

June 28, 2012

To Market Participants Who Receive System Access Service to Which Rider E Applies, Under:

- Demand Opportunity Service Rate DOS;
- Export Opportunity Service Rate XOS;
- Supply Transmission Service Rate STS; and
- Import Opportunity Service Rate IOS

Dear Loss Factor Stakeholder:

Re: **Losses Calibration Factor Rider E for Third Quarter of 2012**

In accordance with Losses Calibration Factor Rider E of the ISO tariff, the AESO determines a calibration factor every quarter that “adjusts loss factors to ensure that the actual cost of losses is reasonably recovered through charges and credits on an annual basis.”

The AESO has reviewed its preliminary calculation of the calibration factor for Q3 2012 and has identified unforeseen issues that suggest the preliminary results may be unreasonable. The AESO is investigating the issue to determine the causes of the unreasonable results but has not yet completed its review.

The AESO has therefore determined that maintaining the Q2 calibration factor of -0.36% during the month of July 2012 is its most reasonable option at this time. The AESO continues to investigate the issue and anticipates its resolution in time to update the Q3 calibration factor for August and September of 2012. The AESO anticipates the updated Q3 calibration factor will be published on or before July 31, 2012.

If you have any questions, please contact the AESO at lossfactor@aeso.ca.

Yours truly,

Original signed by

Fred Ritter, P. Eng.
Chief Engineer