



November 4, 2011

Delivered via email to: darin.lowther@auc.ab.ca

Alberta Utilities Commission
Fifth Avenue Place
4th Floor, 425 – 1st Street S.W.
Calgary, AB, T2P 3L8

Attention: Darin Lowther

Dear Sir(s):

Re: Filing and Confidentiality Request – Application/Settlement Agreement

1. The Market Surveillance Administrator (“MSA”) is filing this application (“Application”) pursuant to the *Alberta Utilities Commission Act*, S.A. 2007, c. A-37.2 (the “AUCA”), and in particular Sections 44 and 51 thereof, requesting that the Alberta Utilities Commission (the “Commission”) consider and approve the terms of a Settlement Agreement dated November 4th, 2011 (the “Settlement Agreement”) between the MSA and TransAlta Energy Marketing Corp. (“TransAlta”), attached as Appendix A to the Application.

2. The Application indicates that the MSA and TransAlta (the “Parties”) consider portions of the related Settlement Agreement to be confidential because it contains non-public, commercially sensitive information (the “Commercial Information”), and will accordingly request confidentiality pursuant to applicable AUC Rules.
3. To assist the Commission insofar as the request for confidentiality, the MSA has included with this letter two versions of the Settlement Agreement. The first version is attached to the Application as Appendix A, and is redacted (in Appendix 2, Table 1) to exclude the Commercial Information. The second version of Appendix 2, Table 1 (full version) includes that Commercial Information, is provided separately and only for the purposes set out in this letter.
4. The Parties are in agreement that the Commission may file the Application including the redacted version of the Settlement Agreement on the public record at any time.
5. However, pursuant to AUC Rule 001 and AUC Rule 014, as applicable, for the reasons set out below the MSA requests on behalf of the Parties that the full version of the Settlement Agreement (which includes the Commercial Information in Appendix 2, Table 1) be treated as confidential by the Commission and not be filed on the public record by the Commission at any time.
6. In the alternative, if the Commission does not grant the request for confidentiality as set out herein the MSA requests that the Commission grant leave for the MSA to withdraw the Application, as well as the full version of the Settlement Agreement, to

allow the Parties to consider their next steps in relation to the Commercial Information and any proceeding relating to the associated Events.

7. The Parties have not agreed that the Application can go forward if the Commercial Information is required by the Commission to be made public.

8. Thus, with leave of the Commission, in the event that the Commission does not grant the request for confidentiality the full version of the Settlement Agreement would be returned to the MSA and not filed on the public record in relation to the Application. Further, the Application itself would be withdrawn.

Commercial Information

9. The Commercial Information is the redacted information contained in Columns 4, 5, 7 and 8 of Table 1, Appendix 2 to the Settlement Agreement.

10. The Commercial Information is of a confidential commercial and financial nature, given that it shows or makes it possible to derive TransAlta's portfolio position(s), related trading patterns, financial gains and losses.

11. The Commercial Information has consistently been treated as confidential by TransAlta, and was disclosed to the MSA in the context of an investigation pursuant to the requirements of the AUCA and related regulations. TransAlta understood that the Commercial Information would, to the greatest degree reasonably possible, remain confidential.

12. The disclosure of the Commercial Information could reasonably be expected to result in undue financial loss to TransAlta or significantly harm its competitive position, or both.

13. The MSA submits that while it would be fair and reasonable for the public to be able to understand the nature of the matters brought forth for consideration in the Application, it is not necessary for the Commercial Information to be made public to provide such transparency. For example, to the extent that a calculation of economic benefit would be relevant to the Application the public would be able to sufficiently understand the approach taken simply by a description of the methodology employed in that calculation. Specific financial information such as that set out in the Commercial Information would not be required.

14. The MSA submits that, for the reasons set out above, TransAlta's interest in confidentiality regarding the Commercial Information outweighs the public interest in disclosure in this proceeding.

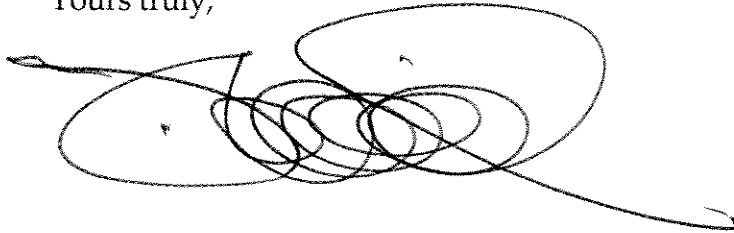
15. The MSA therefore respectfully requests that the Commission grant confidentiality for the Commercial Information as set out above. If the Commission does not grant the requested confidentiality, the MSA requests in the alternative that the Commission grant leave for the MSA to withdraw the Application, as well as the full version of the Settlement Agreement containing the Commercial Information, as applicable, and return those materials to the MSA on that basis.

16. In the event that the Commission requires further submissions from the MSA in respect of these requests, we will be pleased to provide that information if reasonably possible.

17. The MSA anticipates that, for its part, TransAlta will also file a submission in relation to the requests for confidentiality set out herein.

We trust that this will be in order.

Yours truly,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Market Surveillance Administrator

Per: Douglas Wilson,
Senior Legal Counsel.

Encl.