

November 3, 2014

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
27th Floor, 2300 Yonge Street
Toronto, ON M4E 1E4

Dear Ms. Walli:

RE: IESO and OPA 2015 Revenue Requirement Submissions

Pursuant to sections 19. (1) and 25.21 (1) of the *Electricity Act, 1998* (the "*Act*"), the Independent Electricity System Operator ("IESO") and the Ontario Power Authority ("OPA") are required to submit their proposed expenditures, revenue requirements and fees to the Ontario Energy Board ("Board") at least 60 days before the beginning of each fiscal year, but may not do so until the Minister of Energy has approved the proposed business plans for the fiscal year.

As you will see from the attached correspondence, the IESO and the OPA are not able at this time to submit their proposed expenditures, revenue requirements and fees to the Board. Minister Chiarelli referred the proposed 2015 business plans back to the respective organizations for further consideration in light of the upcoming amalgamation of the IESO and OPA.

Amendments to the *Act*, which take effect on January 1, 2015, provide for certain transitional measures with respect to the first fees for the amalgamated organization. Section 25. (9) of the *Act* specifies that until the Board approves the proposed expenditure and revenue requirements for the amalgamated organization's first full or partial fiscal year, the amalgamated organization shall continue to charge the fees that were approved by the Board and that applied to its predecessors immediately prior to the merger.

Accordingly, both organizations understand that the approved fees in effect on December 31, 2014 will continue until such time as the Board approves a new fee for the amalgamated organization. Currently, the approved IESO 2014 fee is \$0.803/MWh and the approved OPA interim 2014 fee is \$0.438/MWh. The IESO will submit its proposed expenditure, revenue requirement, and fees once Minister Chiarelli approves the business plan for the amalgamated organization.

Sincerely,

A handwritten signature in blue ink that reads "Colin Andersen" followed by a long horizontal flourish.

Colin Andersen
Chief Executive Officer
Ontario Power Authority

A handwritten signature in blue ink that reads "Bruce Campbell" with a stylized, looped flourish.

Bruce Campbell
President and Chief Executive Officer
Independent Electricity System Operator

Ministry of Energy

Office of the Minister

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Mr. Colin Andersen
Chief Executive Officer
Ontario Power Authority
1600–120 Adelaide Street West
Toronto ON M5H 1T1

Mr Bruce Campbell
President and CEO
Independent Electricity System Operator
655 Bay St, Suite 410
PO Box 1
Toronto, Ontario

Re: 2015 Business Plan

Dear Mr. Andersen and Mr. Campbell:

Thank you for your letter of October 1, 2014 regarding the submission of your 2014 Business Plan for the fiscal year 2015.

I can appreciate that with the upcoming amalgamation of the OPA and IESO on Jan.1, 2015, there will need to be consideration given to creating a business plan for the new organization that will include the appropriate budgets and priorities for the short and medium term for the organization.

Accordingly, I am referring your 2015 submission back to you for further consideration, and will be in touch regarding the submission of the 2015 Business Plan for the new IESO after the amalgamation takes effect.

Sincerely,


Bob Chiarelli
Minister

c: James D. Hinds, Chair, OPA
Tim O'Neill, Chair, IESO
Andrew Teliszewsky, Chief of Staff, Minister's Office
Serge Imbrogno, Deputy Minister, Ministry of Energy