

Electronic Notification

April 25, 2007

Direct Energy Marketing Limited
111 5th Ave, SW
Calgary, AB T2p 3Y6

Attention: Ms. Chantelle Bramley, Director, Canadian Compliance Government and Regulatory Affairs, Direct Energy Marketing Limited (DEML)

Re: Exemption Application # 1508393

The Alberta Energy and Utilities Board (EUB or the Board) is in receipt of your application # 1508393 (the application) dated, March 30, 2007, in which you request an exemption from the audit requirements of Part 4, Division 2 of the Gas Utilities Act Code of Conduct Regulation (the Code), for the 2006 audit year for Direct Energy Regulated Services (DERS) and Direct Energy Partnership (DEP).

The application notes that audits were conducted under the Code based on the 2004 and 2005 audit years. The previous audit results (filed with the Board in applications # 1407541 & 1465935) found DERS and DEP to be in compliance in all material respects with the Code and the DERS & DEP Gas Utilities Act Code of Conduct Regulation Compliance Plans (the Plans). In the application DEML highlights that all required compliance filings under the Code and the Plan have been submitted by DERS and DEP to the Board. The application was further supported by additional information as follow up to the 2005 audit process and 2006 compliance reporting which included further enhancements and actions taken. As such DEML has requested under Section 41(1) an exemption for DERS and DEP from the audit requirements for the 2006 audit year. Under Section 41(1) of the code “A gas distributor or default supply provider or its affiliated retailer may apply to the Board (a) for an exemption from all or any provision of this regulation”.

The EUB’s Audit and Compliance Group has reviewed the application and is satisfied that both DERS and DEP met the spirit and intent of the Code and Plan for 2004 and 2005. Also, with all reporting requirements having been met and approved by the Board for 2006; the Board is confident that DERS and DEP continue to meet the spirit and intent of the code and plan.

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Under the provisions of Section 18 of the *Alberta Energy and Utilities Board Act*, the Board has delegated to me, as the Head of the Audit and Compliance Group, Utilities Branch, the authorization to exercise certain powers conferred upon it by the Code, including those powers referred to in Section 41(3).

Accordingly, under the authority of the delegation noted above, I approve the requested exemption from the Audit requirements of Part 4, Division 2 of the Code for the 2006 audit year. It should be noted that the Board reserves the right to revisit the Code audit for 2006 should a matter of non-compliance be brought to the Board's attention through a future compliance report or audit.

DERS and DEP should continue to comply with the reporting requirements of the Code and Plan. A copy of the letter authorizing this approval should be posted on DERS and DEP's websites.

If you have any questions about these approvals, or wish to discuss them further, please contact Karen McCambly, Compliance Analyst, Utilities Branch at (403) 297-5363.

Yours truly,

(Original signed by)

Darcy Mazurkewich
Head, Audit and Compliance Group, Utilities Branch

cc Douglas Wilson, Legal Counsel
Market Surveillance Administrator