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PRIVILEGED SETTLEMENT COMMUNICATIONS

December 7, 2012

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**Re: Board File No: EB-2012-0031
Experts' Conference**

Pursuant to Procedural Order No. 8 in the above-noted proceeding, please find below the discussion points of Elenchus Research Associates Inc. in respect of the Experts' Conference on December 12 and 13, 2012.

Discussion Points

The Principle of Cost Causality

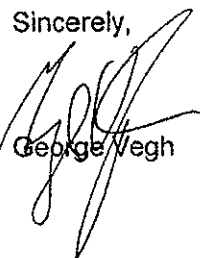
1. Cost Causality is a Generally Accepted Regulatory Rate-Making Principle;
2. The principle of Cost Causality should be applied in determining the ETS Tariff;
3. Should the OEB depart from pure cost causality while setting the ETS Tariff, the reason for such departure should be provided, the amount of the subsidy to domestic customers should be established and clearly stated.

The Treatment of Exporters in Ontario

4. Exporters are treated as interruptible customers by the IESO;
5. Exporters use only the excess capacity on the Ontario transmission system;
6. Exporters' capacity requirements are not considered in the planning and designing of the Ontario transmission system;
7. Exporters impose lower costs than domestic consumers on the Ontario transmission system.

I trust that this is satisfactory.

Sincerely,



George Vegh