

Thursday, December 13, 2018

Ryan Killam  
Executive Director  
Morgan Stanley Capital Group Inc.  
1585 Broadway, 3<sup>rd</sup> Floor  
New York, NY 10036, U.S.A

Dear Mr. Killam,

Re: **Alberta Electric System Operator response to Morgan Stanley Capital Group Inc. ISO rule proposal dated October 9, 2018**

On October 9, 2018, the Alberta Electric System Operator (“AESO”) received a proposal (the “Proposal”) from Morgan Stanley Capital Group Inc. (“MSCG”) proposing to amend Section 203.3 of the ISO rules, *Energy Restatements* (“Section 203.3”) and Section 203.6 of the ISO rules, *Available Transfer Capability and Transfer Path Management* (“Section 203.6”). MSCG has proposed that Section 203.3 and Section 203.6 be clarified or amended to specify that restatement of the schedule is not required in cases where importers receive the Available Transfer Capability restatement allocations directly from the AESO or curtailment of E-tags directly by the AESO post T-20; or that the AESO update its software to allow importers to employ automated solutions to review all schedules for adjustments.

On November 9, 2018, the AESO informed MSCG of the AESO invitation for stakeholder comments on the proposed new and amended ISO energy market rules related to the implementation of the capacity market that was posted on October 22, 2018, which includes Section 203.3 and Section 203.6. On November 14, 2018, MSCG submitted comments to the AESO indicating agreement with the proposed change to subsection 5(1) of Section 203.6 because it is consistent with MSCG’s Proposal. In addition, MSCG noted that the proposed rule amendment would not go into effect until 2021, so requested expedited clarification on the proposed amendment put forth in its Proposal, specifically that restatements of the schedule would not be required for importers under the circumstances specified in the Proposal. On November 29, 2018, the AESO responded to MSCG’s comments through its reply to stakeholder comments posted on the AESO website.

With respect to MSCG’s Proposal to amend Section 203.3 and Section 203.6, the AESO has completed its review and is of the opinion that the Proposal does not require the development of a proposed rule at this time. In early 2019, the AESO plans to file the proposed new and amended ISO energy market rules related to the implementation of the capacity market with the Alberta Utilities Commission, including Proposed Amended Section 203.6. The AESO considers that Proposed Amended Section 203.6 would address MSCG’s concerns outlined in the Proposal on the anticipated effective date in 2021. The AESO acknowledges that the system it employs for energy market restatements would require updating in order to address the MSCG’s concerns in advance of 2021. Given that system changes would be required, the AESO considers that MSCG’s concerns outlined in the Proposal will be addressed in a reasonable timeframe.

If you have any questions, please contact the undersigned at 403-539-2623.

Yours truly,

*“Kevin Dawson”*

Kevin Dawson  
Director, Market Design

cc: Karen Kochonies, Executive Director, MSCG  
Samantha Vazquez, Vice President, Legal and Compliance, MSCG