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Critical Path for 2006

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Discussion Topics

- Mandate and Chronology
- 2005 Sheerness PPA Capacity Auction
- Consumer Allocation
- 2006 Genesee PPA Capacity Auction



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BP's Mandate: per the Electric Utilities Act

- to manage generation assets in a commercial manner
- to sell generation assets when, in the opinion of the Balancing Pool, market conditions are such that a competitive sale will result in receiving fair market value



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Roles of the Balancing Pool

- Asset management: includes Thermal PPAs, Hydro PPA, PILOT payments
- Liability management: act as liability backstop for all PPAs (force majeure, change in law, plant destruction, owner or buyer default), SPRDA payments, UCA, etc.
- Not a policy maker or overseer



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Chronology:

- 2000:
 - Balancing Pool assumes 3 unsold PPAs (Clover Bar, Genesee and Sheerness) and HR Milner plant
- 2001:
 - Completed "MAP I" auction of 2,800 MWs to 45 Buyers
 - Provided \$2 billion rebate to consumers
- 2002/03:
 - Completed "MAP II" auction of 2,100 MWs to 12 Buyers

Chronology cont'd

- 2004:
 - Sold HR Milner station for \$20 million
- 2005:
 - Terminated Clover Bar PPA for economic reasons
 - Completed auction of Sheerness PPA capacity
- 2006:
 - Conducting Genesee PPA auction



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Sheerness PPA Auction





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Sheerness PPA Auction

- Auction process for 756 MW's PPA capacity held in Q3/Q4 of 2005
- Bids were accepted for both strip contracts (1-15 years) and for the whole PPA
- Strong interest by bidders in all terms
- Bid evaluation process compared the best package of Strip bids to the best PPA bid

Sheerness PPA Auction

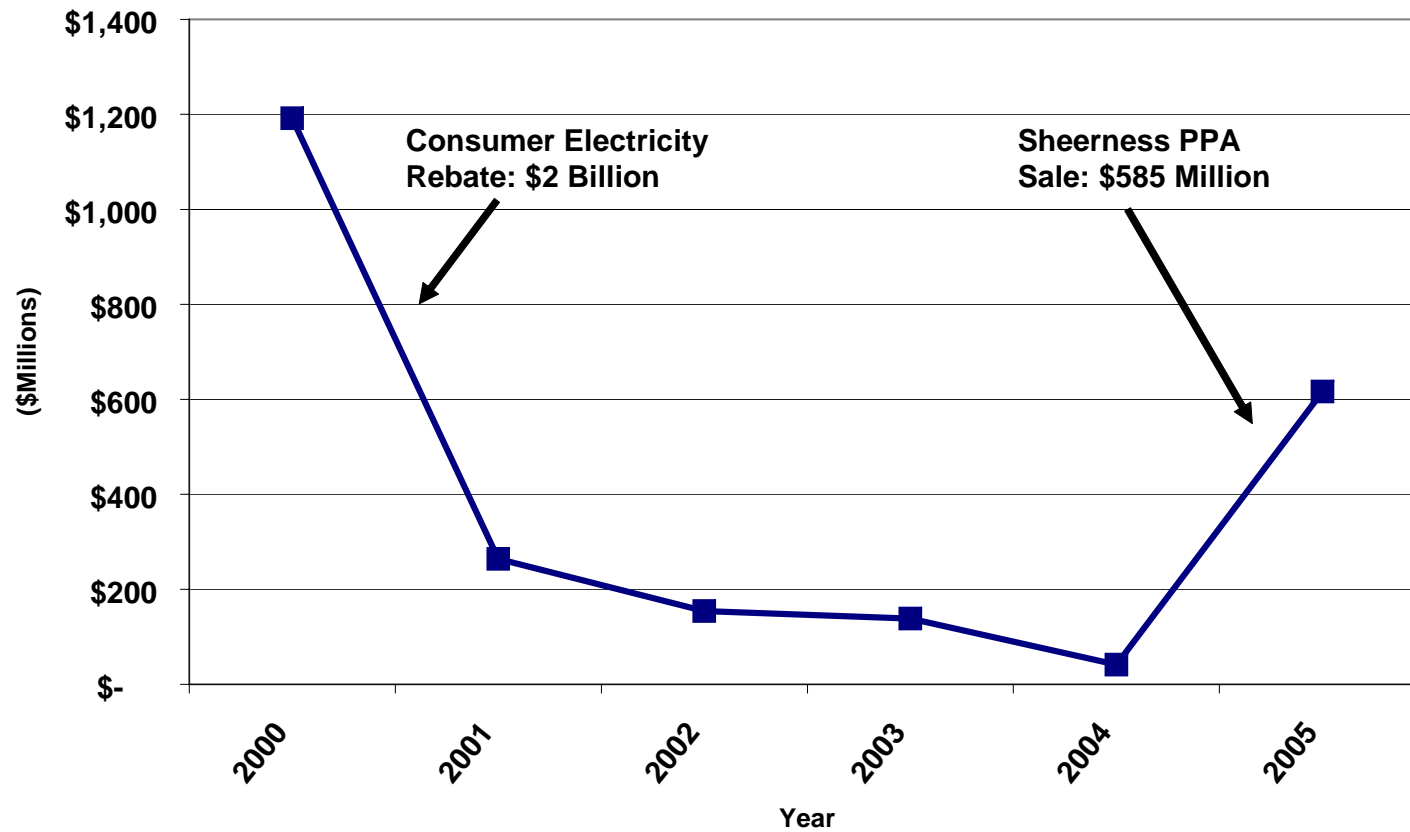
- Successful bid was from TransCanada for \$585 million for the Sheerness PPA
- Sale price was \$750 million+ above reserve price set in original 2000 PPA auction
- Sale amount represents 50% of total proceeds received in 2000 auction for over 4,000 MW's of PPA capacity



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Consumer Allocation

Year End Cash Position





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Consumer Allocation

- To date, the Balancing Pool has not implemented a charge to consumers
- In 2001, the Balancing Pool paid out \$800 million to consumers from internal cash flow
- Following sale of Sheerness PPA in December 2005, announced allocation to consumers of \$1 MWh (approx. \$70 million per annum)
- Allocation starts in 2006 and is expected to continue for many years (~10); the amount will be reviewed and announced annually



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Genesee PPA Auction





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Genesee PPA Auction

- PPA represents 762 MWs of base load coal-fired capacity
- Genesee station has reliable performance with over 94% historical availability factor
- For new participants: Immediate low risk entry into Alberta power market
- For existing participants: Opportunity to diversify plant risk



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Genesee PPA Auction

- Term: offering varying maturities of 3, 5, 10 and 15 years
- Contract Size: offering strip contract sizes of 25, 81 and 100 MWs
- PPA Risk Sharing for change of law re: CASA and Kyoto
- Also accepting bids for whole PPA



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Genesee PPA Auction

PPA Holding Restrictions revised in 2005:

- Prior limit of maximum 1,390 MW of PPA capacity has been eliminated
- Continuance of restrictions of PPA ownership by:
 - ✓ Crown corporations or subsidiaries
 - ✓ Plant owner cannot hold same plant PPA e.g. EPCOR restricted on Genesee PPA



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Genesee PPA Auction

Timeline:

- ✓ January: Information Memorandum and Contracts available
- ✓ February: Due diligence and site visits
- ✓ by March 15th: Credit pre-qualification
- ✓ early April: Indicative and Final Bids
- ✓ May 1st: Transfer of Control

Note: Timeline may be subject to change



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Genesee PPA Auction

- Flexibility in contract size and maturity dates will allow participants to bid where they see the most value, and optimize the value of MAP sale process
- It is anticipated that demand for Genesee PPA capacity will be very high
- Balancing Pool will establish reserve prices, and MAP contracts will be sold only if market prices exceed reserve prices



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