

SENT BY COURIER, EMAIL and RESS

May 12, 2015

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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
P.O. Box 2319
Toronto, ON
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Dear Ms. Walli:

EB-2013-0421 – Hydro One Networks Inc. Section 92 – Supply to Essex County Transmission Reinforcement Project Phase 2 – Technical Conference/Oral Hearing

The Independent Electricity System Operator (“IESO”) has reviewed the submissions received from intervenors on April 30, 2015 on their intention to file evidence in Phase 2 of the Supply to Essex County Transmission Reinforcement Project (“SECTR Project”), Hydro One’s response to requests for a technical/oral hearing dated May 4, 2015, and the E3 Coalition letter dated May 6, 2015. The E3 Coalition, the Canadian Manufacturers and Exporters (“CME”) and Hydro One support the application proceeding through a technical conference.

The IESO concurs with E3 Coalition, the CME, and Hydro One that a technical conference may be an appropriate forum to discuss the broader policy questions respecting the allocation of transmission costs between the customer and the pool and the allocation of upstream transmission costs at the distribution level. The IESO is willing to participate in the technical conference to address the process of identifying, quantifying and allocating system benefit costs. Specifically, the IESO is willing to speak to the proposed cost allocation methodology used in the Application to apportion costs between load customers and transmission ratepayers (Exhibit B, Tab 4, Schedule 4).

The IESO supports Hydro One’s May 4, 2015 response to intervenors that the technical conference should be kept at a high level methodological discussion as opposed to the particulars of the SECTR Project. The IESO agrees with Hydro One’s sentiments that issues such as the load forecast, asset classification and the DCF model used in the evidence should be out of scope of such technical conference. Once a decision on the appropriate way to allocate these costs is reached, then the project-specific implementation and result of those changes can be examined.

Ms. Kirsten Walli

May 12, 2015

Page 2

The IESO also believes that all intervenor evidence should be filed in advance of the technical conference so that all cost assessment methodologies can be examined as part of the technical conference.

Sincerely,

Original signed by:

Nancy Marconi

Manager, Regulatory Proceedings, IESO

cc: Bob Chow, Director – Transmission Integration, IESO

Michael Lyle, Vice President, Planning, Law and Aboriginal Relations, IESO

Joanne Richardson, Director – Major Projects and Partnerships, Hydro One

All intervenors in EB-2013-0421