

MARKET SURVEILLANCE ADMINISTRATOR

Fall 2008 Stakeholder Meeting

Edmonton, September 23, 2008

Calgary, September 24, 2008

AGENDA

- **Stakeholder Consultations**
- **Monitoring activities**
- **AUC applications and hearings**
- **Budget update**
- **Analyst presentations**
- **Questions**

STAKEHOLDER CONSULTATION

- **MSA Investigation Procedures
(completed April 4)**
- **MSA Guideline on Intertie Conduct
(completed July 14)**
- **Evaluation of Consultation Process
(completed September 05)**

MONITORING ACTIVITIES

- **New look to Daily Snapshot (May)**
- **Quick Hits Review: Dispatch Down Service (July)**
- **Market Shares Update (July)**

AUC APPLICATIONS AND HEARINGS

Specified Penalties

- **Notice of Specified Penalty issued to EPCOR (Proceeding ID 75)**
- **Notice of Specified Penalty issued to TransCanada Energy (Proceeding ID 71)**

Other

- **ENMAX Energy Corporation 2006-2011 RRT EPSP Amendment Application (Proceeding ID 66)**

BUDGET AMENDMENT

- On June 26 the MSA received approval to reduce its budget by a little over 10% based on lower projections for:
 - Office space
 - Datalinks
 - Personnel
- **New employee: Nandan Randhawa**

ANALYST PRESENTATIONS

Current projects:

- **Compliance Update – Doug Doll**
- **Forward Market Monitoring – Jenny Chen**
- **Assessment of Electricity and Natural Gas Retail Competition – Janene Taylor**

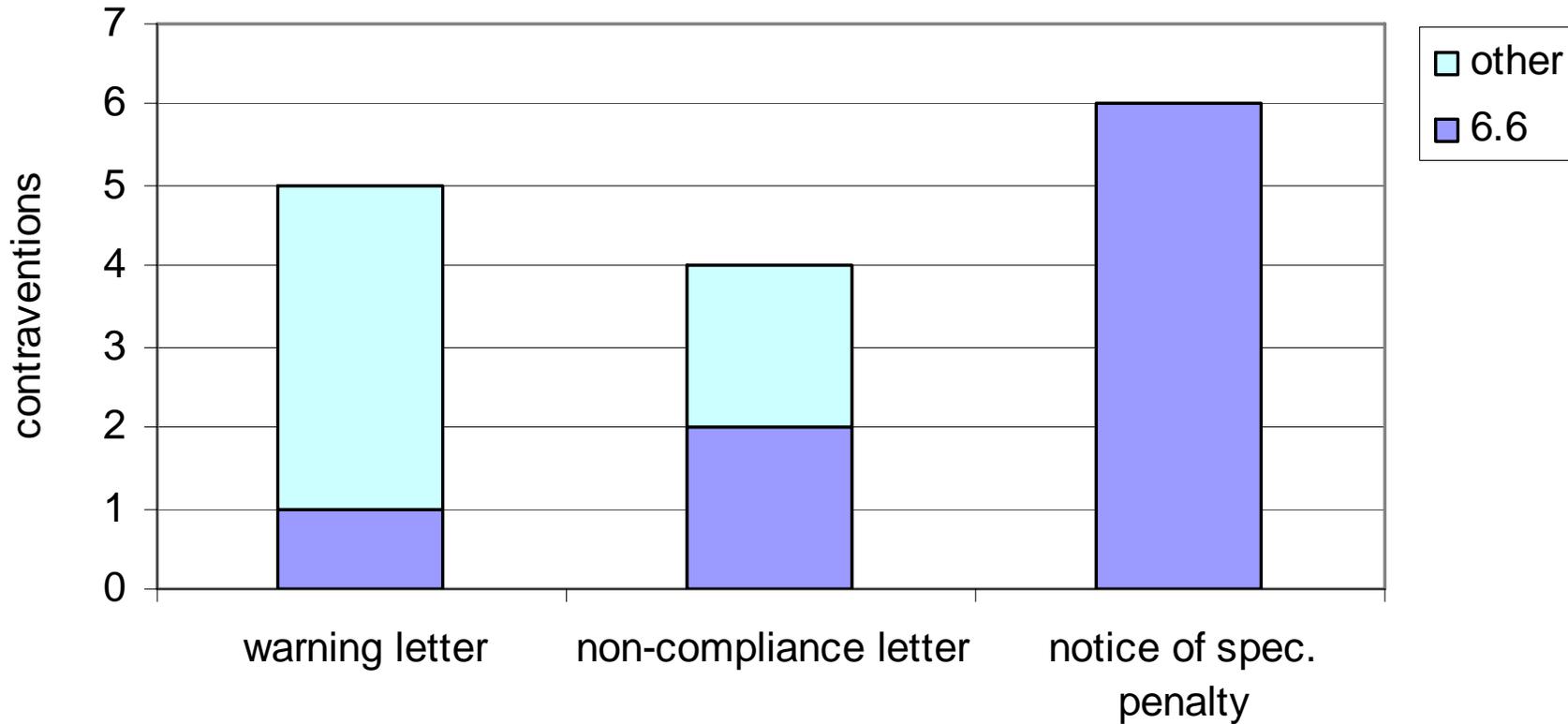
QUESTIONS?

ISO RULES COMPLIANCE UPDATE

Doug Doll, Senior Analyst

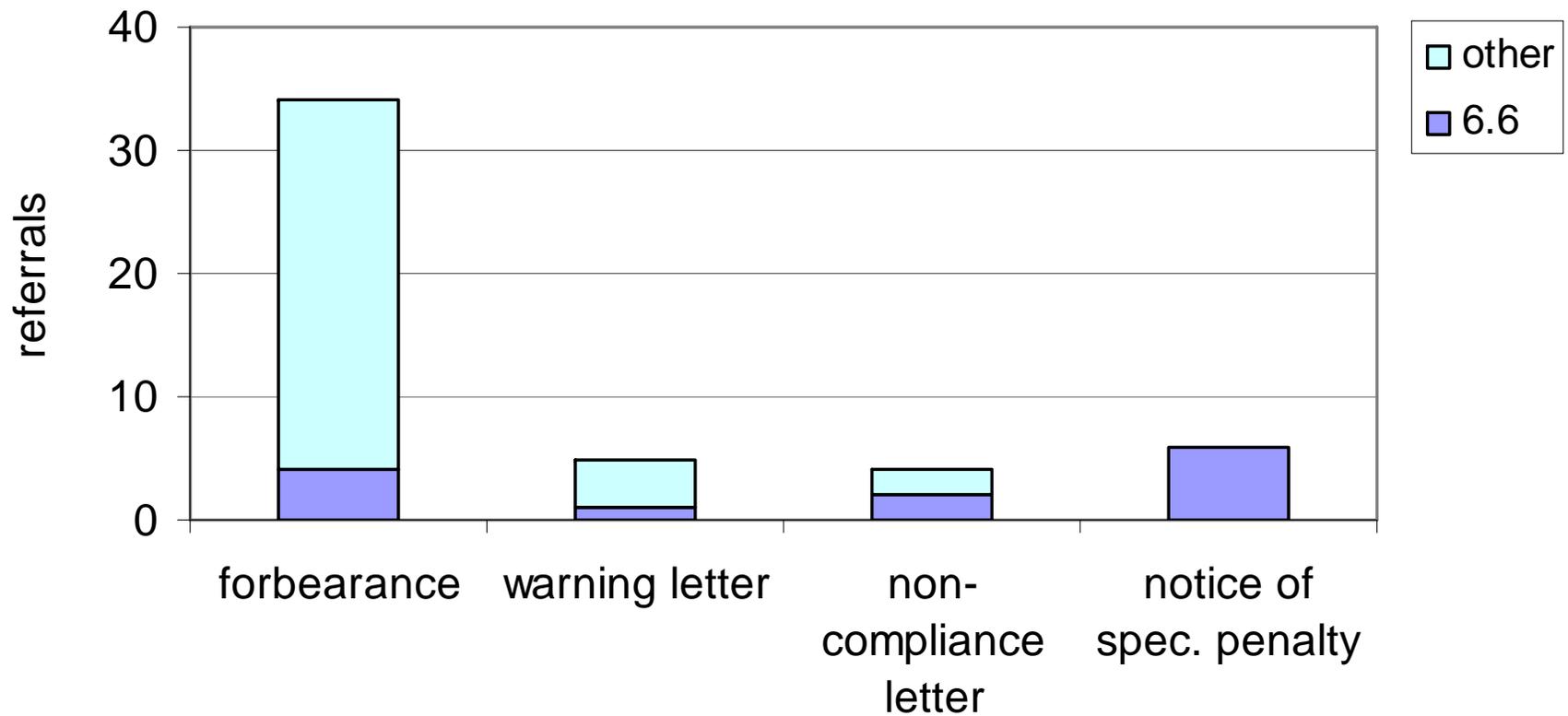
EVENTS REFERRED TO MSA

MSA sanctions to date per ISO Rules compliance



EVENTS REFERRED TO MSA

MSA handling of suspected contraventions



ISO RULE 6.6

- 6.6 accounting for less than half of suspected contraventions in recent months
- Suspected 6.6 contraventions pursued by MSA a result of 'human' factors not machine related

RESTATEMENT RULES

- Represent an increasing proportion of suspected breaches
- Generally, an Acceptable Operational Reason req for restatement within the T-2 window
- Restatements with an absent or cryptic reason entered are subject to being flagged
- Participants should review practices around ISO rules 3.5.3.2 and 3.5.5.2

AUC RULE 019 AMENDMENTS

- Amended rule applies to contraventions since Jul 1/08 ; prior Rule 019 applies to earlier events
- Penalty matrix re-cast per specific rules with clearly defined penalties
- s. 6(2) effectively re-sets non-compliance history
- Until June 30/09 no publication of 1st or 2nd contravention unless disputed

CONCLUSION

- We continue to work closely with AESO compliance monitoring in this process
- Process designed to be fair and efficient
- The goal is improved compliance not penalties

FORWARD MARKET MONITORING

Jenny Chen, Senior Analyst

INCREASED FOCUS ON FORWARD MARKET MONITORING

- **The forward market is an important part of the electricity market**
- **The forward market activities may impact the spot market**
- **Better understanding the forward market will enhance the understanding of the overall market**

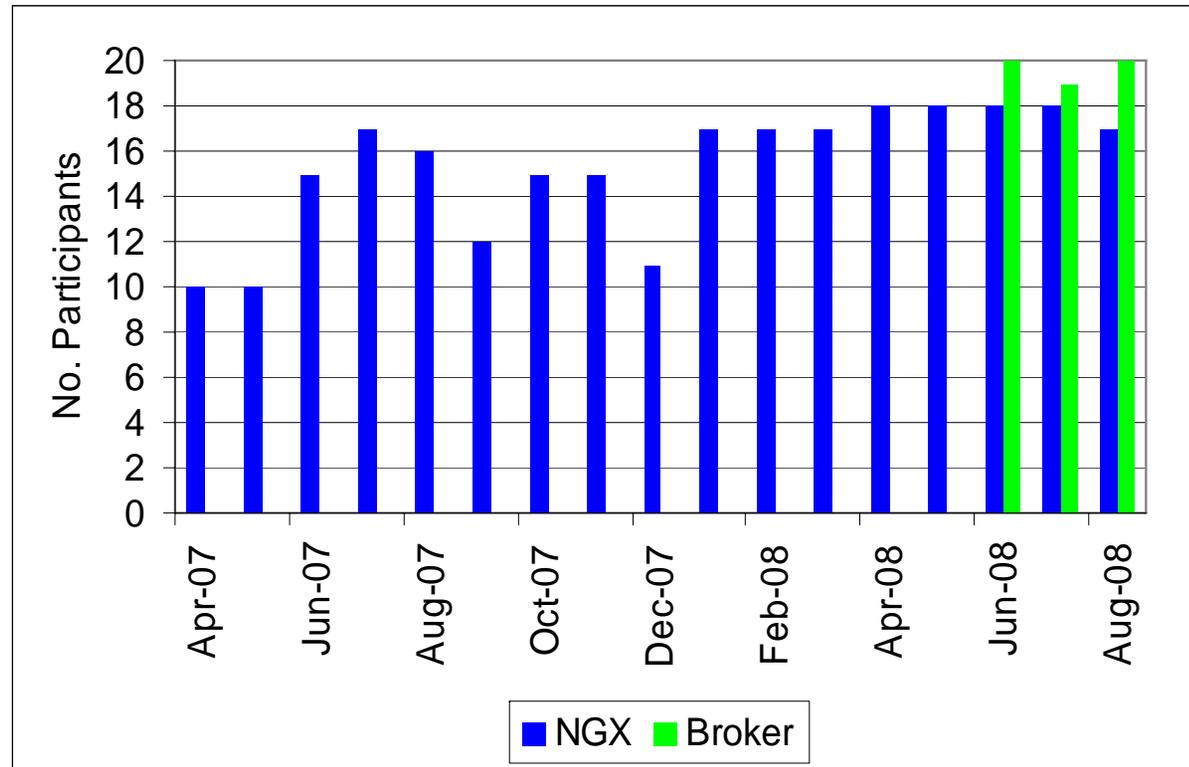
FORWARD MARKET DATA

- **Amended Electric Utilities Act included in the definition of market participant (EUA Sec. 1(1)):**
 - **any broker, brokerage or forward exchange that trades or facilitates the trading of electricity, electric energy, electricity services or ancillary services**
- **MSA now receiving regular data from exchanges and brokers (regardless of the market share)**
- **MSA not proposing to collect data on bilateral trades on a regular basis**

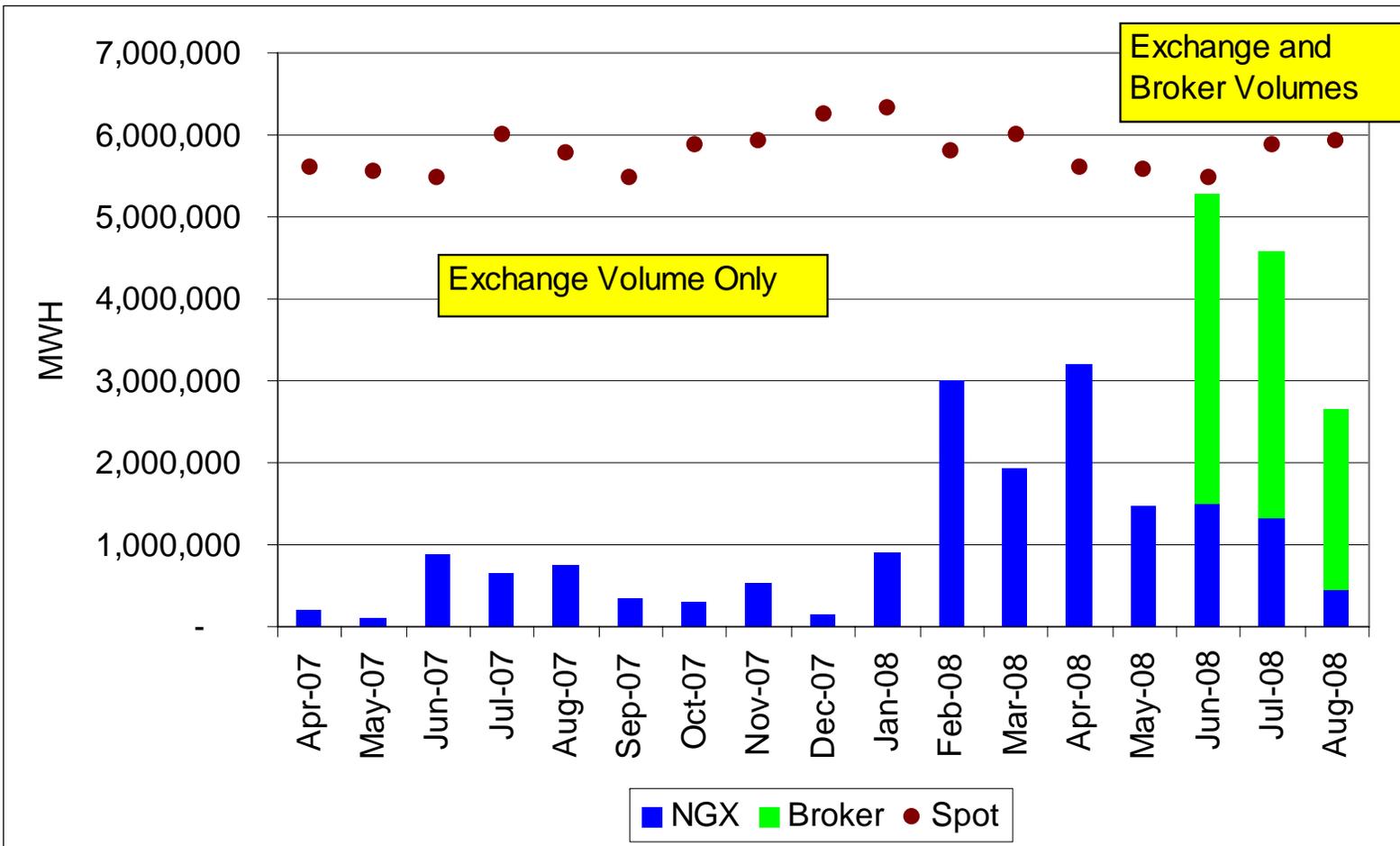
NUMBER OF PARTICIPANTS

- **Forward Market Participants:**

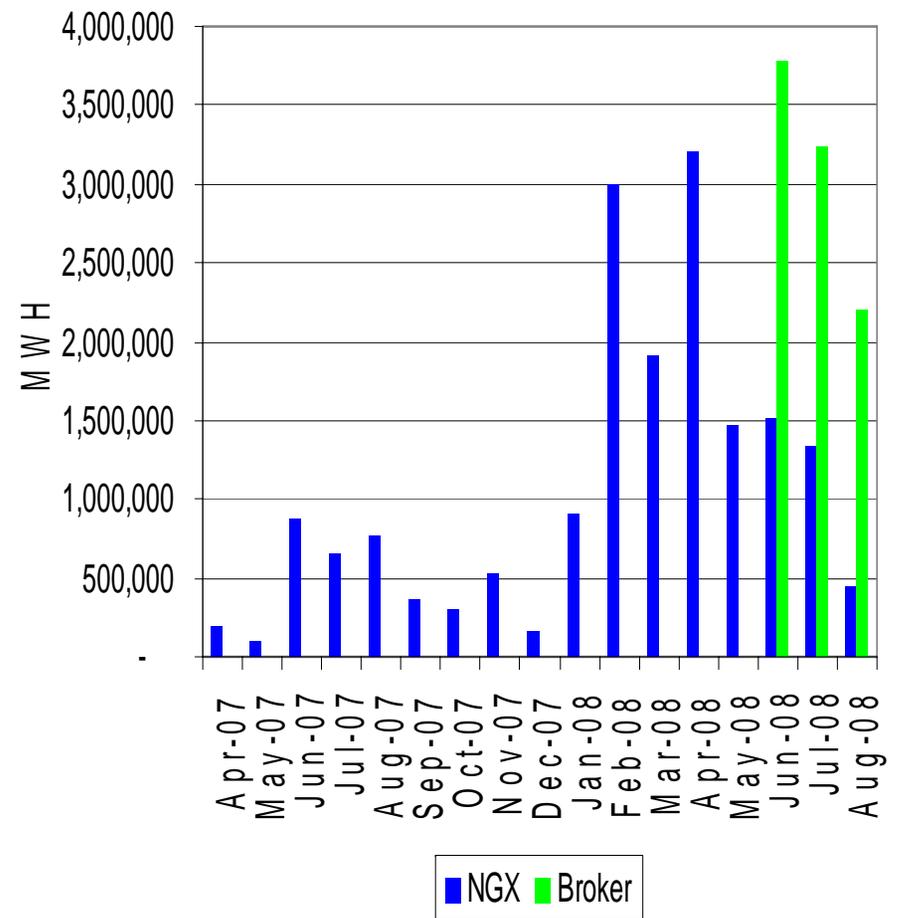
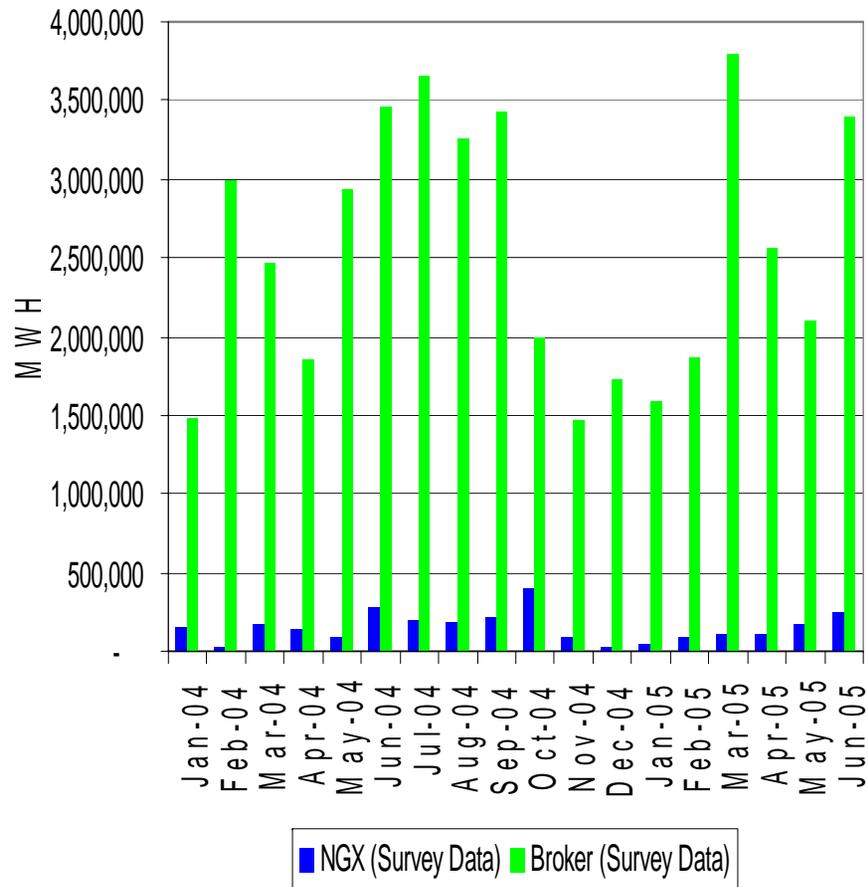
- **The marketing arm of the generators**
- **Power marketers**
- **Banks**



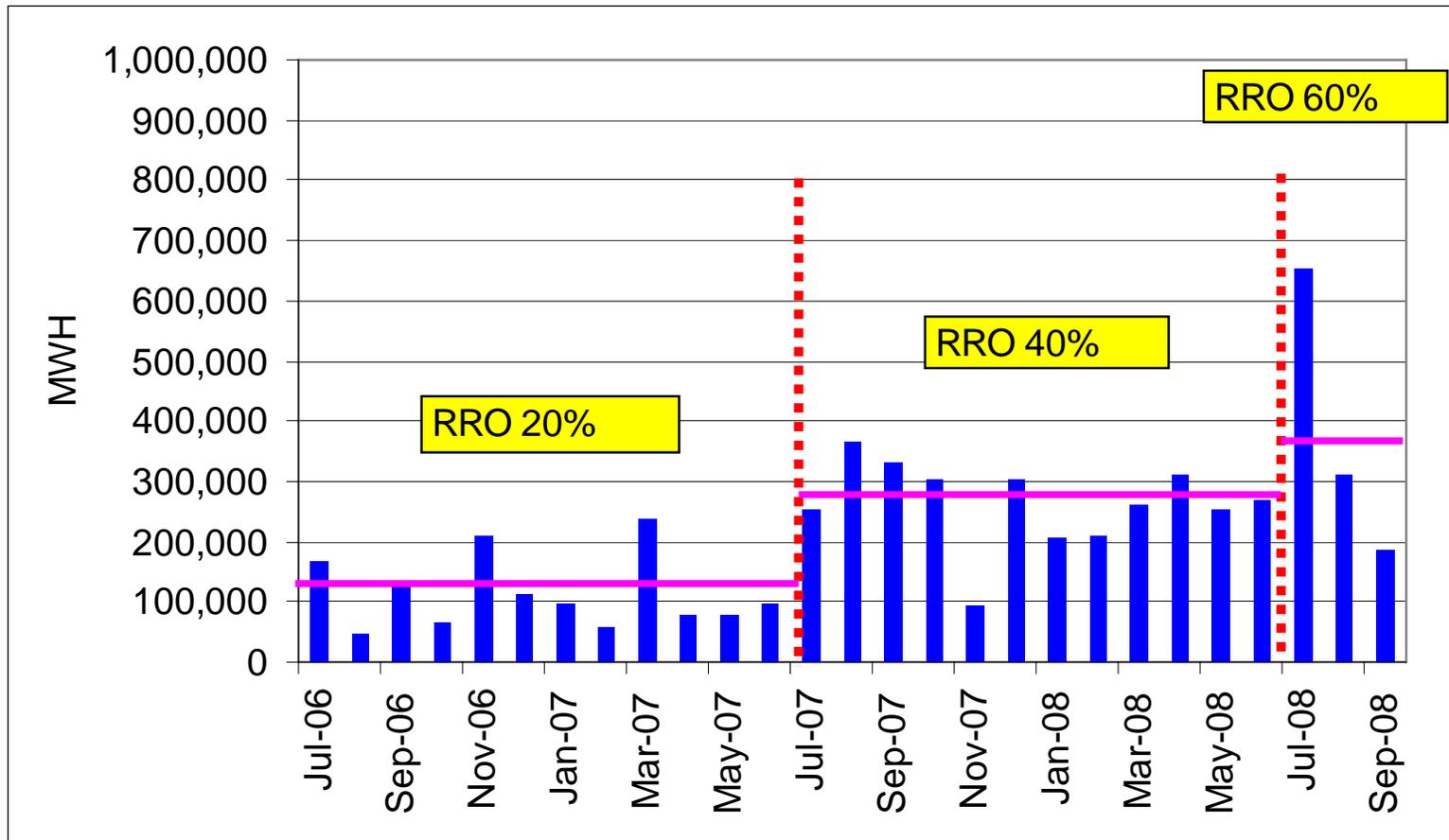
VOLUMETRIC TRENDS



VOLUMETRIC TRENDS



VOLUMES RELATED WITH RRO



PERFORMANCE OF ALBERTA'S RETAIL MARKETS: ELECTRICITY AND NATURAL GAS

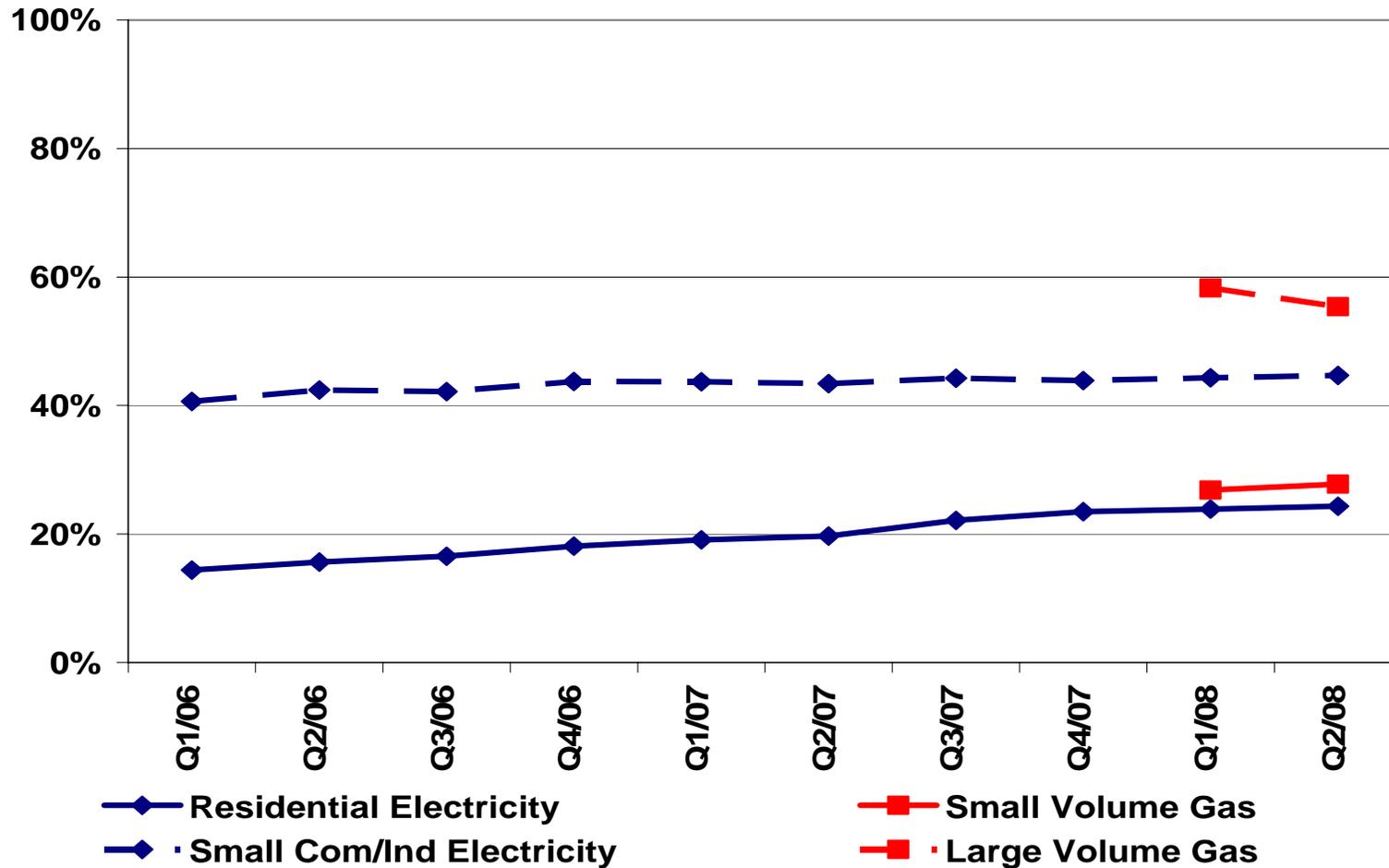
Janene Taylor, Analyst

PERFORMANCE MEASURES

- **Performance of Competition**
 - Switching
 - Market Share of Competitive Retailers
 - Retailer Innovation
- **Performance of Settlement**
 - PFEC & PFAM

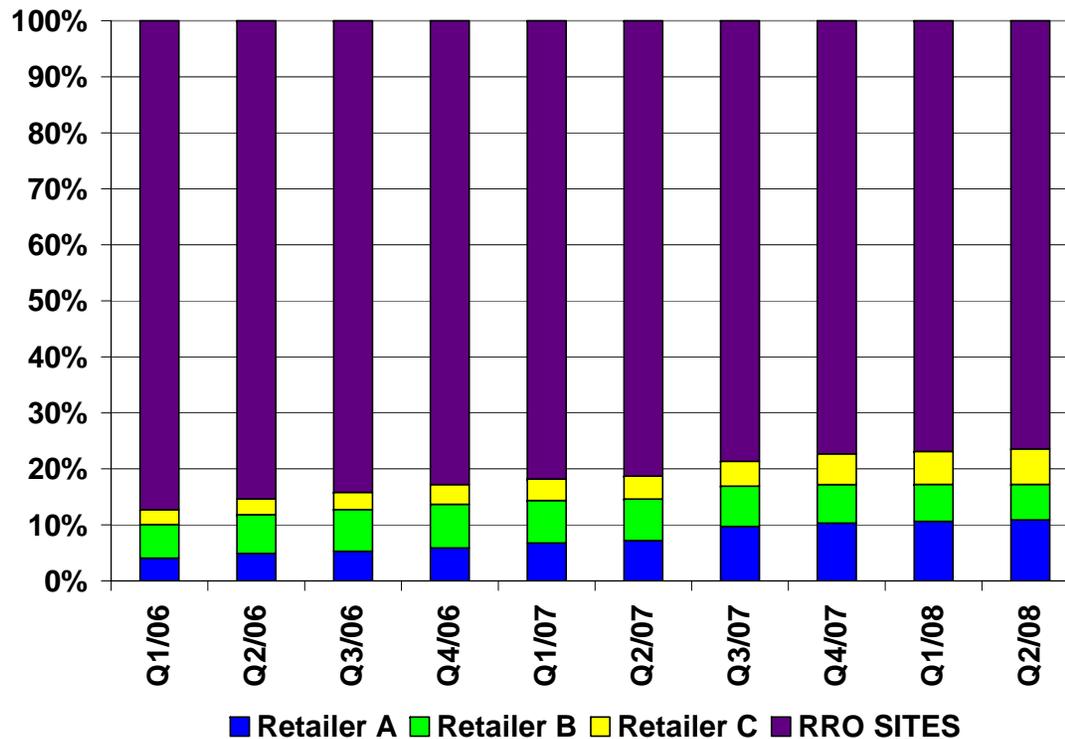
COMPETITION

Number of RRO Sites Switched



ELECTRICITY COMPETITION

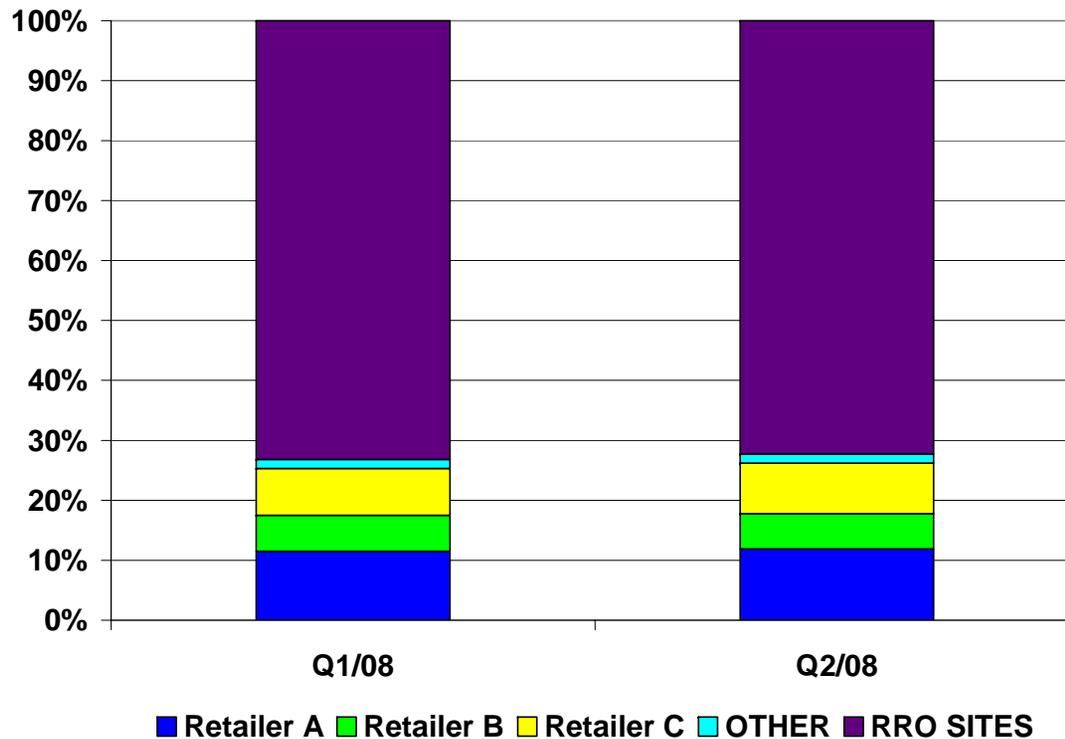
Market Share (Sites) - Residential Customers



• All competitive retailers market share is growing or staying the same

NATURAL GAS COMPETITION

Market Share (Sites) - Small Volume Customers

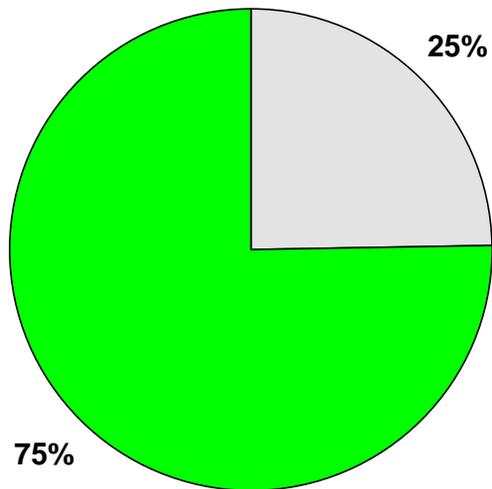


• All competitive retailers market share is growing or staying the same

ELECTRICITY RETAILER INNOVATION

DUAL FUEL

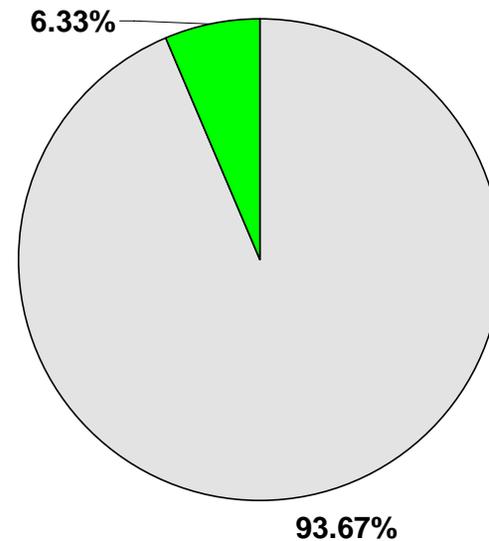
% of Competitive Electricity Sites
Subscribing to Dual Fuel contracts



□ NON DUAL FUEL SITES ■ DUAL FUEL SITES

GREEN

% of Competitive Electricity Sites
Subscribing to Green Energy Products



□ NON GREEN SITES ■ GREEN SITES

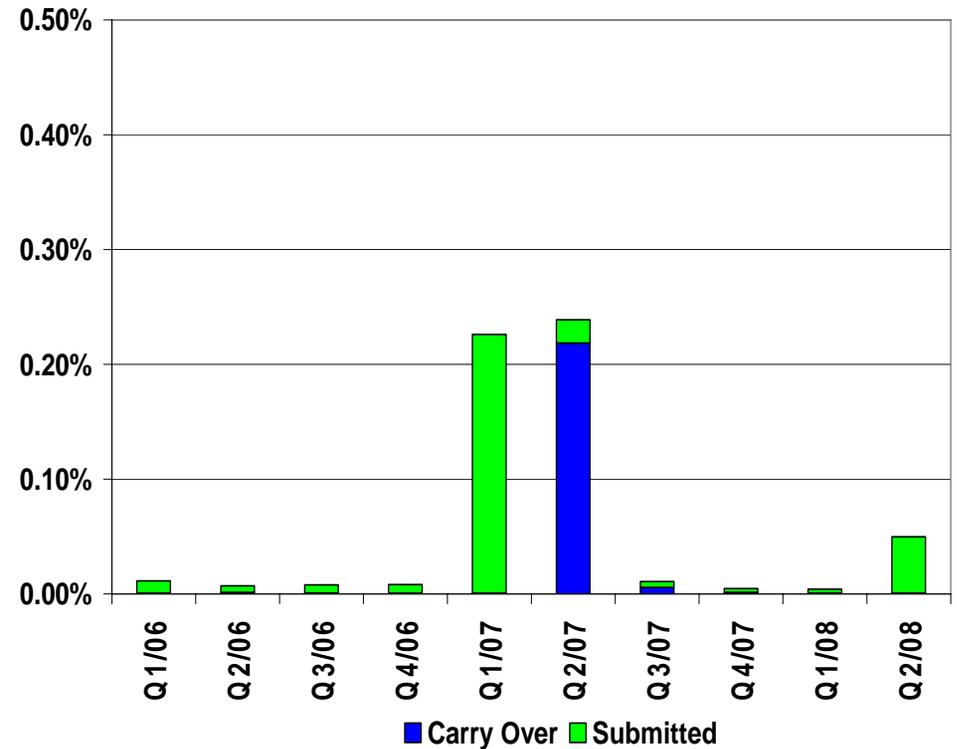
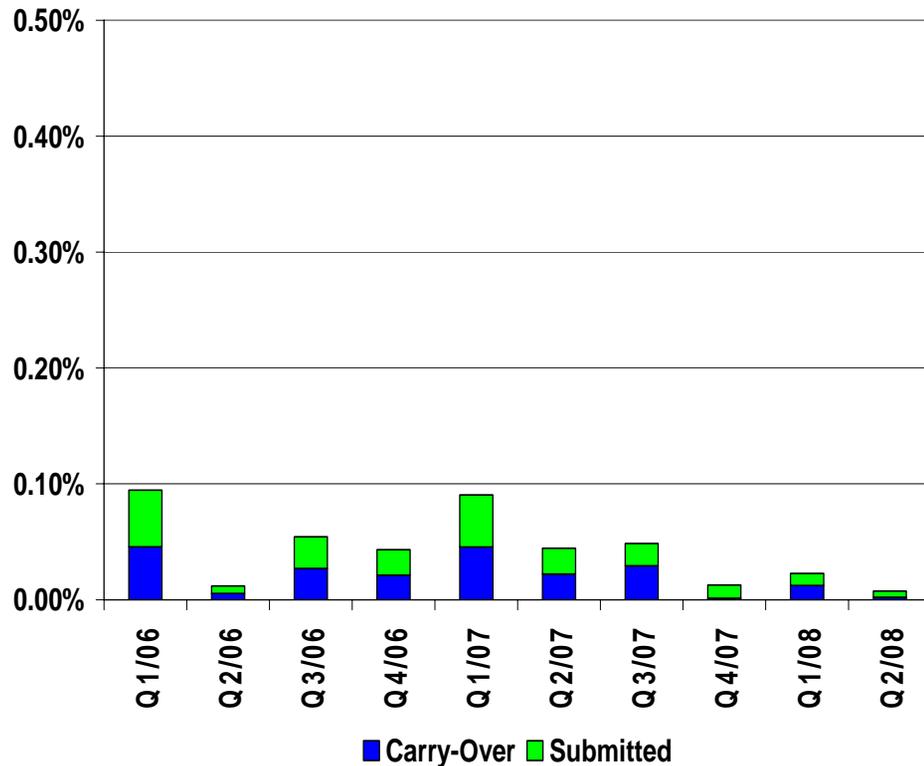
SETTLEMENT

- **Pre-Final Error Correction (PFEC)**
 - Corrections made before final settlement
- **Post Final Adjustment Mechanism (PFAM)**
 - Corrections made after final settlement
- **Defined in both System Settlement Code and Natural Gas System Settlement Code**
 - Currently no data recorded for Natural Gas

ELECTRICITY SETTLEMENT

PFEC

PFAM



QUESTIONS ?