

May 20, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

Re: IESO 2010 Fees Case – EB-2009-0377 – Update on MR-00370

In accordance with Settlement Proposal filed with the Board on March 2, 2010, the IESO is writing to update the Board and Intervenors on the status of the market rule amendment (MR-00370) being developed to address the Market Surveillance Panel's ("MSP") January 2010 recommendations relating to CMSC payments to exporters and dispatchable loads

- The IESO is currently on track to meet the timeline identified in the IESO's submission to the Board dated March 26, 2010 under EB-2009-0377.
- The efficiency analysis which was being conducted by the IESO to determine the appropriate bid floor for constrained-on payments to exporters and dispatchable loads was presented to the IESO's Technical Panel ("TP") on May 11, 2010 as part of the TP's review of the associated market rule amendment submission. The TP had a few questions of clarification regarding the efficiency analysis but unanimously determined that the issue warranted consideration and assigned a high priority to developing the proposed amendment.
- The IESO expects to bring the formal amendment proposal to the June 8, 2010 TP meeting and seek TP concurrence to post the draft amendment for three weeks for stakeholder review and comment.
- At the August 17 TP meeting, the IESO plans to ask the TP to review any stakeholder comments, and consider any changes to the amendment that the IESO may propose in response to stakeholder comments. Unless the nature and extent of stakeholder comments and proposed changes warrant further consideration, the IESO expects to seek TP approval on the amendment proposal at that meeting.

- The IESO's target date for IESO Board approval of the rule amendments remains September 10, 2010.
- Materials relating to this market rule amendment (MR-00370) are posted on the IESO's website at: www.ieso.ca/imoweb/amendments/mr_Amendments.asp.

With regards to MR-00252 (the proposed market rule amendment to limit self-induced CMSC payments to generators when they are unable to follow dispatch for safety, legal, regulatory or environmental reasons), the IESO is planning to present the proposed rule amendment to the TP for approval at its meeting on June 8 or July 6, 2010 and to the IESO Board for approval on September 10, 2010.

The IESO will provide a further update following the June 8, 2010 TP meeting.

Please do not hesitate to contact me should you require further clarification.

Respectfully Submitted,

/s/Brian Rivard

Brian Rivard

Manager, Regulatory Affairs & Sector Policy Analysis

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