

BY EMAIL AND RESS

December 5, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2012-0031 – HONI Transmission Rates (Interim ETS Rate)

The Independent Electricity System Operator (“IESO”) is an intervenor in the above noted proceeding and wishes to make submissions in response to Procedural Order No. 9 with respect to the Export Transmission Service (ETS) rate.

As the independent market operator mandated to operate the IESO-administered market to promote the purposes of the *Electricity Act*, including promoting economic efficiency in the sale of electricity, it is the IESO’s view that a retroactive application of the ETS rate would introduce an additional level of price uncertainty that could have a dampening effect on trading behaviour leading to less efficient market outcomes. For this reason, the IESO supports APPrO’s position that the Board not order a retroactive adjustment of the ETS rate back to January 1, 2013, should the Board order a change in the rate.

The IESO also wishes to advise the Board of the IESO’s settlement capabilities with respect to a new ETS rate. The IESO is able to implement a change in the ETS rate immediately and is also able to implement a retroactive application of the rate. However, should the Board order a rate with a different rate structure, i.e. a two tiered rate, the IESO would require a minimum of 4 months to make the required technical adjustments in its settlement systems to accommodate a change of that nature.

Yours truly,

Original signed by

Paula Lukan
Senior Regulatory Analyst
Independent Electricity System Operator