

January 6, 2022

Jodi Marshall
Legal Manager, ISO Rules and Alberta Reliability Standards
Alberta Electric System Operator (AESO)
Calgary Place, 2500, 330 - 5th Avenue SW
Calgary, AB T2P 0L4

RE: Proposed Amended Section 103.5 of the ISO Rules, Net Settlement Instruction

Dear Ms. Marshall,

Capital Power submits this letter in response to the AESO's proposed amendments to Section 103.5 of the ISO Rules as published by the AESO on December 21, 2021.

We appreciate the AESO taking our initial comments (submitted on November 2, 2021) into consideration when drafting the proposed amended Section 103.5. We generally agree with the AESO's approach to strike a balance between our concerns of increased risk for participants and the AESO's objective to mitigate the risk of default. However, it would be helpful to understand how the AESO selected 15 business days of advance notice as the requirement under subsection 4(1)(a)(ii). In Capital Power's view, it would be more appropriate to set this requirement to 10 business days or less to balance these priorities and to more closely align with energy industry standards, which typically require posting financial security within 1 to 3 business days of notice. Capital Power would also like to better understand how the AESO has quantified the risk to the power pool associated with potential default and how this information was used to determine the appropriate mitigation. Any additional analysis or information that you can provide in this regard would be appreciated.

Thank you for your consideration. Please don't hesitate to contact me at 403.827.3566 if you have questions or would like to discuss further.

Regards,

<Sent Electronically>

Megan Gill
Regulatory Manager
Capital Power