

October 05, 2010

Ms. Kirsten Walli  
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Dear Ms. Walli:

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

In accordance with the 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 draft amendment proposal was posted for comment from July 8 – 29, 2010. In response to stakeholder comments, the IESO made several revisions to the proposal and solicited Technical Panel feedback on the changes at the August 17 Technical Panel meeting. The Technical Panel did not identify any significant concerns with the revised proposal. At the subsequent September 14 Technical Panel meeting, the Technical Panel voted to approve and forward the proposed rule amendment to the IESO Board for final approval.
- The IESO's target date for IESO Board approval of the rule amendment is November 11, 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](http://www.ieso.ca/imoweb/amendments/mr_Amendments.asp).

With regards to MR-00252 (the proposed market rule amendment to limit CMSC to generators during ramp down), the IESO consulted with generators on July 23 to solicit feedback on the IESO's proposed amendments. The generators expressed two major concerns regarding the IESO's proposal:

- Further analysis is required to assess the efficiency and price impacts of the proposed amendment; and
- Further analysis is required to assess the impact of the proposed changes on OPA contracts. In this regard, the IESO needs to consult with the OPA and share the OPA's feedback with the generator community.

In light of the issues raised by generators at the July 23 stakeholder session, the IESO is revising its plan for stakeholder consultation on this amendment. As a first step, the IESO has initiated consultation with the OPA on the impact of the proposed changes on OPA contracts. Once the IESO has completed this consultation, the IESO will determine what, if any, further stakeholdering is required with generators or other market participants and what further rule amendments may be required. At that time, the IESO will establish a revised stakeholdering timetable and target date for IESO board approval of the market rule amendment. The IESO will notify the Board and intervenors once this new timetable is established.

In order to expedite implementation of this rule amendment once stakeholdering is completed and the associated amendments are approved by the IESO board and subsequently, the OEB, the IESO has prioritized its IT implementation plan to implement the changes as quickly as possible.

At the same time that the IESO has been working towards addressing issues related to MR-00252, the IESO successfully addressed an emergent issue related to payment of CMSC payments to constrained-off dispatchable loads, under MR-00373. The IESO passed an urgent rule amendment to address this issue. This urgent rule amendment went into effect on Aug 28 and it temporarily suspends all constrained-off CMSC payments to dispatchable loads while the IESO works with the dispatchable load community to replace this interim amendment with a permanent solution.

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

Respectfully Submitted,

/s/Brian Rivard

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