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January 4, 2008
File No.: 101926.1046

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Independent Electricity System Operator – Fiscal Year 2008
Fees Submission for Review: EB – 2007 – 0816**

We are counsel to the Independent Electricity System Operator (the “IESO”).

Pursuant to the OEB’s Notice of Application dated December 12, 2007, we are writing to provide the IESO’s comments on Board staff’s draft issues list.

The IESO agrees with the draft issues list prepared by Board staff.

With respect to the changes and additions suggested by Energy Probe and the Vulnerable Energy Consumers Coalition (VECC), the IESO’s comments are as follows:

Energy Probe

- The proposed addition of Issue 5.2 under the heading “Reliability” is unnecessary. This issue is already encompassed by and may be addressed as part the general issue on Reliability framed by Board staff. It is not necessary to add this as a discrete issue.

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- The proposed addition of Issues 6.1 and 6.2 under the heading “Stakeholdering” are inappropriate. These both relate to the settlement of Issue 8.0 from the IESO’s 2007 fees proceeding (i.e., the creation of a Consumers Forum). This matter was settled between the IESO and VECC/AMPCO. The settlement was approved by the Board and Energy Probe took no position on the settlement.¹ It is not appropriate for Energy Probe to seek to re-open this settled issue. This issue is also not appropriate for the Board to consider in an annual IESO fees proceeding. The Board stated in its Decision accepting the settlement proposal on Issue 8.0, that the establishment of stakeholdering forums, including the Consumers Forum, are matters within the jurisdiction of the IESO and that:

Whether or not there are better alternatives to engaging consumers, this is a matter that should be left to the IESO in exercising its mandate given to it by the legislature and the Board will not second-guess the IESO in this regard. This would be duplicative and inappropriate. From the Board’s perspective, there are no budgetary issues ...²

VECC

- The IESO does not object to VECC’s proposed wording change to Issue 1.1.
- The IESO does not object to VECC’s proposed wording change to Issue 2.1.
- VECC’s proposed wording changes to Issue 3.1 are inappropriate. The issue of “forecasting” of costs associated with the IESO’s role as the Smart Metering Entity is not an appropriate subject for inquiry in this proceeding (as noted in the IESO’s Submission for Review, “SME costs will be recovered through a separate regulatory mechanism ... and the IESO is not seeking in this proceeding to recover costs relating to performing its role as the SME.”).
- VECC’s proposed addition of Issues 6.0-6.2 under the heading “Status Report on the Obligations and Undertakings Arising out of the IESO’s 2007 Fees Submission” is inappropriate and

¹ See Board-approved Settlement Proposal at p. 12 of 12, Appendix A to Board’s Decision and Order dated March 21, 2007

² See Board’s Decision and Order dated March 21, 2007, at p. 4.

unnecessary. The IESO's obligations and undertakings from its 2007 fees proceeding are not directly relevant to this application to approve its 2008 fees. Also, the subjects of the IESO's 2007 Obligations and Undertakings – operating costs/staff compensation, capital spending/DAM, benchmarking and reliability – are already addressed under the corresponding issues in the proposed 2008 draft issues list.

Yours truly,

A handwritten signature in black ink, appearing to read 'Glenn Zacher', with a long horizontal flourish extending to the right.

Glenn Zacher

/sc

cc: Registered Intervenors