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BY E-MAIL ONLY

March 2, 2011

To: All parties

**Re: Hydro One Networks Inc. and Hydro One Brampton Networks Inc.
Application for Board-Approved CDM Programs
Board File No. EB-2010-0331/0332**

The oral hearing for the above noted matters is scheduled to commence on March 4, 2011.

On March 1, 2011, the Board received a letter from the Consumers Council of Canada ("CCC") which posed certain questions relating to the scope of the current proceedings. Hydro One Networks Inc. ("HONI") filed a response to this letter on March 2, 2011.

The Board is interested in hearing submissions from parties regarding the issues raised in CCC's letter. Specifically, the Board invites parties to make submissions at the outset of the oral hearing regarding:

- The extent to which these applications are governed by the "just and reasonable" standard established in s. 78(2) of the Ontario Energy Board Act, 1998.
- The extent to which the Board can consider in this application the costs of Ontario Power Authority ("OPA") CDM programs that are being acquired by HONI, and whether any "rates" resulting from these programs are just and reasonable.

In addition to the issues raised by CCC, the Board would also like to hear submissions from parties on the following two issues:

1. Have the OPA's CDM programs been "established" as contemplated in section 7 of the Minister's Directive dated March 31, 2010? If not, what impact does this have on the current proceedings? Is the application premature?
2. Section 3.1.4(a) of the Board's CDM Code requires an applicant for Board approved CDM programs to file a program evaluation plan, based on the OPA's EM&V protocols. Although HONI has filed a draft evaluation plan template for each program, it has not filed a complete evaluation plan and in this respect, the

application could be considered incomplete. It intends to prepare a complete plan with the assistance of a third party expert after Board approval of any programs. In addition, the OPA's protocols are still in draft form. What implications, if any, should this have on the hearing process and the Board's consideration of the request for approval of the programs? Should the Board adjourn the hearing until a complete evaluation plan is filed, or the OPA's protocols are finalized?

The Board intends to hear submissions from interested parties on all of these issues at the outset of the hearing.

Yours truly,

Original Signed By

John Pickernell
Assistant Board Secretary