

April 16, 2015

Dear Loss Factor Stakeholders,

Re: 5th Year Loss Factors

The AESO will not be publishing the forecast non-binding loss factor ranges in accordance with ISO Rule 510.10 until such time as the AESO is in a position to do so as a result of the Commission proceeding dealing with the Loss Factors and the Loss Factor rule.

Attached is the AESO letter to the MSA on this matter. If you have any questions please feel free to contact me.

Yours truly,



John Kehler
Senior Technical Advisor

cc: Jerry Mossing, Vice President Transmission Planning and Performance
Dan Shield, Director – Transmission Engineering and Performance

March 5, 2015

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

Attention: Doug Doll,
Manager, Compliance and Corporate Services

Dear Sir:

Re: Independent System Operator, operating as the AESO ("AESO"), Request for a Forbearance Relating to the Fifth Year Loss Factor Ranges Identified in ISO Rule 501.10 – Transmission Loss Factor Methodology and Requirements

This is further to a meeting at your offices on February 6, 2015 and a follow up telephone call on February 26, 2015 during which AESO staff met with you to raise and to discuss circumstances related to ISO Rule 501.10 Transmission Loss Factor Methodology and Requirements ("Loss Factor Rule"), Requirements 2(5) and 2(6).

As was noted in the meeting, the Alberta Utilities Commission ("AUC") has found the Loss Factor Methodology and Assumptions made by the AESO pursuant to the Loss Factor Rule, to be in contravention of the *Electric Utilities Act*. The AESO was directed by the AUC to submit a revised loss factor methodology to the AUC by December 4, 2014. The AESO filed a Compliance Filing in this regard on that date. A hearing on the proposed loss factor methodology is scheduled to occur before the AUC in April, 2015.

The Loss Factor Rule, among other things, requires that the AESO post non-binding loss factor ranges for up to five years in the future on or before March 31 of each year. As we have advised at the above meeting and subsequent telephone call, given the above AUC finding and the AUC hearing scheduled for this April, posting the ranges for the fifth year out would not only be inefficient, but potentially misleading to market participants. Accordingly, the AESO is requesting that pursuant to s. 57(1) of the *Alberta Utilities Commission Act* the MSA refrain from finding the AESO to be in contravention of Requirements 2(5) and 2(6) of the Loss Factor Rule, pending a determination by the AUC of the AESO's above Compliance Filing and the final determination of the AUC's decision in the above noted April hearing.

If acceptable to the MSA, we would appreciate your written confirmation of the above request.

Please do not hesitate to contact me if you have any questions or require anything further from us.

We look forward to hearing from you.

Yours truly,



Jerry Mossing
Vice President Transmission Planning and Performance

c.c. Dan Shield - Director, Engineering
John Kehler – Senior Technical Advisor
Diana Pommen – Director, Interjurisdictional Affairs and Compliance