



May 11, 2009

Ms Kirsten Walli  
Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 26<sup>th</sup> Floor  
Toronto, Ontario M4P 1E4

**Re: Export Transmission Service Tariff Review  
Board File No. EB-2008-0272**

Dear Ms. Walli:

We are in receipt of the IESO's letter to you of May 7, 2009, in which the IESO requests a further deadline extension for its review of export transmission service tariffs.

AMPCO urges the Board to reject this request and to direct Hydro One to recommend an appropriate cost-based export transmission service tariff to the Board by June 1, 2009 in accordance with the settlement agreement it made in EB-2006-0501.

The responsibility for making a recommendation on the export tariff lies with Hydro One, not with the IESO. In the Board's decision approving terms of the settlement achieved in EB-2006-0501 (decision with reasons, appendix 3), the Board made clear that the responsibility for recommending an appropriate export tariff belonged to Hydro One and that this responsibility cannot be transferred to another party.

The current tariff was established at \$1/MWh in RP-1999-0044 and has remained unchanged since that time. This amount was accepted by all parties at the time as a placeholder, until the IESO could either negotiate reciprocal elimination of export tariffs with neighboring jurisdictions, or recommend a cost based tariff. In the nine years since, the IESO apparently has made no progress.

In the settlement agreement of EB-2006-0501, the IESO accepted an obligation to conduct a review of the tariff and recommend an appropriate level, either by successfully negotiating reciprocal agreements with other jurisdictions to eliminate export tariffs or by developing a recommendation for a tariff based on normal cost allocation principles. The Board accepted this settlement in its decision of April 18, 2007. The IESO has had more than 2 years to conduct its review.

Between April 18, 2007 and the fall of 2008 when Hydro One filed its application for rates in 2009 and 2010 (EB-2008-0272) the IESO reported no progress.

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*Export Tariff – AMPCO Response to IESO Request for Extension*

The IESO finally posted a Stakeholder Engagement Plan (SE-78) for the review process on December 11, 2008, some 20 months after accepting the obligation to do so. Since that time, the IESO has held one stakeholder meeting in January of 2009. A second meeting was to be held in April, 2009 but that meeting did not take place. The IESO has not explained its delay. The IESO has provided no information since its response to stakeholder input on February 9, 2009. In its letter to the Board of May 7, 2009, the IESO provides no explanation for these delays.

On March 20, 2009, AMPCO submitted its final argument on EB-2008-0272, a case which remains before the Board. In its submission, AMPCO urged the Board to enforce the obligation Hydro One accepted in the settlement of EB-2006-0501, and to present a recommendation on the ETS by June 1, 2009.

The tariff in Ontario is significantly lower than that of all neighboring jurisdictions. This arbitrarily distorts the wholesale electricity market and harms the interests of consumers.

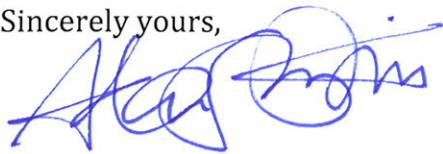
Ontario consumers effectively are subsidizing exports. This subsidy is material. According to Hydro One's evidence in EB-2008-0272, 2009-2010 exports were forecast to be approximately 12 TWh per year.

By promoting inefficient exports, the artificially low tariff causes electricity prices in Ontario to be higher than would otherwise be the case, particularly during off-peak hours. This undermines the efficiency of price signals in the IESO-administered market and impedes efficient demand management.

The IESO has had ample time to complete its review. The IESO has presented no evidence of significant progress nor provided substantive reasons for an extension. The IESO should not be allowed to continue to procrastinate on this important issue.

AMPCO encourages the Board to enforce the settlement it approved in April 2007 and to direct Hydro One to deal with this issue as it committed to do more than two years ago.

Sincerely yours,



Adam White

Association of Major Power Consumers in Ontario