

ALBERTA SECURITIES COMMISSION

REVOCATION ORDER

Citation: Re Alberta Watt Exchange Limited, 2017 ABASC 58

Date: 20170330

Alberta Watt Exchange Limited

Background

1. Alberta Watt Exchange Limited (the **Applicant**) and the Canadian Clearing Agency Trust (the **Trust**) are the subjects of a 3 October 2003 order (the **Exemption Order**) of the Alberta Securities Commission (the **Commission**):
 - (a) exempting the Applicant and the Trust from the prohibition in section 62 of the *Securities Act* (Alberta) (the **Act**) against carrying on business as an exchange in Alberta unless recognized by the Commission;
 - (b) exempting the Applicant, the Trust and parties that contract with the Applicant and Trust from the prohibition in section 106 of the Act (as it then was) against trading exchange contracts on an exchange in Alberta unless the exchange has been recognized by the Commission under section 62 of the Act and the form of exchange contract has been accepted by the Commission;
 - (c) exempting certain trades in electricity and ancillary services futures contracts by the Applicant, the Trust and contracting parties through an electronic trading system operated by the Applicant and the Trust from the registration and prospectus requirements under sections 75 and 110 of the Act; and
 - (d) revoking a 7 June 2002 Commission order to which the Applicant was subject (the **2002 Order**).
2. The Applicant has applied for an order of the Commission revoking the Exemption Order.

Representations

3. The Applicant represents as follows:
 - (a) it is a corporation incorporated under the *Canada Business Corporations Act* with its head office in Calgary, Alberta;
 - (b) TMX Group Inc. (**TMX**) is a corporation incorporated under the *Canada Business Corporations Act* with its head office in Toronto, Ontario;
 - (c) the Applicant became an indirect wholly-owned subsidiary of TMX in October 2006 (the **Acquisition**);

- (d) concurrently with the Acquisition, the Trust was terminated in accordance with the terms of its trust indenture;
- (e) since the Acquisition, the Applicant's sole business has been to act as the designated platform for the Alberta Electric System Operator's (**AESO**) procurement of ancillary services in furtherance of AESO's day-to-day management of Alberta's electricity grid under the *Electric Utilities Act* (Alberta). Specifically, the Applicant provides the auction platform for AESO to procure near-term delivery of electricity capacity from multiple producers, with a view of maintaining electricity grid efficiency and reliability. AESO is the sole purchaser on this auction platform, and on the day following a purchase it takes physical delivery of the electricity purchased on the platform;
- (f) since the Acquisition, the Applicant has not carried on business as an exchange or clearing agency; and
- (g) to the extent that the entering into of an electricity purchase contract between AESO and a producer could be considered a trade in derivatives within the meaning of the Act, such trade would be exempt from the registration requirement under section 75 of the Act pursuant to section 6(b)(ii) of ASC Blanket Order 91-507 *Over-the-Counter Trades in Derivatives*.

Order

4. The Commission, considering that it would not be prejudicial to the public interest to do so, under section 214(1) of the Act revokes the Exemption Order except as it revoked the 2002 Order.
5. This order takes effect on 10 April 2017.

For the Commission:

"original signed by"

Tom Cotter
Vice-Chair

"original signed by"

Stephen Murison
Vice-Chair