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Memorandum

To: IESO STAKEHOLDER ADVISORY COMMITTEE

From: Bruce B. Campbell
Vice President, Corporate Relations & Market Development

Date: May 17, 2006

Re: Twelve Times Ramp Rate


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In preparation for the May 24, 2006 Stakeholder Advisory Committee meeting, we had originally planned to forward to you a complete package of information on the consultations in connection with the use of twelve times ramp rates in the unconstrained (price setting) sequence. As you will be aware, the discussions around this item have been extensive. At the most recent Market Pricing Working Group meeting, APPrO indicated that it was gathering the necessary data and analysis to support their position that generator costs are not being appropriately recovered under the twelve times regime, and why including them in their offer prices is either not practical, or not the right thing for the market in its current state of evolution. We anticipate receiving the report from APPrO this Friday, May 19th.

Reasonable time will be required to consider this information, and as a practical matter, it will not be possible for the IESO or others who have been participating in the discussions to date to meaningfully review the APPrO report, or for the Advisory Committee members to consider that information and consult with their constituencies, for the meeting on the 24th. Taking into account the need to respect the process to date, and the time and effort already put into that process, the Market Pricing Working Group should have the opportunity to discuss the report so that the interested constituencies are able to assess its impact and review the matter with their representative on the Advisory Committee in advance of the Committee's deliberations.

Accordingly, I have asked Ken Kozlik to add this item to the next Market Pricing Working Group agenda on June 2, 2006. Following that discussion, IESO management will formulate its recommendation, and distribute that recommendation and the supporting material to the Advisory Committee well in advance of the next Advisory Committee meeting on July 12, 2006. This would permit the Committee to consult its constituencies and provide its advice to the IESO Board in advance of the Board's July 27, 2006 meeting, at which time this matter will be considered for decision.

We appreciate all of the work put into these discussions to date - and the fact that we do need to draw this matter to a decision. That said, we all knew that the effort to be put into the APPrO report was going to be substantial, and the possibility of the report taking longer to prepare than originally hoped was an acknowledged possibility when it was undertaken. I hope you will agree that our decision to take the additional time required to deal fairly with the matters covered by the report is both necessary and appropriate.


for Bruce B. Campbell

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