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EMAIL AND COURIER

February 2, 2011
File No.: 101926.1056

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Yonge-Eglinton Centre
P.O. Box 2319, Suite 2700
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Independent and Electricity System Operator - Fiscal 2011 Fees
Submission for Review: EB-2010-0046**

Pursuant to Procedural Order No. 1, the IESO wishes to make the following comments on the Draft Issues List.

The IESO does not object to any of the issues included in the Draft Issues List with the exception of Issue 5.3 which states:

Does the IESO have processes in place to ensure the SME meets its smart meter obligations including requirements to meet electricity distributors' implementation of mandatory TOU (June 2011) and the SME's licensing requirements?

The IESO submits that issue 5.3 is not within scope and is not relevant to the matters at issue in this proceeding. The purpose of this proceeding is to review the IESO's proposed expenditures, revenue requirement and fees in its capacity as the province's reliability authority and administrator of the wholesale electricity market. The purpose of this proceeding is not to review the Smart Metering Entity's (SME) obligations or licensing requirements, or the related costs. The costs associated with the IESO's role as SME will be the subject of a separate regulatory mechanism or proceeding.

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It is also the IESO's position that this matter is more appropriately dealt with by other Board processes. The IESO was recently subject to an SME licence proceeding (EB-2007-0750) in which Board Staff and intervenors had the opportunity to address any issues they had concerning the IESO's SME licence requirements or obligations. No parties made any submissions. Further, with respect to mandatory TOU dates, the IESO is submitting monthly reports to the Board regarding the SME's status and readiness in supporting implementation of TOU billing. As the IESO stated in the licence proceeding, it expects the task of bringing LDCs onto the MDM/R to be substantially complete by the end of 2011.

This letter will be filed through RESS and the requisite number of paper copies will follow by courier.

Yours truly,



for: Glenn Zacher

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cc: All Registered Intervenors