

February 22, 2013

Ms. Kirsten Walli
Ontario Energy Board
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Dear Ms. Walli:

IN THE MATTER OF the Electricity Act, 1998, S.O. 1998, c. 15, Schedule A;

AND IN THE MATTER OF an Application made collectively by entities that have renewable energy supply procurement contracts with the Ontario Power Authority in respect of wind generation facilities for an Order revoking certain amendments to the market rules and referring the amendments back to the Independent Electricity System Operator for further consideration.

Board File No.: EB-2013-0029

We write further to the Board's Procedural Order No. 3 issued on February 12, 2013 in EB-2013-0029 ("PO3") respecting written interrogatories. Please find enclosed the written interrogatories of the Independent Electricity System Operator.

Two (2) copies of this letter and its attachment have been sent via courier.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Alan Mark'.

Alan Mark

Copy to: Jennifer Teskey, Norton Rose Canada LLP
All parties

DOCSTOR: 2637339\1

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Electricity Act*, 1998, S.O. 1998, c. 15,
Schedule A;

AND IN THE MATTER OF an Application made collectively by
entities that have renewable energy supply procurement contracts
with the Ontario Power Authority in respect of wind generation
facilities for an Order revoking certain amendments to the market
rules and referring the amendments back to the Independent
Electricity System Operator for further consideration.

WRITTEN INTERROGATORIES OF THE INDEPENDENT ELECTRICITY SYSTEM OPERATOR ("IESO")

Alleged inconsistency with *Electricity Act* objects

1. On what basis are the applicants challenging market rule amendments R04, R05 and R06? (para. 1(a))
2. What further and other relief, if any, are the applicants seeking other than that indicated in paragraph 1 of the Application? (para. 1(d))
3. What do the applicants mean by the word "economic" in the first sentence of paragraph 10 of the Application? Is this a reference to marginal cost, or to something else? (para. 10)
4. What do the applicants mean by the word "economic" in the first sentence of paragraph 12 of the Application? (para. 12)
5. How do the Renewable Access Amendments "change the incentives" in the RES I, II and III contracts with the OPA (collectively, the "RES Contracts")? What do the applicants claim are the OPA's incentives under the RES Contracts? What benefit do the applicants claim the OPA receives under the RES Contracts? How do the Renewable Access Amendments cause the RES Contracts to allegedly be "more favourable to the OPA"? Please identify which applicants are RES I, RES II or RES III generators. (paras. 11 and 13)
6. Which contract structure are the applicants referring to at the end of the first sentence in paragraph 24 of the Application? Please produce a copy of the contracts referred to in paragraph 24 of the Application. (para. 24) Please produce a copy of all of the applicants' contracts with the OPA.
7. What do the applicants mean by the phrase "non-dispatchability structure" in the first sentence of paragraph 27 of the Application? What is the source document the applicants are quoting from in the last sentence of this paragraph? (para. 27)

8. What do the applicants mean by "economic interest" in the second sentence of paragraph 33 of the Application? How have the applicants "lost their ability to bid in their economic interest" as a result of the Renewable Access Amendments? How does this differ from "other generators and loads" as referred to in the second last sentence of this paragraph? How does the "IESO floor price" referred to in the last sentence of this paragraph differ from the result of the -\$1 floor price in the RES Contracts? (para. 33)

Alleged discrimination against applicants

1. Who are the "similarly situated market participants" the applicants refer to in paragraph 46 of the Application? (para. 46)
2. What evidence do the applicants rely on in support of their proposition that "the IESO has required market participants to change bidding behaviour" in the fourth sentence of paragraph 47? What specific "cost" is being referred to in that same sentence? (para. 47) What are all of the instances referred to in the phrase "every other instance" in paragraph 47 of the Application? (para. 47)
3. What evidence do the applicants rely on in support of their understanding that nuclear operators are compensated to curtail their generation as stated in the first bullet in paragraph 48 of the Application? On what basis do the applicants allege that NUGs operate "outside of the dispatch order"? (para. 48)
4. How do the conservation and demand management targets referred to in the third bullet in paragraph 49 constitute examples of "generator curtailments"? (paras. 49 to 50)
5. What specific cost(s) is/are being referred to? (para. 53)
6. In paragraph 54 of the Application, the applicants say that they will potentially incur a cost of "in the order of \$100 million over the next five years". Please produce the calculation and identify all assumptions. How much of the \$100 million will be incurred by RES III generators? What steps, if any, have the applicants taken to mitigate any of their alleged losses? Please produce a copy of all energy supply contracts entered into between the applicants and any other third parties. (para. 54)

Alleged discrimination in favour of the OPA

1. What "impact or effect" is being referred to in the first sentence of paragraph 58? Do the applicants rely on any evidence in support of their allegation in the last sentence of paragraph 58, other than the document slide cited at footnote 33 to the Application? Are the applicants saying that the \$180 to \$225 million figure represents a benefit to the OPA and/or a cost to the RES generators? If so, please explain. (para. 58)