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APPrO

ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

July 8, 2010

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
27th floor
2300 Yonge St.
Toronto, Ontario
M4P 1E4

Re: Ontario Energy Board
EB-2010-0002 HONI 2011-2012 Transmission Revenue Requirement and Rates

Response to stakeholder submissions on the Issues List

Dear Ms Walli,

APPrO has reviewed the draft issues list for the above-noted proceeding and chose not to submit any comments.

However, APPrO does take issue with one of the recommendations made by AMPCO, the Association of Major Power Consumers in Ontario, in its letter to the Board of June 30. AMPCO recommends that a new issue be added as follows:

“8.2 Is Hydro One's recommendation to continue with the \$1.00/MWh Export Transmission Service (ETS) Tariff appropriate?”

In APPrO's view such a change to the issues list is inappropriate. Its inclusion would result in unnecessary procedural time and costs. Furthermore there is minimal likelihood that reviewing this issue in the current rate hearing will lead to a more satisfactory resolution. The issue is inherently contentious and the proposed alternatives to the status quo are fraught with serious problems in every case.

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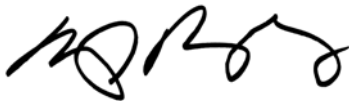
APPrO recommends that the Board reject AMPCO's suggestion on the ETS for the following reasons:

1. The recent report by the IESO on ETS was prepared in accordance with section 4.1 of the decision with reasons of the Board in EB-2008-0272. The Board should therefore defer to the expertise of the IESO that was acknowledged in its report.
2. The issue has been studied carefully by the IESO and stakeholders have been systematically consulted in the process. Hydro One has adopted the IESO's recommendation. To re-open the issue at this point would very likely lead to substantial duplication and/or reconsideration of the work done by the IESO and stakeholders, resulting in unnecessary time and costs being consumed in the current proceeding.
3. Re-consideration of the ETS question in the current proceeding is unlikely to produce a different outcome than the status quo. This is because the alternative options proposed have been shown to be problematic in themselves in every case, a condition which no amount of review or debate can correct.
4. Unnecessary uncertainty and therefore business risk would be created if the ETS rate were perceived to be subject to unnecessary change, particularly given that the alternative tariff structures are extremely vulnerable to challenges in principle and in practice.

APPrO submits that the Board should accept the recommendation of the IESO on ETS in response to the Board's prior direction. Any other result would lead to a contentious hearing process with little or no likelihood of a more satisfactory result in the end.

We appreciate this opportunity to put forward our response to stakeholder recommendations on the issues list.

Yours sincerely,



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