

August 19, 2011

Alberta Utilities Commission
Utilities Division, Calgary Office
400, 425 1 Street SW
Calgary, Alberta
T2P 3L8

Attention: Darin Lowther

Dear Mr. Lowther:

Re: Consultation on AUC Rule 019: Specified Penalties for Contravention of ISO Rules

TransAlta is concerned with the proposed changes to AUC Rule 19: Specified Penalties for Contravention of ISO Rules.

Increased Fines

TransAlta believes that increasing the fines for Category 1 is unnecessary and that the more severe nature of a Category 1 rule contravention is reflected in the notice of specified penalty letter sent to the most senior executive when a fourth contravention occurs. This non-monetary penalty is a sufficient inducement for market participants to reduce their compliance incidents. According to the AESO's Q2/11 Compliance Report, only two out of the last thirty-seven contraventions referred to the MSA were Category 1 contraventions. This demonstrates that the current fines are sufficient to induce market participants to reduce their contraventions in this category.

Merging of Category 1 and 3

TransAlta is very concerned about the merging of Category 1 and Category 3. We believe that these should remain separate categories because it would better reflect the nature of the ISO rules. Category 3 contains ISO rule 6.6: Pool Participant Non-Compliance with Energy Market Dispatches. Companies like TransAlta have thousands of dispatches per year and thousands of restatements per year. The numbers of restatements and dispatches results in a certain number of errors that are a result of pure human error, which cannot be addressed through changes to policy or procedure. Category 1 contains contraventions against numerous rules; however, these rules do not require the degree of constant responses by the market participants as compared to ISO Rule 6.6. In prior consultations, ISO Rule 6.6 was determined to

be different from other rules and thus a separate category was created for it. We believe that ISO Rule 6.6 remains different and thus we do not see any reason why it should be amalgamated with other categories.

Additions to the Specified Table

TransAlta does not believe that additional ISO Rules should be included in the Specified Tables until further consultation has been completed. TransAlta would like the AESO to clarify how it determines the severity of contravention of each ISO rule.

By way of example, TransAlta does not agree with the penalty now attached to OPP 1306: Reporting Equipment Changes. If the equipment at a facility were replaced with the same equipment (same make and model), but the Facility Owner fails to submit the documentation in a timely manner, this would pose no risk to the safe and reliable operation of the AIES since there has effectively been no change to the technical operation of the facilities.

Yours truly,

Original signed by

Thanh Nguyen
Regulatory Specialist