

# Memorandum

To: Market Pricing Working Group  
Date: October 22, 2008  
Re: MPWG Issue 40 – Locational Pricing for Intertie Transactions

At the Market Pricing Working Group meeting on August 19, 2008, MPWG members were requested to provide comments on the presentation and issue description paper describing MPWG Issue 40 – Locational Pricing for Intertie Transactions.

The IESO received 4 comments, 3 from generators and 1 from a wholesaler/retailer. These comments are attached.

All comments received to date indicate little or no support for continued work on Issue 40 in its current form for a variety of specified reasons. In general, stakeholders believe that this issue should be assigned a low priority given the inherent complexities associated with locational pricing, as well as a perception of questionable benefit to Ontario in applying locational pricing solely to intertie transactions.

While the IESO may not agree with all of the stakeholder comments regarding the potential outcomes of a locational pricing regime for intertie transactions; we acknowledge that stakeholders do not view this issue to be a high priority for the MPWG at this time.

Taking this into account, the IESO recommends that Issue 40 be put 'on hold'; to be revisited as an option in IESO's investigation of a more efficient uniform price beginning in 2009.

Yours truly,

Tim Lam  
Market Evolution

Attach.