

NOTICE OF SPECIFIED PENALTY

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|------------------------------|-----------------------------------|---|---|
| Date of Issue: May 2, 2018 | | Payment Due Date: June 1, 2018 | |
| MSA File Number | 2018-107 | Specified Penalty Amount | \$1,500 |
| Registered Entity Name | Morgan Stanley Capital Group Inc. | | |
| Asset ID (if applicable) | MOXB | Self-Report | <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| ISO Rule | 203.6 | Date of Contravention | October 16, 2017 |
| Date of Referral/Self Report | March 27, 2018 | This is the first contravention by this asset for this rule within a rolling 12 month period. | |

EVENT DETAILS

On October 16, 2017 at approximately 14:21, a bid was submitted for asset MOXB to export 115 MW in the hour ending 18 settlement interval on the same day. The e-tags for this settlement interval were curtailed to 0 MW at approximately 16:52, however no corresponding restatement was submitted to revise the export bid. Subsection 6(4) of section 203.6 of the ISO rules states:

If:

- (a) the pool participant is unable to procure transmission service, or the transmission service is curtailed by any transmission service provider or the ISO, as referenced under subsection 5(3); or
- (b) there is any other change in the available capability for the sink asset or the source asset, as applicable;

then the pool participant must submit, as applicable:

- (i) an energy restatement in accordance with either subsection 3.5.3.2 or subsection 3.5.4.2 of the ISO rules, Mandatory Energy Restatements; or
- (ii) an ancillary services restatement in accordance with subsection 3.6.3 of the ISO rules, Restatements.

FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the event was a contravention of ISO rule 203.6.

MATERIAL FACTS

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

1. E-tag data and AESO export bid data for MOXB for October 16, 2017.
2. AESO information request issued to Morgan Stanley Capital Group Inc. dated February 23, 2018.
3. Morgan Stanley Capital Group Inc.'s response to the AESO information request dated March 19, 2018.
4. Referral from the AESO to the MSA dated March 27, 2018.
5. Additional information provided by Morgan Stanley Capital Group Inc. to the MSA dated April 2, 2018.

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: 1400, 600 – 3rd Avenue S.W., Calgary, Alberta, T2P 0G5. Questions in respect of delivery of payment should be directed to the 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: Jeremy Smith (Financial Accountant) Jeremy.Smith@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 | May 2, 2018 |
| Name | Andrew Wilkins | Title | Manager, Compliance |