

Direct: (416) 869-5688
E-mail: gzacher@stikeman.com

BY EMAIL AND COURIER

October 27, 2008
File No.: 101926.1052

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Independent and Electricity System Operator – Fiscal 2009
Fees Submission for Review: EB – 2008 - 3040**

We are counsel to the Independent Electricity System Operator (the “IESO”).

Pursuant to section 19.1(2) of the *Electricity Act*, the Minister of Energy and Infrastructure gave approval for the IESO to submit its proposed expenditure and revenue requirements for 2009 and the fees the IESO proposes to charge during 2009 to the Ontario Energy Board for review. Accordingly, please find enclosed in PDF-searchable electronic form the IESO’s Submission for Review for its 2009 expenditure, revenue requirements and fees. The requisite number of paper copies will follow by courier.

There are several procedural matters that we wish to raise with the Board at this time. First, as the Board directed last year, and as requested in the enclosed 2009 Fees Submission, the IESO proposes that notice be given as follows:

- The IESO shall post the Notice of Application, including the pre-filed evidence on the IESO’s website at the “Regulatory Affairs” page;
- An announcement, in English and French, will also be posted on the “Participant

News" page and will be automatically emailed to all market participants and interested parties who are registered to receive IESO news and other communiqués (this will include all connection proponents with respect to whom the IESO maintains a public registry); and

- The IESO shall deliver a copy of the Notice of Application, including the pre-filed evidence, to all registered intervenors and observers in the IESO's 2007 and 2008 Fees Submissions for Review.

Second, as in the case of last year's proceeding, the IESO requests that a draft issue list be posted for comment along with the Notice of Application. Enclosed is a proposed draft issues list. It includes the central issues included in last year's and previous years' issues lists. It also includes specific issues that were raised by the Board panel in last year's decision.

Lastly, as in recent years, the IESO requests that the Board consider setting aside one or two days to hold an initial technical conference in lieu of interrogatories to be followed shortly afterwards by a settlement conference. If the Board's schedule allows, the IESO requests that these proceedings be scheduled before the end of the year.

Please contact me or Paula Lukan of the IESO if you have any questions or wish to discuss these points further.

Yours truly,

Glenn Zacher

GZ/sc
Encls.

DRAFT

PROPOSED ISSUES LIST INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO") FISCAL YEAR 2009 FEES SUBMISSION FOR REVIEW EB-2008-0340

1.0 Operating Cost

1.1 *Are the IESO's projected OM&A Costs reasonable?*

1.2 Are the IESO's projected staff costs and strategy for setting compensation levels reasonable?

2.0 Asset Backed Commercial Paper (ABCP) Investments

2.1 What are the consequences of the IESO's investments in ABCP for the IESO's operating costs and its 2008 revenue requirement?

3.0 Capital Spending

3.1 Is the IESO's proposed 2009 capital expenditure envelope reasonable?

4.0 Enhanced Day-Ahead Commitment (EDAC)

4.1 Are the IESO's proposed 2009 capital expenditures of \$15.9 million for enhanced day-ahead commitment (EDAC) processes reasonable?

5.0 Smart Metering Initiative

5.1 Is the IESO's process for separating costs associated with its role as the Smart Metering Entity from costs associated its role in operating the provincial electricity grid and managing the wholesale electricity market reasonable?

6.0 Reliability

6.1 Are the IESO's proposed 2009 measures to address reliability cost effective?