

NOTICE OF SPECIFIED PENALTY

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| Date of Issue: October 16, 2019 | | Payment Due Date: November 15, 2019 | |
| MSA File Number | 2019-290 | Specified Penalty Amount | \$750 |
| Registered Entity Name | Mercer Peace River Pulp Ltd. | | |
| Asset ID (if applicable) | DAI1 | Self-Report | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| ISO Rule | 205.5 | Date of Contravention | June 27, 2019 |
| Date of Referral/Self Report | July 4, 2019 | This is the second contravention by this asset for this rule within a rolling 12 month period. | |

EVENT DETAILS

On June 27, 2019 at approximately 22:33 the DAI1 asset received a directive to provide 12 MW of spinning reserve generation and 8 MW of supplemental reserve generation. However, DAI1 did not provide a quantity of real power equal to the instantaneous amount of real power of the pool asset at the time of the directive and the amount of real power set out in the directive within ten minutes following receipt of the directive. Subsection 10 of section 205.5 of the ISO rules states in part:

10(1) A pool participant must, within ten (10) minutes following receipt of a directive to provide spinning reserve, ensure that its pool asset is providing a quantity of real power equal to the instantaneous amount of real power of the pool asset at the time of the directive and the amount of real power set out in the directive.

FINDINGS

Based upon the information obtained by the MSA, the MSA is satisfied that the event was a contravention of ISO rule 205.5.

MATERIAL FACTS

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

1. AESO generation, dispatch and directive data for DAI1 for June 27, 2019.
2. Self-report submitted by Mercer Peace River Pulp Ltd. to the MSA dated July 4, 2019.

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 | October 16, 2019 |
| Name | Andrew Wilkins | Title | Director, Compliance |