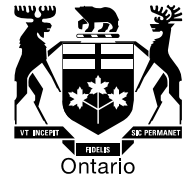


**Ontario Energy
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BY EMAIL

August 27, 2010

Ms. Susan Frank
Vice President and Chief Regulatory Officer
Hydro One Networks Inc.
483 Bay St., South Tower, 8th Floor
Toronto ON M5G 2P5

Dear Ms. Frank:

**RE: Connection of a Capacity Allocation Exempt Small Embedded Generation
Facility ID # 11330**

In a letter dated August 10, 2010 Hydro One Networks Inc. ("Hydro One") notified the Ontario Energy Board ("Board") it had received an application to connect a 250 kW Capacity Allocation Exempt ("CAE") generation facility to its Malden TS M11 feeder. Hydro One indicated that connection of this generation facility, identified as ID # 11330, would result in the violation of Hydro One's feeder limitation and may, in turn, result in unacceptable risk to the reliability of supply to other customers.

The Board relies on Hydro One's judgment that this generation facility ID #11330 can not be reliably connected without affecting the capacity that has already been previously allocated to other generators. If Hydro One's review of connection feasibility indicates that this is the case, the Board directs Hydro One to notify the Ontario Power Authority ("OPA") in order that OPA can determine if changes should be made to the contracting arrangements of those other generators in order to accommodate connection of the subject generation facility.

The Board directs Hydro One to proceed to identify the distribution system upgrades needed to be able to incorporate this project without incurring unacceptable risk to the reliability of supply to other customers. Hydro One should also determine whether any required system upgrades can be accommodated within Hydro One's existing capital

plans given this and other priorities. In the case that they can not be accommodated, Hydro One should incorporate the required capital expenditures into its next filing of plans relating to the connection of renewable generation for submission to the Board.

Hydro One should inform the generator and the Board as soon as possible of how it intends to proceed, providing information about what distribution system upgrades are required, when connection of this generation facility can be accommodated and the amount of capital contribution that is required from the generator.

If you have questions or concerns or wish to discuss this matter further, please contact Gordon Ryckman, Senior Advisor at 416-440-8109 or Peter Fraser, Senior Manager – Infrastructure and Renewables at 416-440-7616.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary