and British Columbia functioned in a logical manner in terms of how flows responded to conditions in the Alberta market. Implied market heat rates¹ continue to decline, indicating that electricity is being generated from natural gas at a higher efficiency as new and more efficient generation comes to market. Lastly, the conclusion of the MAP II process in 2003 resulted in a continued decline in the concentration of generation capacity with the added benefit of attracting new players to the Alberta market.

Competition in the retail market is working reasonably well in the commercial/industrial segment. However, it remains thin at the residential level as consumers continue to be slow in moving off regulated default supply.

¹Heat Rate = Electricity Price/Gas Price

Wholesale Electricity Sellers

There are more competitors selling electricity

The average wholesale market price moved up in 2003 to \$62.99/MWh from \$43.93/MWh in 2002.

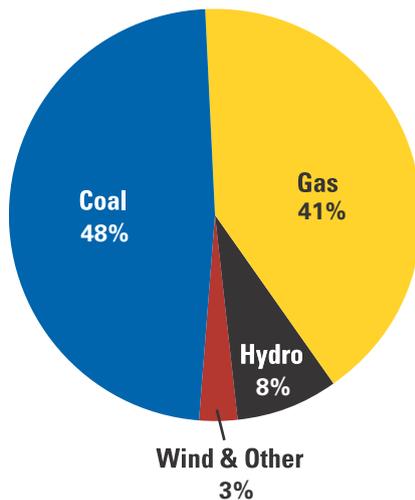
This is not surprising since Alberta natural gas prices were 65 percent higher than 2002 for natural gas-fuelled generators who comprise 40 percent of Alberta's generation base.

These higher natural gas prices mask the improved market efficiency shown in figure 3, that shows overall market heat rates continued to decline in 2003 to 10.1 GJ/MWh versus 11.6 in 2002 and 14.2 in 2001. This indicates that electricity is being generated less expensively relative to the price of natural gas.

While greater efficiency is a desirable market outcome, this should be viewed in the context of generators' ability to recover not only their fuel costs but their variable operating and maintenance costs as well as their cost of capital. In 2003, the last natural gas unit built under regulation would have been able to recover its variable fuel cost only 30 percent of the time. New combined-cycle units built since deregulation would have met their cost of fuel about 65 percent of the time.

Figure 4 shows the distribution of Pool price through 2003 relative to 2002. Price spikes occur periodically under tight supply conditions but they tend to be infrequent and limited in duration as the market responds. These tight supply conditions are typically an outcome

Generation by Fuel Type
(Figure 2) December 2003



Alberta's generation base has grown more diverse with capacity additions in gas and alternative fuels.

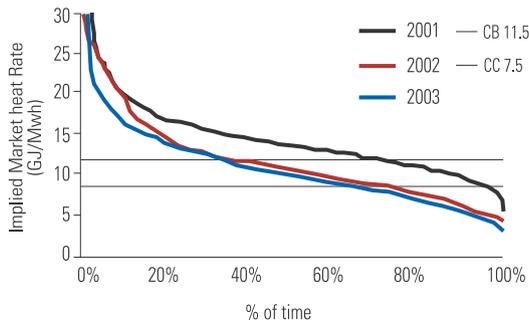
Know More!

The MSA publishes weekly market statistics in the MSA Market Monitor.

Review the Market Monitor at: www.albertamsa.ca

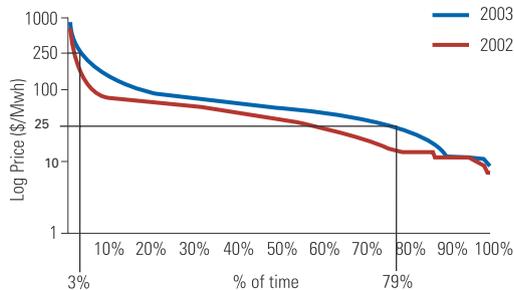
Heat Rate Duration Curves

(Figure 3)



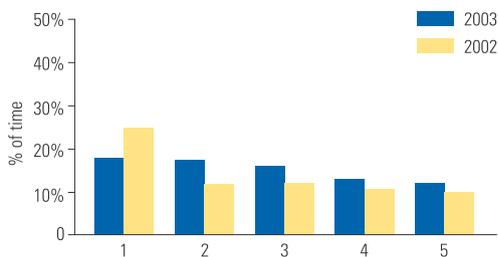
Price Duration Curves

(Figure 4)



Pool Price Setters

(Figure 5)



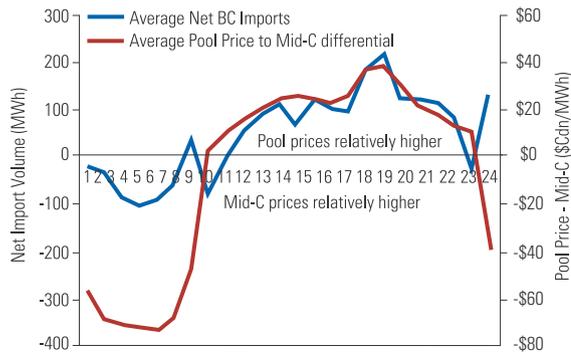
of significant generation outages and/or derates in the system. In 2003 Pool price exceeded \$250/MWh, less than three percent of the time. Looking at the other end of the price curve in comparison, Pool price was below \$25/MWh 21 percent of the time in 2003.

Marginal price-setting activity was highly contested in 2003 and the price-setting frequency among participants continues to grow more evenly distributed over time. Figure 5 shows that no one or two participants dominated the setting of the marginal price. The difference in the proportion of time between the first and fifth most frequent price setters was six percent in 2003 as compared to 15 percent in 2002.

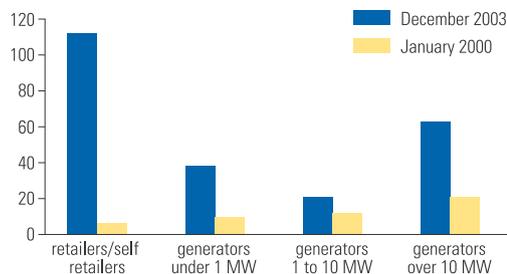
Imports and exports are another important variable in the market since interconnection flows can effectively increase or decrease system supply by up to the capacity of the interconnection. The British Columbia interconnection attracts a greater focus in the Alberta market since it has over four times the transmission capacity of the Saskatchewan interconnection. Moreover, the British Columbia interconnection is a direct link to the competitive western U.S. markets.

Figure 6 shows that on average, the flow of energy on the British Columbia-Alberta tie-line through the day in 2003 was as one would expect – strongly correlated to relative prices between Alberta and the Pacific Northwest, Alberta’s closest competitive market. In off-peak hours when Alberta demand is low and market prices tend to be low, the net flow was out of the province. Conversely, during on-peak hours when demand and price is higher, the net

Imports/Exports (Figure 6)



Market Participant Profile (Figure 7)



Know More!

Retail market metrics are included in MSA quarterly reports.

Review MSA quarterly reports at: www.albertamsa.ca



flow on the interconnection was into the province. The somewhat counter-intuitive features in figure 6 between hour ending 7 and 8, and between hour ending 23 and 24 are related to the price effect of the typical cessation of overnight export flows out of the province at the end of off-peak hours and of the sharp reversal of tie-line flow at the end of the on-peak period. While the interconnection flow follows a logical pattern, the market share of importers and exporters is strongly influenced by one player particularly in terms of exporters. BC Hydro, through its marketing affiliate Powerex, holds all firm transmission rights on the Alberta-British Columbia interconnection and therefore has a large market share on the Alberta-British Columbia inter-tie. From Alberta's perspective, this is a less than optimal situation and a weak link in the wholesale market.

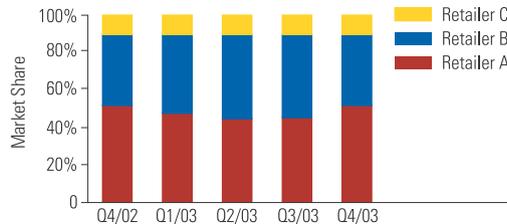
Investment in new generation demonstrates confidence in a functioning, competitive market. In 2003, over 600 MW of new generation was added to the system and approximately 500 MW is expected to come on-line in 2004. The makeup of these current and expected additions also speaks to the response of the market to upward trending natural gas prices. A significant number of these new megawatts are comprised of coal, co-generation, and a growing proportion is comprised of alternative fuels including wind, hydro and biomass.

The number of market participants increased marginally in 2003 to 230 and this levelling off suggests that current participant numbers are approaching a steady state that is more than adequate to support a competitive wholesale market.

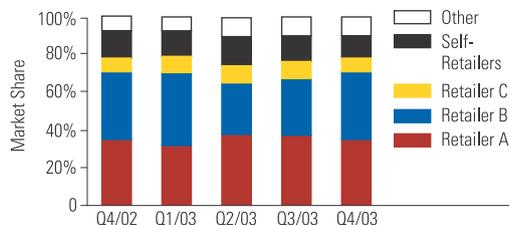
Retail Electricity Buyers

Competition remains thin

Residential - RRO Eligible
(Figure 8)



Commercial/Industrial - RRO Eligible
(Figure 9)



In large measure, residential customers are choosing not to choose. Competition in the residential segment of the retail market remained thin in 2003 in terms of competitors as shown in figure 8.

A key factor is the low percentage of residential customers that have switched off regulated default supply (formerly known as regulated rate option or RRO). Notably, as figure 11 demonstrates, this percentage increased from 1.8 percent to 3.9 percent through 2003. The low switching rate is at least partially due to consumers who are not used to entering into contracts for standard services, as well as the inability of retailers to beat regulated default supply rates.

For example, residential customers living in the City of Calgary in 2003 would have paid \$5.48 cents/kwh on the energy component of their bill if they remained on regulated default supply. Based on contract rates available in the market, the customer would have paid a price ranging from 6.3 cents/kwh to 7.5 cents/kwh for their energy although by remaining on RRO, the customer is accepting the risk of a higher RRO rate when this rate is re-set. Based on these prices, contract offerings did not provide a clear incentive for residential customers to switch off RRO in 2003.

Know More!

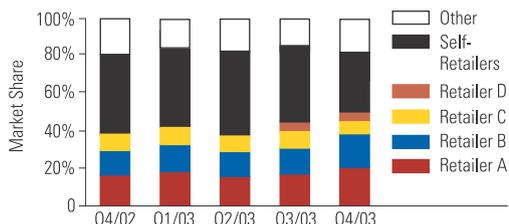
The MSA published its investigation procedures in 2003.

Learn more about MSA investigation procedures

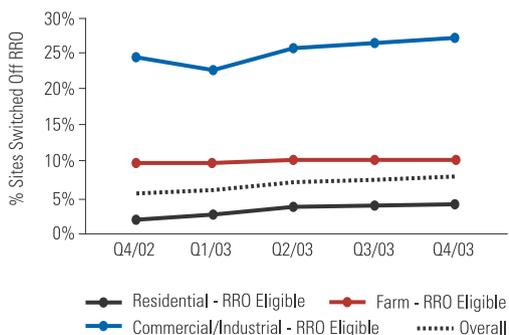
at: www.albertamsa.ca



**Non-RRO Eligible
(Figure 10)**



**% of Sites Switched Off RRO
(Figure 11)**



Know More!

The MSA published a decision related to the *Code of Conduct Regulation* in 2003.

Review MSA Code of Conduct decisions

at: www.albertamsa.ca



Other areas of the retail market are working reasonably well. The RRO-eligible category of commercial/industrial customers as shown in figure 9, shows a more encouraging picture in terms of market share segmentation among retailers. RRO was scheduled to expire for these customers at the end of 2003, which would have been expected to strongly influence the switching statistics for this category. However, the expiration date was deferred by regulation change late this year until June 30, 2006.

Market share in the non-RRO-eligible commercial category (shown in figure 10), is by far the largest of the four categories by load, and is similarly split among several retailers, including a large self-retailer component.

The competitor makeup of each retail market segment is one indicator of the level of competition for retail customers. Another competitive indicator is the variation in market share from period to period which reflects switching activity from one retailer to another.

Since market shares shown here are presented on the basis of load, comparisons should be made on a year-over-year basis in order to mute seasonal effects. In comparing retail market shares for Q4 2003 and Q4 2002, figure 11 shows only marginal variation for retailers in the residential and RRO-eligible commercial/industrial segments.

Market Issues

The MSA reviews market issues arising from internal market monitoring and surveillance activities as well as those brought forward by market participants. The following is a sample of the market issues dealt with by the MSA in 2003 and the MSA's response to these issues.

Exporting at a Loss

Situation: The MSA observed recurring export activity by a market participant at an apparent economic loss through the month of May.

MSA Response: The MSA conducted an informal investigation into the matter which included meeting with the participant in question to gather additional facts and information to fully assess the participant's conduct. After reviewing the facts, the MSA concluded that the participant had legitimate reasons to act as it did and closed the file on the matter.

Negative Option

Situation: The MSA was aware of concerns related to use of so called 'negative option' consent practices, in which notice is given to the customer that their consent to disclosure and use of their information would be considered given, unless the customer indicated that they were in fact not consenting.

MSA Response: In respect of the Code of Conduct, the MSA issued a letter to certain parties in September 2003, setting out its views around the manner of customer consent required for disclosure and use of customer information. The MSA stipulated that written or electronic consent would be the standard required under the Code, and would expect this to be addressed in the compliance plans of the various parties subject to the Code. Enmax Energy Corporation, the market participant engaging in the negative option practice, agreed to stop this activity, and provided undertakings to the MSA in this regard.

Information Sharing

Situation: In the course of the MSA's monitoring and surveillance activities, it became apparent that there were a number of information-sharing issues warranting a comprehensive approach. Of particular concern was the trading on outage and derate information prior to that information being made public.

MSA Response: The MSA commenced a major initiative during 2003 concerning the development of a general framework to guide information-sharing activities in the Alberta market. This initiative is expected to be fully implemented during 2004.

Spinning Reserve Contract Terms

Situation: The MSA initiated an informal investigation into contractual obligations pertaining to spinning reserve contracts in the ancillary services market. In particular, the MSA is considering whether there is a level playing field among suppliers with respect to the application of contract terms related to failure to deliver.

MSA Response: This issue is currently under consideration.

Regulating Reserve Issue

Situation: As a result of concerns expressed by a reserve market participant, the MSA conducted an informal investigation into a fundamental change in the active regulating reserves market.

MSA Response: The MSA reviewed the pricing strategy of reserve providers and whether reserve providers were being treated in an equitable manner. The MSA found the pricing behaviour of regulating reserve providers to be consistent with the behaviour that would be expected in a competitive market. Further, the MSA found no evidence to indicate that reserve providers were not being treated in an equitable manner.

Ancillary Services Pricing Issue

Situation: In early November, TransAlta Energy Marketing Corp., a subsidiary of TransAlta Utilities (TAU), initiated a trading behaviour in the active spinning reserve market which was similar to its trading practice in the active supplemental reserve market, in which TAU prices its offers at a highly negative differential to Pool price. This had a noticeable influence on the market index for active spinning reserves and was motivated by TAU being unable to supply its full obligation under the hydro PPA.

The benefit to TAU is that the behaviour minimizes the cost of being short of reserves under provisions of the hydro PPA. There was no direct harm to other sellers of reserve products other than being crowded out of the market on certain days because of their inability to sell certain reserve contracts. However, the MSA viewed the behaviour as aberrant since no other market participant would have an incentive to trade similarly. As well, the MSA viewed this behaviour as having an undue and undesirable influence on a market index.

MSA Response: The MSA published a market event report which describes this issue in detail in order that all ancillary services market participants may better understand these market outcomes. The MSA continues to work with various parties to facilitate a long-term solution to this issue. The event report discussing this issue can be found at:

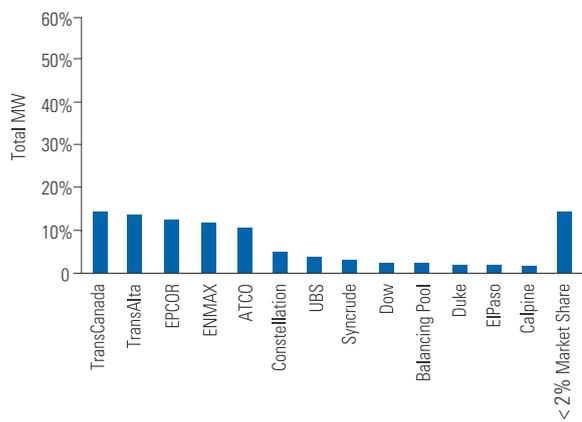
<http://www.albertamsa.ca/files/SpinningReserveMarketEventReport012304.pdf>

Review of Aggregator Role

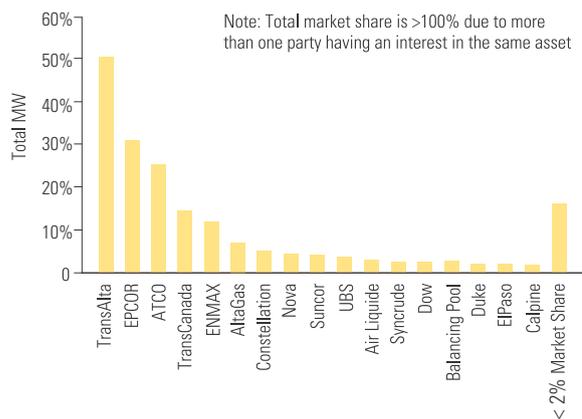
Situation: The MSA received concerns related to the transparency of the Balancing Pool aggregator function. The aggregator function combines the strip offers associated with the derivative contracts sold from the Sheerness and Genesee generating stations, into one set of offers for each generating asset.

MSA Response: The MSA undertook a review of the aggregator role and applicable rules and published a synopsis of its findings. This review concluded that the aggregator function is a useful and appropriate mechanism to facilitate offers related to the strip contracts, and further, that it is operating fairly.

Dispatch Control Share
(Figure 12) December 2003



Information Share
(Figure 13) December 2003



Outlook for 2004

Looking ahead to 2004, a key priority of the MSA will be to further advance market transparency – one barometer of which is the level of forward market liquidity. Trading in the forward market constitutes an important component of the energy market in the province and low liquidity in the market is of concern to the MSA. Figure 12 indicates that in Alberta, the dispersion of control concerning physical assets is good. However, as seen in figure 13, the dispersion of knowledge about unit outages is not as good.

The potential for, and negative perception around, the use of outage information is exacerbated by the level of information asymmetry that exists in the Alberta market. As a result, few participants know the most about the current and future status of a significant percentage of Alberta’s generating units. The MSA believes that information asymmetry and the potential for trading on outage information are unfair and contribute to poor liquidity in the forward market.

Other priorities for 2004 include completion of our ancillary services review and continued monitoring and enforcement of adherence to the retail Code of Conduct to ensure there is a level playing field for retailers is a level one. The MSA looks forward to working with industry stakeholders in the upcoming year to move Alberta’s electricity market to the next level.

Auditors' Report

To the Market Surveillance Administrator

We have audited the balance sheet of the Market Surveillance Administrator as at December 31, 2003 and the statements of operations and cash flows for the seven month period then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and the results of its operations and its cash flows for the seven month period then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

March 19, 2004

Balance Sheet

As at December 31, 2003

	\$
ASSETS	
Current Assets	
Cash	473,513
Accounts receivable	682
Prepaid expenses and deposits	33,289
	507,484
Capital Assets (note 3)	110,494
	617,978
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	293,620
Deferred revenue (note 4)	324,358
	617,978
EQUITY (note 1)	-
	617,978

On behalf of the corporation:



Martin Merritt
President & Chief Executive Officer
Market Surveillance Administrator



Wayne Silk
Vice President & Chief Operating Officer

Statement of Operations

For the Seven Months Ended December 31, 2003

	\$
Revenue	
Alberta Electric System Operator (note 4)	1,145,407
Interest income	696
Total Revenue	1,146,103
Expenses	
Salaries and benefits	805,995
Operating, office and administrative	171,115
Consultants and audit	149,384
Amortization	19,609
Total Expenses	1,146,103
Net Earnings (note 1)	—

Statement of Cash Flows

For the Seven Months Ended December 31, 2003

	\$
Cash provided by (used for):	
Operations	
Net earnings	-
Item not involving cash:	
Amortization	19,609
Change in non-cash operating items:	
Increase in accounts receivable	(682)
Increase in prepaid expenses and deposits	(33,289)
Increase in accounts payable and accrued liability	293,620
Increase in deferred revenue	324,358
	603,616
Investing	
Expenditures on capital assets	(130,103)
Increase in cash	473,513
Cash, beginning of the period	-
Cash, end of the period	473,513

Notes to the Financial Statements

For the Seven Months Ended December 31, 2003

1. Nature of Operations

The Market Surveillance Administrator was incorporated as an independent, stand-alone entity on June 1, 2003 under the *Electric Utilities Act* of the Province of Alberta. Prior to June 1, 2003, the Market Surveillance Administrator function was carried out under the Power Pool Council.

The business and affairs of the Market Surveillance Administrator corporation are overseen by an individual appointed as Market Surveillance Administrator by the Minister of Energy for the Province of Alberta.

The mandate of the Market Surveillance Administrator, as set out in the *Electric Utilities Act*, is to carry out surveillance and investigation in respect of activities in the electric industry in the Province of Alberta. Those activities include the supply, generation, transmission, distribution, trade, exchange, purchase or sale of electricity, electric energy, electricity services or ancillary services. The objectives of carrying out surveillance and investigations are to assess whether or not:

- The conduct of market participants is consistent with the fair, efficient and openly competitive operation of the electricity related markets in Alberta;
- Legislation and market rules are being complied with;
- The market rules are sufficient to discourage anti-competitive practices in the electric industry; and
- The market rules facilitate fair, efficient and openly competitive electricity related markets.

The Market Surveillance Administrator has no share capital. The *Electric Utilities Act* requires that the Market Surveillance Administrator prepare a budget for each fiscal year, for approval by the chair of the Alberta Energy and Utilities Board. Once approved, the Alberta Electric System Operator is required to pay the Market Surveillance Administrator the budgeted costs and expenses, net of any other revenues. The Market Surveillance Administrator is to be managed so that no profit or loss results on an annual basis from its operation.

2. Significant Accounting Policies

Capital Assets

Capital assets are stated at cost. Amortization is provided using the following methods and annual rates:

Computer Hardware	Straight-line	3 Years
Computer Software	Straight-line	3 Years
Furniture & Equipment	Straight-line	5 Years

Income Taxes

No provision has been made for income taxes as the Market Surveillance Administrator is a not-for-profit organization as set out in the *Electric Utilities Act* of the Province of Alberta.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities.

Revenue Recognition

Consistent with the requirements of the *Electric Utilities Act* that the Market Surveillance Administrator operate with no annual profit or loss, collections from the Alberta Electric System Operator are recognized as revenue to the extent of annual operating costs including amortization of capital costs. In circumstances where annual collections are in excess of annual costs, the excess is deferred and recognized in future periods. In the event of a shortfall between collections and costs, the shortfall in revenue will be accrued and be collected in a subsequent period from the Alberta Electric System Operator.

·
21
·

3. Capital Assets

	Cost \$	Accumulated Amortization \$	Net \$
2003			
Computer Hardware	38,666	7,512	31,154
Computer Software	24,189	4,597	19,592
Furniture & Equipment	67,248	7,500	59,748
	130,103	19,609	110,494

4. Deferred Revenue

The collections from the Alberta Electric System Operator are set to recover the operating and capital costs of the Market Surveillance Administrator. Any excess or shortfall in collections is deferred to or accrued for future years.

	Opening Balance \$	Collections \$	Deferred \$	Revenue \$
2003				
Alberta Electric System Operator Collection for June to December 2003	0	1,293,782	148,375	1,145,407
Collection for January 2004	0	175,983	175,983	0
	0	1,469,765	324,358	1,145,407

5. Commitments

The Market Surveillance Administrator is committed under a lease agreement for its current premises until October 2008. Total lease costs including estimated operating costs are approximately as follows:

	\$
2004	87,000
2005	112,000
2006	113,000
2007	117,000
2008	117,000

6. Credit Facility

The Market Surveillance Administrator has a demand operating facility. Under the terms and conditions of this facility, the corporation can borrow up to \$300,000 at the prime rate of interest. No pledges of security are required from the corporation for the facility and no amount was drawn on this facility at year-end.



Back Row (L to R): Mark McGillivray, Douglas Wilson,
Rob Spragins, Wes Green

Middle Row (L to R): Natasha Solotina, Doug Doll,
Donna Ehrhardt, Bethan Kirkpatrick, Mike Nozdryn-Plotnicki,
Chris Joy

Front Row: Wayne Silk, Martin Merritt

MARKET SURVEILLANCE ADMINISTRATOR

Alberta's Market Surveillance Team

Martin Merritt

President & CEO
Market Surveillance Administrator
(403) 233-4682
martin.merritt@albertamsa.ca

Douglas Wilson

Legal Counsel & Secretary
(403) 538-3445
douglas.wilson@albertamsa.ca

Rob Spragins

Manager, Investigations
(403) 705-3195
rob.spragins@albertamsa.ca

Chris Joy

Analyst
(403) 233-6418
chris.joy@albertamsa.ca

Mark McGillivray

Analyst
(403) 705-5317
mark.mcgillivray@albertamsa.ca

Natasha Solotina

Analyst
(403) 705-3182
natasha.solotina@albertamsa.ca

W.W. (Wayne) Silk

Vice-President & COO
(403) 705-8522
wayne.silk@albertamsa.ca

Mike Nozdryn-Plotnicki

Manager, Market Monitoring
(403) 705-8503
mike.nozdryn-plotnicki@albertamsa.ca

Doug Doll

Analyst
(403) 233-6497
doug.doll@albertamsa.ca

Bethan Kirkpatrick

Analyst
(403) 705-3191
bethan.kirkpatrick@albertamsa.ca

Wes Green

(403) 705-3199
wes.green@albertamsa.ca

Donna Ehrhardt

Executive Assistant
(403) 705-3181
donna.ehrhardt@albertamsa.ca

MARKET SURVEILLANCE
ADMINISTRATOR

#500, 400 - 5th Avenue S.W.
Calgary, Alberta
T2P 0L6