



June 2, 2010

Mr. Darin Lowther
Director, Market Services
Alberta Utilities Commission
5th Avenue Place
4th Floor, 425 – 1st Street SW
Calgary, AB, T2P 3L8

Dear Mr. Lowther:

**Re: Annual Report Regarding Compliance With Reliability Standards as Required by
*Transmission Regulation Section 23 (2)***

Under section 23(2) of the *Transmission Regulation*, the Alberta Electric System Operator ("AESO") must make annual reports to the Alberta Utilities Commission ("Commission") respecting:

- a) compliance by the AESO, TFOs, DFOs and other market participants with reliability standards and standards and rules made under Section 5 of the *Transmission Regulation*, and
- b) any actions taken by the AESO to enforce reliability standards and standards and rules made under Section 5 of the *Transmission Regulation*.

Accordingly, the AESO is providing the following report to the Commission for the year 2009. Please note that the only standards or rules that the AESO has made under Section 5 of the *Transmission Regulation* are the reliability standards. As such, the AESO's report refers only to reliability standards.

AESO Annual Report Regarding Compliance with Reliability Standards for 2009

During 2009, the AESO's monitoring of compliance with the reliability standards was conducted under the authority established in ISO Rule 12 and through processes established in the Alberta Reliability Standards Compliance Monitoring Program ("CMP"). The AESO may become aware of possible non-compliance events through: internal referrals, external referrals, Market Surveillance Administrator ("MSA") or Commission referrals, complaints, periodic reporting by registered entities¹, and by the self-reporting of registered entities. The AESO did not require registered entities to self-certify or to be subjected to compliance monitoring audits in 2009.

The AESO performs monitoring only on reliability standards that are approved by the Commission, and only from the effective date of the reliability standard or, where appropriate, from the effective date of a specific requirement in a reliability standard. The following table

¹ As defined in the Alberta Reliability Standards Registration Guideline, effective June 25, 2009
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summarizes the reliability standards effective in 2009 and reports on the status of compliance with the same.

Standard	2009 Effective Date:	Compliance Report:
INT-003-AB-2	2009-01-26	No suspected contraventions
BAL-003-AB-0a	2009-02-04	No suspected contraventions
BAL-006-AB-1	2009-02-04	No suspected contraventions
FAC-003-AB-1 (R3, R4)	2009-01-26	No suspected contraventions
TOP-005-AB-1	2009-01-26	No suspected contraventions
EOP-003-AB-1	2009-06-17	No suspected contraventions
EOP-004-AB-1	2009-06-17	No suspected contraventions
BAL-001-AB-0a	2009-09-09	No suspected contraventions
PRC-021-AB-1	2009-09-09	No suspected contraventions
EOP-002-AB-2	2009-09-23	No suspected contraventions
INT-001-AB-3	2009-09-23	No suspected contraventions
INT-006-AB-2	2009-09-23	No suspected contraventions
INT-009-AB-1	2009-09-23	No suspected contraventions
INT-010-AB-1	2009-09-23	No suspected contraventions
PRC-009-AB-0	2009-09-23	No suspected contraventions
PRC-010-AB-0	2009-09-23	No suspected contraventions

The AESO reports that with respect to the reliability standards listed in the above table, there were no events of possible non-compliance identified in 2009, there were no events of suspected contravention referred to the MSA in 2009, and no actions were taken by the AESO in 2009 to enforce these reliability standards.

The AESO is also required to comply with the reliability standards listed in the above table. The AESO holds itself to the same level of accountability as that of market participants and has applied the CMP to itself as it has done for market participants in 2009. For 2010, monitoring of the AESO's compliance with reliability standards will be conducted by the MSA.

If you have any questions or comments regarding this report, please contact Peter Wong at peter.wong@aes0.ca or 403.539-2552.

Sincerely,



Heidi Kirrmaier
Vice-President, Regulatory

cc: Diana Pommen, Director, Interjurisdictional Affairs, AESO
Peter Wong, Director, Compliance, AESO