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December 12, 2002

PRIVATE AND CONFIDENTIAL

Balancing Pool of Alberta
McFarlane Tower
600 700 4th Avenue SW
Calgary AB T2P 3J4

Attention: Mr. Gary Reynolds,
Acting Balancing Pool Administrator and CFO

Dear Mr. Reynolds:

Re: Sheerness Strip Contracts and Clover Bar Unit Contract Sold

Pursuant to our engagement letter of July 3, 2002 to perform certain services for your organization in connection with the sale of derivatives of the Balancing Pool's capacity entitlements under long-term Power Purchase Arrangements ("PPAs") for the Clover Bar, Sheerness, and Genesee generating stations, the following summarizes our procedures in respect of the second phase of the Market Achievement Plan II, the sale of Sheerness Strip Contracts and a Clover Bar Unit Contract, completed November 15, 2002. As a result of this second phase, the Balancing Pool sold all of Sheerness' PPA capacity and one Clover Bar Unit Contract.

As requested and agreed, we undertook the following oversight procedures related to the second phase of the Balancing Pool's auction process as described below:

- On September 10, 2002, we received directly from the Balancing Pool a written copy of the Balancing Pool's reserve prices prior to the receipt of any final bids. We maintained control over this copy until the completion of the auction process.
- We verified that the reserve prices were not altered following the receipt of final bids.
- On December 11, 2002, subsequent to the closing of the bid process, we received copies of all final bids received and details of the successful bids accepted.
- We verified that such bids were not lower than the reserve prices as previously provided to us.

We very much appreciated the opportunity to serve you on this engagement.

Yours sincerely,

G.J. Rodych