

April 26, 2004

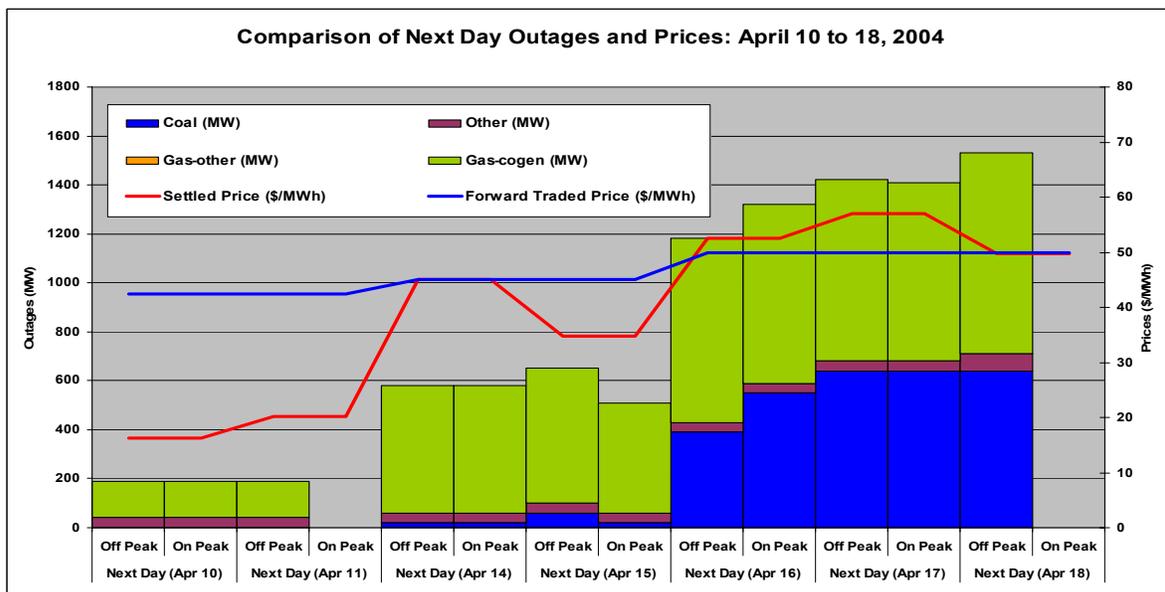
**Notice to Market Participants**

**RE: Trading Practices Guideline  
MSA Assessment of Outage Report Test  
April 5, 2004 to April 16, 2004**

The Market Surveillance Administrator (“MSA”) conducted a test of possible outage report formats during the April 5 to 16, 2004 time period. In this regard, the MSA published three different outage report formats; one by fuel type, another by capacity factor, and one which combined outages by fuel type with load and the Alberta/BC inter-tie. The MSA received a variety of comments from market participants concerning the reports. Written comments received by the MSA have been posted on our website.

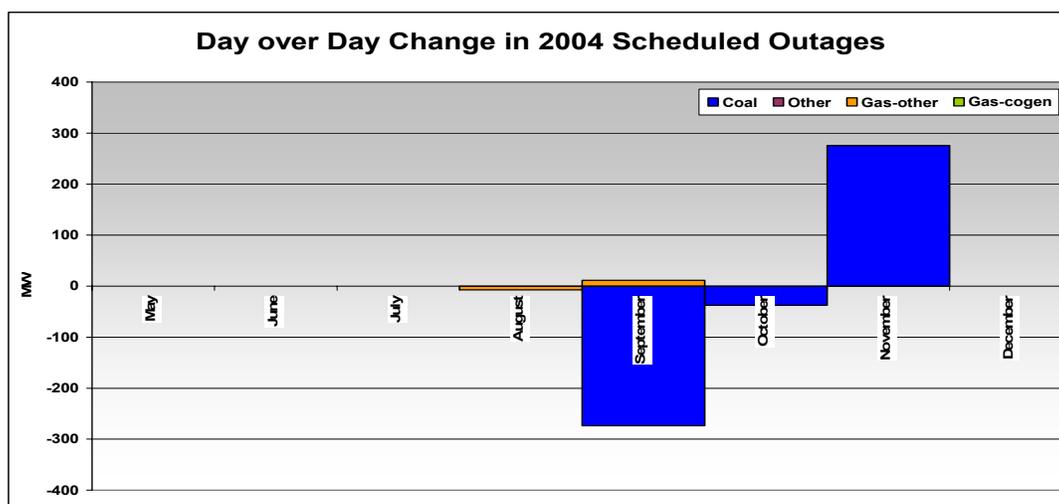
**Figure 1** illustrates results for the last week of the test period by comparing Next Day Outages against market prices – Settled Pool Price and Forward Traded Price. The days of April 16, 17, and 18 reflect a high degree of convergence between Settled and Forward prices. These results are very encouraging. For the first time in recent memory, the weekend traded a number of times and the result appears to be a fairly priced market that settled within a close range to what the market expected. Typically, the weekend has been a time period during which information asymmetry has been particularly problematic. While the results for the period are not considered to be statistically significant, the MSA is encouraged that market participants found the information to be of value in terms of future market conditions and risk management.

**Figure 1**



One of the areas where outage reports may benefit market participants pertains to scheduling of plant outages. The MSA observed a change in reported outages from the first to second day of the test where information about a coal plant outage not reflected in the April 5 report was submitted for the April 6 report. The day over day change illustrated in **Figure 2** is significant and may indicate that asset owners were able to adjust future outage schedules based on the information published the previous day. The MSA plans to hold further discussions with market participants concerning the submission of outage data, particularly in terms of its timing, quality, and quantity, to ensure that this type of benefit will continue to be realized in the future.

**Figure 2**



The MSA also received feedback from the exchanges and brokers concerning forward market activity. Despite the expected slow start at the front end of the period, these parties noticed an overall increase in trading activity, particularly in terms of two-way trades and narrowing bid/ask price spreads. Both of these early indications are representative of the type of metrics we will be tracking over time.

The MSA encourages all interested parties to provide comments on the outage reports as well as questions raised by market participants concerning previous MSA papers or any other matters related to the Information Disclosure Procedures by April 30, 2004. We will use these comments to help in structuring the workshops that are planned for the later part of May 2004.

Please do not hesitate to contact me at 403.705.3195 or [rob.spragins@albertamsa.ca](mailto:rob.spragins@albertamsa.ca) or Mark McGillivray at 403.705.5317 or [mark.mcgillivray@albertamsa.ca](mailto:mark.mcgillivray@albertamsa.ca) if you have any questions.

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