

bcc: Dave
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August 10, 2005

VIA COURIER

Mr. John Zych
Board Secretary
Ontario Energy Board
P.O. Box 2319, 26th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Dear Mr. Zych:

Stakeholder Engagement and IESO Advisory Committee

On July 28th the IESO's stakeholder engagement review culminated with the adoption by the new IESO Board of enhanced stakeholder engagement principles and processes, together with the creation of a Stakeholder Advisory Committee to the IESO Board and Executive. The new stakeholder processes address governance changes arising from Bill 100 - the fact that there are no longer stakeholders on the IESO Board and the IESO's obligation under section 13.2 of the *Electricity Act* to establish one or more processes to gather and consider stakeholder advice and recommendations – as well as stakeholder experiences and needs arising from the existing processes.

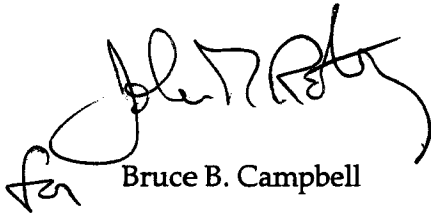
In its deliberations the IESO Board was assisted by the Final Report prepared by Mr. David Watts of Singer & Watts Ltd. – you will recall that Mr. Watts' interim report was filed in the most recent IESO fees proceeding. Consistent with the process outlined in that proceeding the Final Report, management's written response, and the comments of stakeholders on both the Final Report and management's response were posted on the IESO's web site at www.ieso.ca/imoweb/consult/consult_ser.asp, and provided to the IESO's Board. I enclose copies for your reference, together with the memo to be posted communicating the IESO Board's decision to stakeholders. I anticipate that that memo will be posted on Thursday, August 11, together with information regarding the nomination and appointment process for the Advisory Committee.

Bruce B. Campbell
Vice President
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Market Development
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The IESO is now anxious to proceed with implementation. As I noted in my testimony in our fees proceeding, stakeholder engagement is integral to the IESO's business and is a necessary component of our continued work on important and timely initiatives including the Day Ahead and Market Pricing Initiatives, and our 2006 Business Plan. Consistent with the panel's decision, the IESO is seeking concurrence to proceed with the implementation of the new stakeholdering processes. As was recognized in the decision of the IESO Board, the costs of implementing the renewed stakeholder engagement process and for supporting the work of the Advisory Committee will be established in the 2006-2008 Business Plan. That Plan will be submitted to the OEB in support of the IESO's 2006 fees and expenditures. 2005 costs to support these activities will not require the IESO to exceed its approved overall budget, and will be reported in our upcoming application. An estimate of those costs is attached as Appendix A.

I trust that this material is sufficient to address the purposes intended by the Panel's decision on this matter. The IESO would appreciate this matter being addressed expeditiously. If there is any additional information required in this regard, please do not hesitate to get in touch. As you will see from the attached material, the IESO Board hopes to be in a position to appoint representatives to the Stakeholder Advisory Committee at its September 23rd meeting.

Yours truly,

A handwritten signature in black ink, appearing to read "Bruce B. Campbell", with a large, stylized flourish extending from the end of the signature.

Bruce B. Campbell

Attach.

Appendix A

Estimated Expenditures
August 1 – December 31, 2005
Stakeholder Engagement & Stakeholder Advisory Committee Support

<i>IMO Labour</i> – allocation of 3.5 existing regular staff (at year end) Establish, manage and ensure appropriate implementation of stakeholder engagement principles & processes and provide necessary support for the establishment and ongoing administration of the Stakeholder Advisory Committee	\$166,000
<i>Stakeholder Advisory Committee Remuneration</i>	\$ 37,000
<i>Rental Facilities</i>	\$ 28,000
<i>Consulting</i> Assistance with start-up activities including preparation of draft protocols and procedures consistent with the stakeholder engagement principles recommended in the Final Report and approved by the IESO Board.	\$ 60,000
<i>Other Expenses</i> Material and Supplies; communications; staff expenses & training	<u>\$13,000</u>
	<u>\$304,000</u>