

From: IESO Stakeholder Engagement
Sent: August 27, 2009 4:02 PM
To: IESO Stakeholder Engagement
Subject: Export Transmission Service Tariff Study - Draft Report

Please find attached the draft version of the report and recommendation of the ETS tariff option that we will be filing with the Ontario Energy Board tomorrow. You will note that the recommendation has changed from that presented in our last stakeholder session on August 10th. Although the IESO's quantitative analysis indicates that Option 2 (i.e. a tariff based on average embedded network transmission cost) best satisfies the selection principles of simplicity of implementation, fair and equitable, consistency with rates in neighbouring markets and net Ontario Benefit, since undertaking the study, the Ontario market has undergone significant changes, many of which have contributed to increased occurrences of surplus generation conditions. We expect these conditions to persist over the next few years. Exports aid in the management of these conditions and we believe that raising the cost to exports may reduce the role of exports in solving the surplus problem and necessitate more costly responses from the IESO. As a result we recommend continuing with the status quo until such time as conditions change or we are able to engage in meaningful discussions with our neighbours regarding the reciprocal elimination of the export tariffs; the option which we believe would be the most beneficial option for efficiency in the region and for the province of Ontario.



Draft IESO ETS
Tariff Report_A...

Thank you again for all of your efforts and support in this challenging process.

Nicholas Ingman
Manager, Government and Regulatory Affairs