

October 10th, 2019

Ms. Kirsten Walli
Board Secretary
2300 Yonge Street, 27th Floor
Toronto, Ontario, M4P 1E4

RE: EB 2019-0242: Association of Major Power Consumers in Ontario (AMPCO) Application Pursuant to Section 33 of the *Electricity Act*, 1998

Dear Ms. Walli,

On behalf of Canadian Manufacturers & Exporters (CME), I am writing with respect to the Association of Major Power Producers of Ontario (AMPCO)'s application to Review an Amendment to the Independent Electricity System Operator Market Rules.

At this time, CME does not intend to intervene in this case and is not asking for intervenor status. Our association, however, wishes to register its interest in this case and will be monitoring it as it unfolds as it may impact a wide spectrum of our membership.

In CME's view, there is a great amount of uncertainty pertaining to the implications of the implementation of the changes to the Independent Energy System Operator (IESO) market rules for the Demand Response Auction. Much like the members of AMPCO, many of our members have invested in demand response (DR) and have potential concerns about the shift of the DR auction to the proposed Transitional Capacity Auction (TCA) to include generators. The lack of a level playing field for all resources could be disadvantageous to CME members who have invested in DR in good faith.

However, CME advocates for the lowest total cost for the electricity system to help manufacturers gain affordable electricity rates and applies this fundamental principle to all electricity pricing interventions. It is apparent to the CME that there is significant uncertainty as to whether the proposed market rules will lead to a lower or higher cost system. As such, CME feels that clarity around the cost implications should be established before the IESO proceeds with implementation. We trust that the Ontario Energy Board (OEB) will ascertain the total cost implications of the market rules. This is important to CME to ensure the lowest cost system for manufacturers, and ultimately affordable electricity rates for the sector.

Depending on whether clarity is achieved on the cost implications, we may wish to intervene in this case in the future and will advise the Ontario Energy Board (OEB) appropriately should we wish to do so. Please do not hesitate to contact us if you have any questions.

Sincerely,



Alex Greco
Director, Manufacturing Policy

Cc: Ian Shaw, CME Ontario Energy Policy Interest Group Chair
Marc Brouillette, Special Energy and Environment Advisor, CME