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March 21, 2016

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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Independent Electricity System Operator

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Dear Ms. Walli:

**Re: Framework for Natural Gas Distributors' Cap and Trade Compliance Plans  
Board File No.: EB-2015-0363**

The Independent Electricity System Operator ("IESO") has reviewed the background, scope and objectives of the Board's Consultation to Develop a Regulatory Framework for Natural Gas Distributors' Cap and Trade Compliance Plans. The proposed Ontario Cap and Trade program ("Program") includes ambitious greenhouse gas emissions reduction targets. The IESO is actively engaged with government, the Ontario Energy Board ("OEB") and stakeholders to provide advice in the development of the Program, identifying implementation considerations and assessing impacts on the electricity sector. Given the significant ties between the natural gas and electricity sectors, the impacts on these sectors cannot be considered in isolation. The IESO has been pleased to participate on past and current Board consultations and initiatives where there are impacts on both the gas and electricity sectors. Accordingly, the IESO would be pleased to participate in this consultation to:

- Identify issues regarding the natural gas distributors' Cap and Trade activities and develop options to address these issues, within the context of the OEB's regulatory responsibility; and
- Develop approaches to assess natural gas distributors' Compliance Plans and methods for cost recovery.

Yours truly,

Nancy Marconi  
Senior Manager, Regulatory Affairs

cc: Laurie Klein, Policy Advisor, Rates & Pricing, OEB  
Rachele Levin, Policy Advisor, OEB