

APPENDIX Vii

Ministry of Energy

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Office of Consumer & Regulatory Affairs

December 21, 2007

Mr. Bernie Watts
Chief Executive Officer
London Hydro Inc.
111 Horton Street
P.O. Box 3060
London, ON, N6A 4J8

Dear Mr. Watts,

A handwritten signature in cursive script that reads "Bernie".

I understand that London Hydro and a consortium of more than 20 additional local distribution companies (LDCs) are currently working diligently considering bids received from the now closed smart meter RFP. I want to personally congratulate London Hydro and consortium members on the hard work and collaboration that has resulted in a process that strives to ensure economies of scale, cost-effectiveness, and best value for customers. We are eager to see the results from this process to establish a second round of smart meter procurement in the province.

In our letter to London Hydro on July 25, 2007, the government reiterated its view that, wherever possible, individual procurements of the same product should be combined to capture any economic benefits from a common statement of work. This was also communicated in subsequent discussions between Ministry staff and London Hydro regarding the consideration of options for allowing LDCs outside of the consortium to participate in the procurement process.

As you are no doubt well aware, this procurement has attracted attention from LDCs across the province and several have expressed an interest in participating. I am appreciative of the work done by London Hydro to develop a participation process that offers non-consortium LDCs with an opportunity to investigate a suitable technology for their own customers. I understand that the participation guidelines ensure that the integrity of the procurement process (which will be monitored by London Hydro's fairness commissioner) will be maintained in the event of expanded LDC participation. The participation process also provides opportunities for both consortium and other LDCs to achieve greater cost-savings and volumetric discounts in those cases where the same bidder's technology is selected.

Following the successful completion of the RFP and Minister Phillips' approval, the Ministry will recommend to Cabinet an amendment to O. Reg. 427/06 to accommodate London Hydro and consortium members as well as any other LDCs outside the consortium that have chosen to participate in the process. As you know, the Ministry cannot bind Cabinet's decision making. As such, nothing in this letter shall be construed as obligating the Cabinet or the legislature of the Province of Ontario to approve or promulgate the proposed amending regulation.

Please accept my congratulations on your accomplishments to date on this initiative. I encourage you to continue the dedication you have shown thus far toward the successful implementation of smart metering for your customers.

Sincerely,

A handwritten signature in black ink, reading "Rosalyn Lawrence". The signature is fluid and cursive, with the first name "Rosalyn" written in a larger, more prominent script than the last name "Lawrence".

Rosalyn Lawrence
Assistant Deputy Minister
Consumer and Regulatory Affairs

cc:

Electricity Distributors Association

Niagara Erie Power Alliance

Cornerstone Hydro Electric Concepts Group

District 9

Whitby Hydro