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July 9, 2010

VIA e-mail

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: Hydro One Networks Inc. (“Hydro One”)
2011-2012 Transmission Rate Case
Ontario Energy Board File No. EB-2010-0002

Pursuant to the National Energy Board’s (the “Board”) Procedural Order No. 1 dated June 28, 2010, Manitoba Hydro respectfully submits the following comments for the Board’s consideration.

Having reviewed the June 30, 2010, submission of the Association of Major Power Consumers in Ontario (“AMPCO”), it is the position of Manitoba Hydro that AMPCO’s recommendation that a new issue be added, namely: “Is Hydro One’s recommendation to continue with the \$1.00 MWh Export Transmission Service (ETS) Tariff appropriate”, be rejected by the Board for the following reasons:

In accordance with Section 4.1 of the Board’s May 28, 2009, Decision with Reasons in EB-2008-0272, the IESO conducted comprehensive quantitative and qualitative analysis on the issue of the ETS charge and concluded that the \$1/MWh ETS charge remain, highlighting the numerous operational benefits of exports to the Ontario market. A working group composed of various electricity sector market participants was established to provide the IESO with input on this issue.

In justifying its recommendations, the IESO stated that it has “*observed a number of factors...including: load deterioration due to economic conditions, recent legislative changes through the Green Energy and Green Economy Act, and increased occurrences of surplus base-load generation conditions*” which “*have served to highlight the operational benefits of exports*”. In its conclusion, the IESO stated that “*a recommendation that would place downward pressure on exports is not considered appropriate or consistent with the new reality of lower demands and a future with significant increases in variable renewable generation*”.

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Considering the fact that the ETS charge issue has been studied carefully by the IESO and stakeholders, Manitoba Hydro believes that it is not in the interest of any party at this point in time to reopen the issue for debate. To do so would result in the unnecessary expenditure of time, effort and expense and the likelihood remote that a different outcome would be achieved, particularly as other options have already been fully explored, considered and rejected.

For the reasons listed above, Manitoba Hydro reiterates that in its view, it is inappropriate to add the ETS issue at this time and as part of this case. Further, Manitoba Hydro respectfully submits that the Board accepts Hydro One's recommendation to preserve the existing ETS charge of \$1.00/MWh.

Yours truly,

Original Signed By

Audrey Penner
Manitoba Hydro

cc: Hydro One Networks Inc.
Attention: Ms. Anne-Marie Reilly (via e-mail regulatory@hydroone.com)

Intervenors EB-2010-0002