

May 27, 2011

via OEB RESS e-filing – original to follow

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yong Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Intervenor Argument of Manitoba Hydro
Ontario Power Authority – 2011 Revenue Requirement Submission
EB-2010-0279**

With regard to the above-noted matter, Manitoba Hydro (“MH”) respectfully submits the following comments for the Board’s consideration. MH is only concerned with Issue 7.2 in the proceeding.

It is MH’s position that the proposal by the Ontario Power Authority (“OPA”) to extend usage fees to exporters is not just and reasonable and requests that the Ontario Energy Board (the “Board”) not approve same. MH believes that the OPA has failed to show how its activities provide a benefit to exporters. In addition, the OPA did not engage in any stakeholder consultation with market participants or conduct technical studies on the potential impact of extending the usage fee to exporters. On the other hand, the Independent Electricity System Operator (“IESO”), did conduct a comprehensive technical study in August 2009, on the appropriate Ontario exporter charges and stated that *“a recommendation that would place downward pressure on exports is not considered appropriate or consistent with the new reality of lower demands and a future with significant increases in variable renewable generation”*. This study explicitly highlighted significant operational benefits that exporters provide to the Ontario market. It is MH’s position that additional fees imposed on exporters would result in a decrease of exports from Ontario and add to the existing operational challenges that result from balancing increased variable generation with the drop in demand.

MH, therefore, requests that the Board not approve OPA's proposal to extend the usage fee to exporters.

Yours truly,

Original signed by Audrey Penner

Audrey Penner
Market Access and Regulatory Affairs Officer
Manitoba Hydro

cc Applicant
 Intervenor