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By Email and RESS

File No.: 101926.1173

Ontario Energy Board
2300 Yonge Street, 26th Floor
Toronto ON M4P 1E4

Attention: Nancy Marconi, Registrar

Dear Ms. Marconi:

**Re: Capital Power Corporation, Thorold CoGen L.P., Portlands Energy Centre L.P. dba Atura Power, St. Clair Power L.P., TransAlta (SC) L.P. (collectively, the “Applicant” or “Applicants”)
Application for Review of Amendments to the Independent Electricity System Operator (“IESO”) Market Rules - EB-2024-0331**

We are writing to respond to the letter dated December 12, 2024 from counsel for FirstLight, wherein it is asserted that the IESO failed to comply with Procedural Order No. 2.

We disagree with FirstLight’s letter. The IESO did not fail to comply with Procedural Order No. 2, which FirstLight misstates in its letter. Procedural Order No. 2 required the IESO to describe the MRP Amendments in clear language, which the Board noted would “... address the request made by FirstLight ‘with respect to what pricing will look like under the *Retail Settlement Code*’, as part of the description of the expected impacts resulting from market rule amendments”. The IESO complied with the Board’s direction. Specifically, subsection 2.4.3 of the IESO’s Market Rule Description Evidence states that the *Retail Settlement Code* (RSC) will have to be amended to replace references to the Hourly Ontario Energy Price (HOEP) with references to the new Ontario Zonal Price (OZP). The OZP is also explained in the Market Rule Description Evidence.

FirstLight’s letter misstates Procedural Order No. 2 as saying that the IESO’s evidence will address “...the request made by FirstLight ‘with respect to what negative pricing will look like under the *Retail Settlement Code*...”. This misstatement is apparently based on FirstLight’s requested corrections to the November 28, 2024 prehearing transcript. FirstLight did not request that the Board amend Procedural Order No. 2 based on its requested correction to the transcript and, as it stands, Procedural Order No. 2 does not make any reference to negative pricing.

In any event, the IESO has further considered FirstLight's specific request to address what negative pricing will look like under the *RSC*". The IESO anticipates that any negative OZP pricing will be treated under the RSC in the same manner that negative HOEP pricing has been treated under the RSC. That said, any amendments to the RSC are under the jurisdiction of the Board and the Board only recently initiated a process for considering MRP related amendments to the RSC. It will ultimately be for the Board to decide, based in part on this process, how negative pricing will in the future be treated under the RSC.

Yours truly,



Glenn Zacher

/sc

cc. Patrick Duffy
Lesley Mercer
John Vellone, Counsel for Applicants
Colm Boyle, Counsel for Applicants
Intervenors